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## **Submission by Lion Pty Ltd**

on

### **A1256 Colour of pregnancy warning labels for corrugated cardboard packaging**

## **1. Introduction**

Lion welcomes the opportunity to comment on Application 1256 *Colour of pregnancy warning labels for corrugated cardboard packaging*.

### **1.1 ABOUT LION**

Lion is a leading alcohol beverage company headquartered in Sydney, Australia. With origins dating back 180 years, Lion is known for its commitment to quality, craftsmanship, community and sustainability. Lion is a pioneer in brewing and continues to innovate across a range of adult beverages. Its core beer portfolio includes many locally loved brands such as XXXX, Little Creatures, James Squire, Speight's, Steinlager, and Panhead, more recently adding international craft brands to the fold, including New Belgium, the second largest craft brewer in the United States. Lion's portfolio also includes NZ wine brands, a premium fine wine business in North America and shareholdings in several craft adult beverage companies. Lion is proud to be a carbon zero certified beverages company, recognized for its progressive policies and culture around flexible working, diversity, inclusion and gender pay equity. Lion runs education platform Alcohol&Me and is a member of responsible drinking charities Drinkwise and Cheers! Lion employs around 4,000 people across Australia, New Zealand and U.S.

### **1.2 LION'S POSITION ON THIS APPLICATION**

Lion is a member of the Brewers Association of New Zealand and strongly supports this Application. Lion believes that the proposed variation is necessary to address the technical issue of misalignment arising from printing the pregnancy warning in three colours using the post print method on corrugated cardboard (CC) packaging. We do have some specific comments on aspects of the proposed presentation and the transition period which are set out below.



Lion has long supported pregnancy warning labels on alcoholic beverages. It was one of the first companies to voluntarily adopt pregnancy warning labelling in 2014 with the vast majority of products carrying the label by 2016. Lion is moving towards full implementation of mandatory pregnancy warning and has already introduced this labelling for many of its product lines.

As a company, we recognise the impact Foetal Alcohol Spectrum Disorder (FASD) has on individuals, families and communities. We have taken a proactive stance on this issue, including partnering in a recent online campaign targeting pregnant women and their partners which aims to send a strong message to pregnant women that alcohol and pregnancy do not mix.<sup>1</sup>

Our view is that a pregnancy warning labelling regime can be valuable as a complementary measure to support well-resourced, targeted interventions for at-risk cohorts and educational measures as part of an effective community-wide response to FASD. The proposed variation will support the purpose and policy intent of pregnancy warning labels with respect to the small subset of products sold at retail in CC cartons by ensuring that they are legible to consumers.

## **2. Lion's perspective on misalignment**

This issue of misalignment of the pregnancy warning when printed on CC cartons using the post-print method is very real for Lion. CC cartons are the industry standard due to their durability and light weight. Post-print is the commonly used method of printing onto CC cartons in our business. This is in part due to availability and cost, but also because post-printed CC cartons are also the most environmentally friendly combination using recyclable cardboard with fewer inks and without additional lamination. It would not be practical, feasible or sustainable for Lion to change all of its product lines to alternative packaging types or printing methods.

We have committed millions of dollars towards re-designing our labelling to incorporate the pregnancy warning. Much effort has gone into resolving the issue of misalignment, but in the end we have concluded that there is no technical solution whereby the pregnancy warning can be printed legibly and in a compliant way consistent with the relevant standard using these methods.

## **3. Comments on elements of the proposed change**

Lion welcomes the proposal for the pregnancy warning to be printed in black on a plain background of white, kraft or recycled cardboard. This is a pragmatic approach to the technical problem at issue, and in Lion's view the impact on the overarching policy objectives will be extremely limited. Lion does wish to make some comments on aspects of the proposed variation that were not part of the original Application.

### **3.1 SIZE OF LETTERING AND PICTOGRAM**

Lion notes FSANZ proposal to increase the size of the lettering and pictogram used in the pregnancy warning by 25%. While the lettering and pictogram may be increased by 25%, it is important to note that this will produce a substantially larger increase in the surface area of the pregnancy warning as a whole. The total surface area will be increased by the 25% increase in the overall height of the pictogram (as the tallest

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<sup>1</sup> <https://cheers.org.nz/our-work/campaign-sends-strong-message-on-drinking-during-pregnancy/>



element) multiplied by the increase in the overall length due to the increased size of the lettering and pictogram.

It is not possible to definitively determine the total increase in surface area due to variables such as the depth of the font and spacing. Lion notes that an estimation of the total size increase has not been provided. This is an important piece of information that should form part of this consultation.

In any event, Lion questions whether the proposed size increase is necessary in the circumstances. It seems to be a disproportionate response to the potential loss of attention to the pregnancy warning. In Lion's view, any loss of attention will be negligible given the small subset of packaging involved and taking into account that the primary target of the original policy was the point of consumption rather than the point of sale and that all inner packaging and labelling will bear the full pregnancy warning in three colours.

## **4. Comments on the transition**

### **4.1 TIMING OF THE TRANSITION**

Lion strongly supports the provision of an extended transition period to allow CC cartons to adopt the amended pregnancy warning. However, Lion is concerned that if the Application is not approved, producers would be left with insufficient time to comply with the Standard as it currently stands before the deadline of 1 August 2023. This places producers in a difficult position because a major change to the outer packaging such as implementation of the pregnancy warning requires a long lead time - typically between 9 months and a year.

Even if a decision is made in early to mid-2023, this will not be enough notice for producers to comply with the current requirements. If producers plan now to implement the existing rules, they will be spending time and money preparing for a pregnancy warning that they may not use and that will have the problems that have led to this application in the first place. If they do not, they risk non-compliance. Lion's suggested solution is that a standalone technical variation to the Code could be proposed on an urgent basis extending the transition period for CC cartons to 31 July 2024 whatever the outcome of the Application.

### **4.2 STOCK IN TRADE**

Lion welcomes the principle of allowing for stock in trade prior to the transition date to be sold through. However, it is concerned that the proposed stock in trade provision does not adequately address the nature of the stock in trade issues related to the printing of CC cartons.

The proposed variation will allow products to be sold after the transition period if the product was packaged and labelled before 1 February 2024. But the stock in hand issue in this case is related to the printing of the CC outer packaging rather than the packaging and labelling of the products themselves (which have their own transition period). Lion submits that it would be more appropriate to allow for CC outer packaging printed before 31 July 2024 to be sold through.