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**Call for submissions – Proposal P1049:
Carbohydrate and sugar claims on
alcoholic beverages**

**Submission by the New Zealand Food and Grocery
Council**

4 September 2023

NEW ZEALAND FOOD AND GROCERY COUNCIL

1. The New Zealand Food and Grocery Council (**NZFGC**) welcomes the opportunity to comment on the *Call for Submissions – Proposal P1049: Carbohydrate and sugar claims on alcoholic beverages* (the **P1049 CFS**).
2. NZFGC represents the major manufacturers and suppliers of food, beverage and grocery products in New Zealand. This sector generates over \$40 billion in the New Zealand domestic retail food, beverage and grocery products market, and over \$34 billion in export revenue from exports to 195 countries – representing 65% of total good and services exports. Food and beverage manufacturing is the largest manufacturing sector in New Zealand, representing 45% of total manufacturing income. Our members directly or indirectly employ more than 493,000 people – one in five of the workforce.

THE PROPOSAL

3. Food Standards Australia New Zealand (**FSANZ**) has assessed a proposal to clarify the Australia New Zealand Food Standards Code (the **Food Standards Code**) requirements for making voluntary nutrition content claims about carbohydrate and sugar on food that contains more than 1.15% alcohol by volume (**ABV**), including alcoholic beverages. This is to clarify provisions around the extent of existing claims for alcoholic beverages currently permitted under Standard 1.2.7 in the Food Standards Code. FSANZ is proposing to amend this Standard to support consumers to make informed choices while providing clarity and certainty for enforcement agencies and industry.

COMMENTS

Consumer perceptions and understanding

4. FSANZ found that consumers generally have a poor understanding of the nutritional properties of alcoholic beverages (based on their general knowledge). Consumers tended to overestimate the sugar content of alcoholic beverages. Their ability to estimate the carbohydrate content of alcoholic beverages is poor, with consumers tending to overestimate the carbohydrate content of beer in particular. Only a minority of consumers were able to correctly estimate the energy (kilojoule/calorie) content of alcoholic beverages and tended to underestimate the relative energy content of wine and spirits, and overestimate the relative energy content of beer. Finally, consumers do not understand that the main source of energy in most alcoholic beverages comes from the alcohol itself. Instead, consumers believe that sugar or carbohydrates are the main sources.
5. Nonetheless, consumers generally value sugar claims (and sugar information more broadly) on alcoholic beverages and may also value carbohydrate claims on alcoholic beverages.
6. FSANZ addressed health and safety concerns in its risk assessment noting that sugar/carbohydrate claims may cause consumers to make inaccurate assumptions about alcoholic beverages, for example consumers may mistakenly perceive low-carbohydrate beer as healthier than low-alcohol strength beer. FSANZ found that there was no clear evidence to suggest that sugar and carbohydrate claims on alcoholic beverages affected consumers' level of alcohol intake.

Q1. 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?

7. NZFGC is not aware of any additional evidence concerning nutrition content claims about carbohydrate and/or sugar on alcoholic beverages affect consumers.

Q2. 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?

8. NZFGC is not 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.

FSANZ Proposals

9. Based on the evidence available to it, FSANZ proposes to clarify the existing permission to make nutrition content claims about carbohydrate, by adding an express permission to make nutrition content claims about 'sugar' and 'sugars' on food that contains more than 1.15% ABV, including alcoholic beverages. In all cases, the existing conditions for making nutrition content claims about carbohydrate in Schedule 4 of the Code would continue to apply. As both 'ingredient' and 'component' are included in the definition of 'property of food', the approach would also clarify that nutrition content claims about sugar ingredients, such as 'no added sugar' and 'unsweetened', would be permitted subject to meeting the conditions for these claims. Furthermore, nutrition content claims would continue to be subject to consumer and fair trading laws that require labels do not misinform consumers through false, misleading or deceptive representations.
10. NZFGC supports the proposals described above that FSANZ proposes to make.
11. FSANZ also proposes to prohibit claims about components of carbohydrate other than 'sugar and sugars' (such as dietary fibre) and to prohibit nutrition content claims about specifically named sugars as defined in the Code for the purposes of Standard 1.2.7, Standard 1.2.8 and Schedule 4.
12. NZFGC considers the evidence for these proposed prohibitions not to be well founded. While industry is currently not planning on using claims such as fibre or fructose, consumer preferences may change and to exclude them at this point without solid evidence seems to be unnecessarily pre-emptive. We consider that the P1049 CFS and assessment gives a good overview of why such claims should be permitted especially in light of the industry's support of mandatory energy labelling that will enable consumers to compare across claim and non-claim products. Consumers may want additional detail in future and the way should be kept clear for this to occur if there is no sound basis to prohibit it.

Consideration of costs and benefits

13. FSANZ is required to have regard to whether costs that would arise from the proposed measures outweigh the direct and indirect benefits to the community, Government or industry that would arise from the proposed measures. FSANZ considered three options for this purpose:
- status quo

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- clarify the existing permission to make nutrition content claims about carbohydrate by including an express permission in the Code to make nutrition content claims about sugar²⁴ on food that contains more than 1.15% ABV
 - Remove the permission in the Code to make nutrition content claims about carbohydrate on food that contains more than 1.15% ABV

14. FSANZ determined that only Option 2 (clarify the existing permission to make nutrition content claims about carbohydrate and sugar) resulted in net benefits over status quo. Option 3 had negative benefits (that is costs) over status quo.

Q3. 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.

15. NZFGC holds no evidence additional to the FSANZ evidence that would change the estimates for the average cost of labelling change for option 3 for affected Stock Keeping Units (SKUs). However, we suggest FSANZ consider including the loss of market value for the estimated 15% for low carbohydrate beer brands that have invested in the New Zealand market and to which consumers have switched. Evidence for this should be available from other New Zealand associations.

Q4. 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

16. NZFGC holds no data on the amounts or proportions of SKUs that carry nutrition content claims about carbohydrate and/or sugar and that would be affected by option 3. However, as noted above, this could be around 15% of the market share.

Q5. Do you agree with FSANZ's current overall consideration of costs and benefits

17. As noted above, NZFGC agrees with FSANZ's overall consideration of costs and benefits but there may be other factors FSANZ might consider in relation to Option 3.

Q6. Are there any other material costs and benefits that you believe should be taken into account in this analysis

18. NZFGC is not aware of any other material costs and benefits that should be taken into account in the FSANZ analysis other than those mentioned above.