

4 September 2023

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Submission to Food Standards Australia and New Zealand Proposal P1049: Carbohydrate and sugar claims on alcoholic beverages

1. Introduction

- 1.1 DB Breweries is a wholly owned subsidiary of HEINEKEN NV, and manufactures beer, cider, and ready-to-drink products (RTDs) at facilities in Ōtāhuhu, Nelson, Paraparaumu, and Timaru.
- 1.2 Transparency is paramount for DB and HEINEKEN. As an alcoholic beverage company, we believe it is important that consumers are well-informed about alcohol, the nutritional content of our products, and how they can be enjoyed responsibly.
- 1.3 Our [global labelling policy](#) helps to ensure consumers know what they are drinking, as well as when not to drink. We emphasise this on our packaging, in our advertising and promotions and through our partnerships.
- 1.4 We are committed to providing clear and transparent consumer information on our products, including ingredient lists and full nutritional values, and standardised recycling information. DB provides a full nutritional information panel (NIP) on all products, whether they make a claim or not, as well as nutritional tables for all our products on our website.
- 1.5 As part of our commitment to transparency, we will also provide further resources to consumers to learn more about the impact of alcohol on their health. We will provide this information through a QR code on all consumer facing packaging on products. The QR code will be accompanied by specific wording that indicates the QR code leads consumers to information about alcohol and health. This will be completed by January 2024.
- 1.6 DB Breweries currently produces several low carbohydrate beer and low sugar RTD products, which have seen growth in recent years because of consumer demand.

2. Position overview

- 2.1 DB Breweries welcomes the opportunity to provide feedback on Proposal P1049: Carbohydrate and sugar claims on alcoholic beverages.
- 2.2 We strongly support the idea of giving consumers comprehensive information to help them make better informed choices about what they are drinking. This aligns with our [global labelling policy](#) and commitment to transparency regarding our products.
- 2.3 We also support Food Standards Australia New Zealand's proposal in P1059 for mandatory labelling of energy content. We believe it is important to provide consumers with accurate details about the energy content of alcoholic products and agree that mandatory energy labelling provides greater coverage and consistency for consumers to make informed choices.

2.4 We note from the evidence presented in the call for submissions that there is room for improvement in the levels of understanding among consumers on the information that is presented on labels (particularly kJs). There is an opportunity for industry to work together with FSANZ to enhance consumer comprehension.

2.5 Alcohol consumption

We welcome the context included in the call for submissions document in relation to long term alcohol consumption trends as follows:

“Per capita consumption of alcoholic beverages in Australia and New Zealand has decreased over the last 20 years from 10.44 and 9.10 litres per capita to 9.29 and 8.76 litres per capita respectively (IBISWorld, 2022a and 2022b). Consumers’ increasing health consciousness is expected to result in a continuation of the downward trend in alcohol consumption over the next 5 years (IBIS, 2022a and 2022b).” (Section 3.1).

Further to this, we note that Statistics New Zealand data shows that there has been a 1.69% increase in the total volume of beer since 2013. With rising population this means in real terms there has been a total decline in beer consumption per capita of -7.9%.

2.6 Alcohol and carbohydrates

As noted in Table 1 of Section 3.2 there is a substantive difference in the kJ content of low carb beers compared to beers with a normal carb content (full carb beers containing 153 kJ per 100 mL and low carb beers containing 119 kJ per 100mL).

The consumer demand for low-carb beer in New Zealand has grown significantly in recent years. The segment has increased 22% over the past year and now accounts for approximately 16% percent of overall supermarket and off-licence sales (according to Nielsen data Total Scan Market, Value Sales, MAT to 13.08.23).

This, in conjunction with the decline in beer consumption per capita, shows consumers are not influenced to drink more alcohol due to the presence of claims but in fact are more likely to make an informed choice and switch from a ‘regular’ beer to a low carb product.

3. Food Standards Australia New Zealand options

3.1.1 DB Breweries agrees with the net benefits associated with Option 2.

3.1.2 DB Breweries does not support Option 3 as this would be a costly approach that would have the least benefit to the community, government, and industry.

4. Specific questions:

Question 1. Do you have or are you aware of any evidence to suggest that nutrition content claims about carbohydrate and/or sugar on alcoholic beverages affect consumers’: (a) level of consumption of alcoholic beverages? (b) level of physical activity? (c) general food intake?

We agree with the findings of the Call for Submissions that there is little or no evidence of any effect of these claims on the items listed. We note the trends in alcohol consumption referenced earlier in this submission.

Question 2. Are you aware of any studies that sufficiently examine the effects of nutrition content claims about carbohydrate and/or sugar on choice between different types of alcoholic beverages?

No.

Question 3. Do you agree with the estimates for the average cost of labelling change for option 3 for affected Stock Keeping Units (SKUs) in Attachment D? Please provide evidence to support your position.

DB Breweries suggests the costings as outlined require some refinement to match current local supplier costs. While printing plate costs remain relatively stable, design costs will vary as this depends on the degree of changes that are required. Please see table below for current cost estimates (\$ NZD):

Packaging type	Type of packaging	Design changes (range)		Plates
Can	250, 330, 440, 500ml	\$500.00	\$1400.00	\$2300.00
Paper label	Neck, Front, Back label	\$500.00	\$1000.00	\$1000.00 Per Label Type
PSL Label	Neck, Front, Back label	\$500.00	\$1000.00	\$2000.00 Per Label Type
Carton board pack	Cluster, can and bottle pack	\$600.00	\$2500.00	\$1200.00 per Pack Type
POST PRINT Corrugated pack	Bottle pack, shipper	\$600.00	\$2500.00	\$4000.00 per Pack Type
Pre-Print pack	Bottle pack	\$600.00	\$3500.00	\$10,000.00

There are other significant costs implications associated with the implementation of Option 3, notably the loss of investment in product development and brand awareness. With many consumers actively seeking out products with claims, it is hard to predict what would happen to the low carb beer and low sugar RTD category if industry is unable to differentiate these products.

DB believes that to proceed with Option 3 a more robust assessment of the cost benefit would be required, with loss of brand differentiation significantly outweighing the cost of label and design changes.

Question 4. Do you have any data on amounts or proportions of SKUs that carry nutrition content claims about carbohydrate and/or sugar and that would be affected by option 3?

Consumer demand for lower carbohydrate and lower sugar products has increased over the last few years, with approximately 30% of DB volume now making a relevant carbohydrate or

sugar claim and the business has invested significantly in product and brand development for this section of the portfolio. As such, Option 3 would have a significantly negative effect on the business.

Question 5. Do you agree with FSANZ's current overall consideration of costs and benefits?

DB Breweries agrees that Option 2 has a net benefit over Option 3.

Carbohydrate and sugar claims have been made on alcoholic beverages for the past decade, so to remove them now would remove information that consumers value and allow them to make informed choices.

Question 6. Are there any other material costs and benefits that you believe should be taken into account in this analysis?

See Question 3.