Submission for Proposal P1059

Proposal for Energy labelling on alcoholic beverages

Submission on behalf of Phoenix Beers Pty Ltd, a medium sized company based in Perth with Australia wide distribution. We import a huge variety of Beers from around the world. Our retailers vary from small liquor stores and bars to large national supermarket chains. We supply niche beer products to the community.

Summary

The proposal ignores some information contained in the report and highlights unsubstantiated claims.

The impact on small importers is underrated, and the impact on community enjoyment and recreation from products that will no longer be available due to the additional costs of this labelling is also ignored.

Taking this proposal in isolation, without considering other health issues that are equally important as obesity, seems like a narrow-minded approach.

There is limited space on alcohol labels, and continuing this approach would leave producers with no space to describe their own products.

The possibility of the use of a QR code instead has been completely ignored. And the reasoning for not using it are completely out of step with today's world.

Answering questions posed in the proposal.

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

The number of SKUs in this report is grossly underestimated. Our company alone imports over 650 SKUs that are affected by this change. We are just one of many similar companies around the country.

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

Our company imports a wide variety of beers. With the implementation of Pregnancy labelling, we have to consider ceasing importing most of them until we find an economical solution to labelling. Previously, we would simply open the top of each box and add a Meto gun label, similar to a price sticker. This was applied quickly and with minimal cost.
Now, we have to find a way to remove every bottle/can, find a position that would not cover other mandated information on the label, then peel a sticker from a sheet of stickers and apply it in the small space between labels. We estimate Pregnancy labelling will add around $0.30 per bottle.

Applying another sticker for energy content to the other small space between labels would add a further $0.30.
A total of $0.60 per bottle

Adding up to $14.40 a case effectively makes these products too expensive to sell and puts our company in a serious position.

There is simply a lack of space on beer labels. Unlike many food products, alcohol labels are very restricted in their size. Applying larger labels is simply not practical. There is already a large number of government prescribed labels required on alcohol, including:
The product description, volume statement, alcohol content, standard drinks statement, country of origin, manufacturer name, 10c refund statement, and best-before date, lot identification, importer name and contact information, and pregnancy advisory are all required statements for alcoholic products.
How many more statements can we possible be forced to apply?

Stake holders are mentioned many times in the proposal, but little consultation has happened with small produces and importers.
Large stake holders don't require room on their labels because they have money to advertise their products.
Small producers need the space on our products to communicate to our consumers.
However, it seems that small producers and importers have not been consulted in implementing these requirements, while large stakeholders have the resources to advertise their products without needing to use valuable label space.

The addition of pregnancy labels on alcoholic products has put significant pressure on small producers, especially when trying to comply with export label requirements.
While some products were able to have the warning added, others had no room, leading to the possible cessation of their importation.
It is becoming increasingly difficult for small producers to add any further labelling.

The cost to the community of not being able to understand and enjoy the product due to excessive labelling has been ignored. The producer should have the right to use their own label to convey their passion for their product, instead of being forced to include multiple government warnings.

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?

I disagree with the use of break-even analysis in this situation. In fact, I find it difficult to understand how you can justify your analysis when your own proposal clearly refutes its findings.

This is clearly represented in your own analysis but ignored. Clause 3.4.3 states, '*Results from 16 studies showed that energy labelling has no effect on consumers' likelihood of drinking an alcoholic beverage.'* How can the report find that a change of '*0.19% of the cost of overweight and obesity'* can be achieved if 16 studies show it has no effect?

Furthermore, you state that '*consumers do not understand energy content information'* and *'it is unclear whether providing participants with energy labelling for a range of different alcoholic beverages and/or using other (non-numerical) formats would provide a sufficient context for consumers to be able to interpret the information, and whether this in turn would affect consumer behaviour.'* How can you then assume that energy labelling would affect a consumer's choice if they simply do not understand what it means?

Your document further states '*Finally, there is limited evidence available to answer the question of whether providing energy labelling on alcoholic beverages is likely to encourage some 'at risk' groups of consumers to offset the energy from alcoholic beverages by reducing their food intake'*
But you actually answer that question in 3.4.1 '*However, certain groups (such as heavy drinkers, people who are not health-/weight-conscious, males, people with lower-level education) are likely to value the information less than others'*

Again in 3.4.4 you have *'a high quality, well-controlled experimental study based on a New Zealand sample'* that found '*NIP had no significant effect on participants' intentions to consume the alcoholic beverage'* NIPs contain energy information and therefore, an energy statement would equally have no significant effect on intentions to consume an alcoholic beverage.

It appears that this report has been written for the benefit of certain stakeholders, as the evidence in your own report is ignored. Your conclusion in 3.5 states that *'Thus, it is not possible to make a definitive conclusion regarding the effect of energy labelling of alcoholic beverages on consumer behaviour, given the limitations of the current available evidence.'* How can this conclusion be reached when your report states that *'energy labelling has no effect on consumers'*?

Too much emphasis has been placed on the studies mentioned in 3.4.1, *'Results from 18 studies showed that consumers generally value energy labelling on alcoholic beverages (pooled proportion of consumers supporting energy labelling = 69%).'* There is no mention of the quality and control of these studies. The reality is that most people would place a value on any health statements on alcohol. They would have answered the same for mental health, risk of suicide, impotence, cancers, fertility issues, brain damage, heart issues, and cirrhosis of the liver, all of which are potential risks of consuming alcohol.

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

This proposal will effectively stop the importations and sale of thousands of beers and other alcoholic products which can not apply the additional information to bottles/can in a cost effective manner. However, has the cost to the community been considered?

There are many thousands of beer club members and online beer review site users, such as ratebeer.com and beeradvocate.com, for whom beer is a hobby and a recreation. Many of these products will now be out of reach due to the additional costs. Has the cost of the impact on their recreation and enjoyment been measured?

Additionally, have the costs of many small importing companies going out of business been taken into account?

Other health warnings that need addressing

The Australian Government Department of health and Aged care website lists the following as The harmful effects of drinking alcohol.

Long-term effects
Long-term effects of alcohol consumption …include:

- *mental health issues such as increased risk of suicide*
- *substance abuse — you may become dependent or addicted to alcohol, especially if you have depression or anxiety, or a family history of alcohol dependence*
- *increased risk of diabetes and weight gain*
- *impotence and other problems with sexual performance*
- *cancers such as stomach cancer, bowel cancer, breast cancer, mouth cancer, throat cancer, oesophageal cancer and liver cancer*
- *fertility issues such as reduced sperm count and reduced testosterone levels in men*
- *brain damage and brain-related conditions such as stroke and dementia*
- *heart issues such as high blood pressure, heart damage and heart attacks*
- *cirrhosis of the liver and liver failure.*

If you're pregnant, or planning a pregnancy, you should not drink alcohol. If you are breastfeeding, not drinking alcohol is safest for your baby. Drinking any amount of alcohol can harm your fetus (unborn baby) or baby

In the short term, drinking too much alcohol can also lead to:

- *accidental injury (to yourself or others)*
- *being in a road accident*
- *deliberately harming yourself or others*
- *risky sexual behaviour*
- *family, domestic and sexual violence*
- *alcohol poisoning*
- *hangovers.*

To date, alcohol labelling has been changed to address pregnancy, with this proposal being the second. All of these effects have a very high cost for the community, some considerably more than obesity. This current proposal has not addressed why obesity and the need for energy labelling are any more important than the other effects. It is highly likely that some or all of these issues will need to be addressed, and proposals drawn up for health warning labels.

The conclusions reached in the proposal address the proposal on its merits alone.
It does not address what will happen when there are more proposals and how the industry will be able to implement every one of them.

Use of a QR code

The information in this proposal clearly shows *'that consumers do not understand energy content information when presented in kilojoule/calorie numerical formats'* and *'Similar findings have been reported regarding consumer understanding of energy labelling on food and non-alcoholic beverages'*

Simply adding energy information to a label will have no effect on the cost of overweight and obesity if consumers do not understand it. Instead, a QR code linked to a website could not only give consumers the energy level of the product but also explain what it means.

The information contained in the link could be required to include an explanation of the energy content, a comparison to other alcoholic products, a comparison to other foods, a percentage of daily energy requirements, a simple comparison to sugar, and most importantly, other health warnings such as mental health, risk of suicide, impotence, cancers, fertility issues, brain damage, heart issues, and cirrhosis of the liver, all of which are potential risks of consuming alcohol.

'Digital linking to off-label information would not provide consumers with easily accessible information at point of sale/consumption to enable them to make informed choices.'

The reasoning for not using a QR code is simply out of date and not supported by any evidence. Digital linking to off-label information would provide consumers with easily accessible information at the point of sale or consumption, enabling them to make informed choices. In contrast, an energy label that no one understands does not enable informed choices.

'It requires more cognitive effort to access the information'
Scanning a QR code requires little cognitive effort for the majority of consumers, who can access information that they understand. It takes significantly more cognitive effort to try to make sense of an energy statement with no explanation.

'and assumes consumers have the required technology.'
Some research into this would have been helpful, instead of assuming people don't have the access to the technology!
It also assumes vision impaired people (which accounts for around 14 million people as estimated by the Australian Bureau of Statistics (about 55% of Australians) bring glasses to read the minimally presented text on packaging, rather than an everyday use item such as your smart phone to scan the packaging which around 86% of Australians have.

'It may also be more difficult for enforcement agencies.'
Furthermore, it is easier for enforcement agencies to check a single link for each SKU than to check millions of bottles or other packaging.

'This is also inconsistent with policy guidance which states the information must be 'easily accessed' (Section 2.3 of the CFS) and labelling requirements for other packaged foods.'
What is the modern definition of 'easily accessed'. For the majority of the population this now means a smart phone.

Other countries have recognized that QR codes do work!
The proposal notes that in the EU an 'electronic means identified on the package' can be used
'EU: The on-label nutrition declaration may be limited to the energy value, which may be expressed by using the symbol "E" for energy. In such cases the full nutrition declaration and list of ingredients shall be provided on the label ***or by electronic means identified on the package****.'*

Conclusion

In this proposal, I do not believe that the benefits of energy labelling on alcoholic products have been adequately demonstrated.

Instead, the use of a QR code would be a much more effective way of providing understandable information to consumers. Furthermore, utilizing a QR code would allow for the inclusion of additional health warnings. In fact, the use of QR codes could even provide more accurate and updated information to consumers, as the information could be easily modified and updated without the need for a reprint of the label. Additionally, the use of QR codes would reduce the cost and environmental impact of printing and distributing labels, as well as the potential for fraudulent labelling. Therefore, I strongly recommend the use of QR codes instead of on-label energy labelling for alcoholic products.

Mandating on-label energy labelling could potentially limit the availability of a wide variety of imported products to consumers. To address this issue, an exemption could be made for small-sized bottles (less than 600ml) imported in relatively small volumes less than 3000 bottles per year (125 cases per year). This would save small importers while ensuring a continued supply of products to consumers, while also avoiding any potential trade agreement violations. The excluded volumes would have a negligible effect on the proposal's proposed calculation for offsetting the cost of overweight and obesity in Australia and New Zealand.

Overall if on-label energy labelling is adopted, an exemption for imported small-volume products would not diminish the effectiveness of energy labelling.