



Submission to
Food Standards Australia & New Zealand
on
P0159 – Energy Labelling on Alcoholic beverages
March 2023

About the Brewers Guild of New Zealand

BGNZ represents around 75 breweries of all shapes and sizes throughout New Zealand from the largest of breweries in New Zealand, to small microbreweries. Our members represent not only the full scale of the New Zealand's brewing industry they also represent businesses across all manner of geographical locations – from central Auckland to the middle of the Mackenzie Country.

Many of our businesses operate tap rooms, small local bars, and bars and restaurants of a larger scale, all of which are considered core parts of their communities.

To give some scale to our industry and our membership base*:

- The brewing industry contributed \$3.3B to the NZ Economy in 2022
- Brewing provided the Govt with \$896M in taxes (estimated and across GST and Excise)
- There are around 200 Breweries in New Zealand

*(*Information sourced from 2022 Brewing in New Zealand Report, produced by NZIER commissioned by the Brewers Association of New Zealand)*

The Brewers Guild of New Zealand was created to support and give a collective voice to the vibrant, diverse, and socially responsible Kiwi brewing industry.

*This submission has been prepared on behalf of the Brewers Guild of New Zealand, by Melanie Kees, Executive Director of the Brewers Guild. Contact details are: 0275 460 888 or email melanie@brewersguild.org.nz.
The Brewers Guild of New Zealand, PO Box 1023, Christchurch 8140, New Zealand.*

The Brewers Guild of New Zealand wish to make the following comments on FSANZ Proposal P1059 – Energy labelling of alcoholic beverages:

1. THE BREWERS GUILD OF NEW ZEALAND OPPOSES THE PROPOSED PRESCRIBED FORMAT:

Following industry consultation, the last meeting of which the Brewers Guild attended was in July 2022, we understood that the preferred format by industry stakeholders for a truncated Nutrition Information panel was the single line option as show below:

Energy	kJ (Cal) / X ml	kJ (Cal) / 100ml
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As stated in the call for submissions (CFS), 2.6 FSANZ Preliminary Work, one of the key outcomes was that *a truncated NIP, containing average energy content only appeared to be the most appropriate format for labelling on alcoholic beverages.*

We do not agree with the proposed prescribed format of the five-line format as suggested in the proposal as shown below.

ENERGY INFORMATION		
Servings per package: (insert number of servings)		
Serving size: mL		
	Quantity per serving	Quantity per 100 mL
Energy	kJ (Cal)	kJ (Cal)

Having a prescribed format of this size would not only take up considerable space on what are already crowded labels, on often small containers we believe that the size of this table is not required and simply dilutes the message, making it less effective.

The five-line table option which holds more information than is required may also detract from other important existing information such as pregnancy warning, number of standard drinks and allergen information. Feedback from Guild members suggests that for information that is not a priority or relevant to purchasers of craft beer, it is taking up a large amount of label space in comparison to other important information that is more relevant to consumers. In the CFS 3.4.2, Consumer value of energy labelling on alcoholic beverages it states that: *Additionally, although consumers generally value energy content information, other information may be valued on the label to a greater extent (e.g. alcohol content, ingredients, warnings about particular health risks that are associated with alcohol consumption) and this likely varies across different groups in the population.*

We would also prefer some flexibility in the format for providing the energy content information allowing producers to choose from a truncated NIP (Single line), iconography or QR Code.

The Brewers Guild of New Zealand (BGNZ) supports the single line option of a truncated NIP, alongside the flexibility of also using iconography or a QR code.

2. **THE BREWERS GUILD OF NEW ZEALAND SUPPORTS A THREE YEAR TRANSITION PERIOD AT THE MINIMUM:**

The Brewers Guild of New Zealand supports a three-year transition period as proposed by FSANZ if approved, however we would also support a longer transition period should that be an option.

We also agree with a stock-in-trade exemption for beverages packaged and labelled before the end of the transition period. This is not only to allow members time to utilise existing stock but also to reduce any need to dispose of existing labels to meet imposed deadlines as this would not be environmentally responsible.

3. **BREWERS GUILD OF NEW ZEALAND SUPPORTS THE PROPOSED QUANTITY SIZE OF 100ML:**

BGNZ supports the proposed quantity to be declared per 100ml and per serving however does not support that the serving size for alcoholic beverages be prescribed. We agree that a quantity of 100ml would provide consistency with the provision of energy content information on other food and beverages.

We appreciate and agree with the proposed ability for producers to determine what a normal serving size is for their particular product.

4. **THE BREWERS GUILD OF NEW ZELAND OPPOSES A MANDATORY APPROACH TO ENERGY LABELLING AND BELIEVE THAT THERE NEEDS TO BE SOME EXEMPTIONS**

We do not agree with a mandatory approach to energy labelling unless there are exemptions for certain products or circumstances.

Craft Breweries are often defined as being small-scale, independent, traditional. They are perceived as innovative and community minded and most craft micro-breweries in New Zealand run small batches, that is what they have built their brand and business models on. To not offer exemption to them would not only destroy businesses completely it would detrimentally undermine the fundamental nature of craft brewing in New Zealand. these characteristics are often what their brand and their business is based on. This of course would not be conducive to supporting and encouraging innovation within the industry not would it be supportive of small businesses that often play an integral role in their local communities.

BGNZ asks that there are exemptions for limited editions or one-off brews and request that one batch brews (of under 2000 Litres) have a full exemption from having any form of NIP on the label. This also negates any need for analytical testing or accessing data from a collection table.

5. THE BREWERS GUILD OF NEW ZELAND AGREES WITH THE LEGIBILITY AND LOCATION APPROACH AS PROPOSED BY FSANZ:

The Brewers Guild agrees with not having a prescribed label design for the energy information. We do not want any prescribed format of design – ie. it does not need to be co-located with other mandatory labelling information, no prescribed size or colour. We request that there is flexibility in the positioning, colour and size of the energy information.

6. THE BREWERS GUILD OF NEW ZELAND IS IN SUPPORT OF ANALYTICAL/LABORATORY TESTING NOT BEING MANDATED TO DETERMINE ENERGY IN ALCOHOLIC BEVERAGES.

BGNZ does not support enforced analytical testing and is in agreement that there needs to be flexibility around the methods for determining energy content. We support that all producers need to be able to access generalised approved information that provides ‘average energy content’.

The majority of BGNZ members, and in fact most breweries in New Zealand do not have the capability to lab test their products therefore a key part of this proposal must be to provide producers with access to or advise approved generalise tables where producers can access average energy data to use on their products. This would be the best outcome that would have minimum financial impact on breweries who are unable to or cannot afford to access individual analytical testing.

The Brewers Guild is happy to work with FSANZ to provide information to help inform and populate generalise tables to make this information available, and to ensure it is kept current to incorporate new styles and trends of beer in the marketplace.

The Brewers Guild supports having a tolerance variance for energy content, this is to support those smaller craft breweries who often have variances between batches, which is an integral part of the craft nature of brewing.

RESPONSE TO QUESTIONS - From BGNZ

Please see Appendix A for comments from members in response to the questions.

1. Do you agree with the estimates for the average cost of labelling change and the number of Stock Keeping Units (SKUs) that would need to be changed? Please provide evidence to support your position.

We are unable to comment on the proposed estimates, however, would like to see more work with industry on the potential costs to businesses to implement the proposed changes. The Brewers Guild is happy to support and facilitate this with our members to help inform.

2. Do you think the estimated average cost of labelling change is representative of all products within scope of this application?

As above we would like to see more work done on this.

3. Do you have any views on whether the estimates we have used for the costs of overweight and obesity are appropriate? If you have alternative studies you would like us to consider can you please provide references to them.

The link between alcohol consumption and obesity/weight gain is unconvincing, especially given the overall reduction in alcohol consumption that has occurred over the time this recommendation has been in consultation. Further clarification on the problem that is to be rectified and the desired outcomes would be important to measure the success and cost/benefit analysis.

4. Do you agree with the use of break-even analysis in this situation? If not can you provide alternative evidence about potential causal links between labelling change and potential health benefits?

Unable to comment.

5. Are there any other material costs and benefits that you believe should be taken into account in this analysis?

It would be important to note in the table, that there could be a price increase that is passed onto the consumer to ensure that producers, who are already suffering from cost increases across the board, cannot absorb this cost. If producers are in a position that they cannot pass on the cost due to contractual arrangements with retailers this could have a negative impact on their business and cashflow and cause the business to no longer be viable.

The Brewers Guild of New Zealand wish to make the following recommendations and considerations:

- We would like further work done as to the potential costs to producers as well as the economic impact to members.
- Reconsider the five-line table and review the benefits to producers of having the prescribed format as the single line truncated NIP.
- We ask that FSANZ consider aligning any changes to labelling with other proposals currently under consideration so members would only need to make changes once.
- We ask that an exemption for single brews of under 2000 Litres is considered. As representative of many craft breweries in New Zealand who produce one-off brews, it is important to note that it is the variety and constant innovation that is helping the growth of the New Zealand brewing industry and in turn encouraging consumers to drink quality over quantity.

Please feel free to get in touch should you wish to discuss further.



Melanie Kees
Executive Director - Brewers Guild of New Zealand

Appendix A

Response to questions from members of the Guild.

1. Do you agree with the estimates for the average cost of labelling change and the number of Stock Keeping Units (SKUs) that would need to be changed? Please provide evidence to support your position.

(Member comment) We estimate the cost of label changes for our brewery currently to be \$500 per sku due to design work required on existing labels, as we run with digital print, but anything that relied on plate printing would be an additional \$1500 per sku.

(Member comment) Those numbers are pretty accurate. Considering all of the other costs that have risen as of late, it would defiantly push some producers over the edge of sustainability, one off costs are damaging to forecasts of cash flow and take big chunks from operating cash.

2. Do you think the estimated average cost of labelling change is representative of all products within scope of this application?

(Member comment) No, as above pending print method, although to be printing with plates is a bigger investment, usually only done by larger producers.

(Member comment) No, bottles and cans have the same cost, except in the instances of printed cans.

3. Do you have any views on whether the estimates we have used for the costs of overweight and obesity are appropriate? If you have alternative studies you would like us to consider can you please provide references to them.

(Member comment) Appropriate, especially the fact that alcohol consumption is dropping but weight gain is increasing so the link to alcohol be the cause is weak.

(Member comment) We agree with the comments from BGNZ.

4. Do you agree with the use of break-even analysis in this situation? If not can you provide alternative evidence about potential causal links between labelling change and potential health benefits?

(Member comment) Yes, I don't believe that people consume alcohol for physical health reasons, even those that are in roles in anti-alcohol and reduction of alcohol for health benefits groups and government bodies still generally drink regularly, these are some of the most informed people with regard to alcohol and health relationships.

(Member comment) Considering their own study showed that labels added to consumer products have little to no impact on consumers purchasing. Essentially the energy label will not make a difference, but is simply adding a cost. Based on the results of their analysis. If it doesn't affect a consumers decision to buy it, why are we doing it?

5. *Are there any other material costs and benefits that you believe should be taken into account in this analysis?*

(Member comment) Price costs will be passed on, and currently we are in a phase where the consumer understands the increasing costs and are more happy/understanding to suck up the cost, but for us if labelling burden gets too high for packaged product we will likely exit that part of the market, ultimately leading to a lack of consumer choice. But our business model is not based on this as a primary revenue stream.

(Member comment) If this is implemented all associated costs will have to be added to the sell price.