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20 March 2023

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SUBMISSION ON PROPOSAL P1059 – ENERGY LABELLING ON ALCOHOLIC BEVERAGES

This submission is made by Foodstuffs (NZ) Limited on behalf of Foodstuffs North Island Limited and Foodstuffs South Island Limited which are 100 per cent New Zealand owned retailer co-operatives. The regional co-operatives jointly own Foodstuffs (NZ) Limited [Foodstuffs] which represents the co-operatives' interests in national policy and input on public policy matters.

The Foodstuffs co-operatives own and develop retail stores which are franchised to co-operative members. Our co-operatives' retail brands include PAK'nSAVE, New World, Four Square, Raeward Fresh, and On-the-Spot. Wholesale brands include Gilmours and Trents. The Foodstuffs co-operatives also jointly own Liquorland NZ Ltd which franchises stores under the Liquorland brand. With the exception of On-the-Spot, all of the Foodstuffs' brands sell alcohol products.

Summary

Foodstuffs is generally supportive of the introduction of an energy labelling regime for alcohol products. We believe this will provide valuable information to consumers and enable them to make more informed choices about alcohol purchases and consumption.

We support both the proposed scope of the regime, and the proposed approach to labelling i.e. a truncated nutritional information panel outlining energy on both a per serve and 100ml basis. We have recommended prescription of disclosed serving sizes for multi-serve packs of standardised drinks to facilitate both fair trade and genuine comparability of energy labelling across products of the same kind/pack size. We agree the regime should apply to imported products but allow over-stickering to reduce the cost of compliance.

The cost of introducing the regime is substantial and on this basis we support the proposed 3-year transition period, aligning the change with other alcohol labelling changes in-play, and making provision for stock-in-trade at the end of the transition period.

As a measure designed to assist consumers make better informed decisions, we support the intention that FSANZ provide resources to support consumers in interpreting the new labels.

Comments on Specific Proposals

Scope

Foodstuffs supports the proposed scope of the new Standard being:

- standardised alcoholic beverages e.g. beer, wine
- beverages containing no less than 0.5% alcohol by volume (ABV) that are not standardised alcoholic beverages

Units of Measure

Foodstuffs agrees that average energy content information should be provided on all alcoholic beverages captured within the regime, and that the energy contents should be displayed per:

- serving of the beverage; and
- 100 mL of the beverage.

This will ensure energy labelling is applied consistently across categories of alcoholic beverages, including spirits. A consistent approach will help consumers estimate how much energy they are likely consume in a normal serving as well as make fair comparisons between products.

However, we note that FSANZ is not proposing to prescribe serving sizes providing producers with the flexibility to determine what a "normal" serving size is for their particular product. Foodstuffs proposes a modification to this approach – distinguishing between single-serve and multi serve pack sizes with serving sizes for the latter being prescribed to enable fair comparisons.

We note that for some product categories there is a high level of standardisation between pack sizes for multi-serves e.g. bottles of wine are generally 750ml, spirits in 750mls or 1000ml. Allowing suppliers to set their own serving size might result in different suppliers specifying different serving sizes for largely standardised product e.g. one wine producer adopting a serving size of 125ml for a 750ml bottle and another a 150ml serving, showing quite different kJ/serve when they are the same or similar for a standardised volume. This would be confusing for consumers and undermine the intent to enable consumers to make fair comparisons between products. On this basis, we recommend FSANZ prescribe standardised serving sizes for multi-serve packs of common size.

Format

FSANZ proposes the following format for the provision of energy content information on alcoholic beverages:

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

Foodstuffs believe this information and layout is logical as it is a truncated version of the Nutritional Information Panel required for manufactured food products and familiar to consumers.

We agree that general legibility requirements should apply.

Application to different types of packaging

It is proposed that the energy content information for beverages containing alcohol for retail sale would only be required on one layer of packaging but could be provided voluntarily on multi-layers of the one product. We believe this approach makes sense, with a requirement that the information is clearly visible to the consumer at the point of sale/purchase so that the consumer is able to factor it into their purchasing decision. Restricting the mandatory information to one layer of packaging will reduce compliance costs.

Imported products

The Food Code does not prevent the use of supplementary labels and FSANZ are proposing the mandatory energy labelling could be affixed as a supplementary label on alcohol products imported into Australia and New Zealand. We support this approach. Foodstuffs imports a small number of alcohol products as controlled labels and being able to over-sticker the energy labelling will be lower cost than a change in labelling to the original pack which may have been produced to meet the requirements of other markets.

A requirement to change the design of the original packaging might lead to decisions by our trading partners to stop exporting to this market. This risk is higher for low volume lines, such as those purchased as "the end of production run" to provide better value offers to retail customers. Decisions by exporters to end supply to Australasia would reduce choice for consumers.

We agree that the labelling requirements should not have to be met before the products are released from customs, enabling the labels to be fixed to alcohol products before they are offered for sale.

Costs

We note that details of the costs and benefits are outlined on pages 63-68 of the consultation document.

FSANZ estimates that the weighted average cost of changing an alcohol beverage label to include energy labelling will be \$3,874. We assume this is in Australian dollars, but the consultation document does not specify. Nonetheless, this is relatively consistent with the costs we currently incur when changing private label food labels - which fall in the range of NZ\$3,000 to NZ\$5,000 per SKU.

Transitional arrangements

FSANZ is proposing the draft variation would take effect on the date of gazettal, with a three-year transition period and a stock-in-trade exemption for alcoholic beverages packaged and labelled before the end of the transition period. Due to the very significant compliance costs involved in updating food product labels, we agree a lengthy transition period is desirable and that three years is appropriate. Additionally, we support FSANZ efforts to align the change with the implementation of other changes to alcohol labelling to reduce overall costs.

Education

If the draft variation is approved, FSANZ intends to prepare communication and education materials on the new energy labelling requirements for industry and we support this.

As the labelling changes are primarily designed to better inform consumers about the energy content of alcoholic beverages and enable them to make better informed decisions about purchasing and consuming alcohol products, it will be important that the change is accompanied by a consumer education campaign to assist consumers interpret the new labels. We note that FSANZ has signalled it will develop web content and utilise other communications channels, including social media, to communicate with consumers about the new labelling and, once again, we support this intent.

Yours sincerely

