



15 November 2022

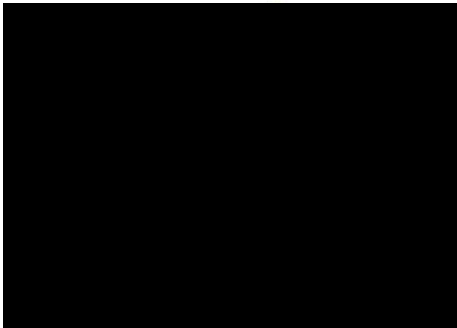
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Dear Sir/Madam

Attached are the comments that the New Zealand Food & Grocery Council wishes to present on the *Call for Submission – Application A1256 Colour of pregnancy warning labels for corrugated cardboard packaging*.

Yours sincerely





**Call for Submission – Application A1256  
Colour of pregnancy warning labels for  
corrugated cardboard packaging**

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

**15 November 2022**

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## NEW ZEALAND FOOD & GROCERY COUNCIL

1. The New Zealand Food & Grocery Council (“**NZFGC**”) welcomes the opportunity to comment on the *Call for Submission – Application A1256 Colour of pregnancy warning labels for corrugated cardboard packaging*.
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.

## APPLICATION

3. The Brewers Association of New Zealand seeks amendment to the Australia New Zealand Food Standards Code (“**the Food Standards Code**”) so that a single colour might be used in the outer corrugated cardboard packaging used for alcoholic beverages (instead of the mandated three colours). This is to address a technical issue with post-print (flexographic) printing which is commonly used across both Australia and New Zealand and otherwise results in misalignment of colours rendering the warning difficult to read. The application is widely supported across wine, beer and spirits industries and by Visy Industries (Australia & New Zealand), one of the largest corrugated cardboard manufacturers in Australia and New Zealand.

## COMMENTS

4. Industry supports the current warning labelling of alcoholic beverages and had implemented voluntary labelling well in advance of the regulatory requirement. Standard 2.7.1<sup>1</sup> Labelling of alcoholic beverages and food containing alcohol, is highly prescribed in relation to size of pictogram, text, font, background, bolding of the signal words, placement and colour. All alcoholic beverages will need to comply with the prescribed requirements (i.e. have the pregnancy warning label) from 1 August 2023 with some limited exceptions.
5. The format was determined based on consumer literature of notice, attention and effectiveness. The mandated three colour approach works for most labels but frequently not for the process commonly applied to corrugated cardboard outer packaging mostly used for multi-packs of beer, cider, pre-mixed drinks and wine. Sometimes alignment is positive but for most of the print runs, there are varying degrees of misalignment. This is unhelpful to those consumers who might see the outer packaging and reflects poorly on the branded product within.
6. The majority of the packaging is used simply for transportation with only 8-12.5% used at retail level. Corrugated cardboard is the most cost-effective packaging in the industry for transportation.
7. FSANZ’s risk management options considered mandating a background colour. However, if this to be, for example white, then to avoid smudging, white would need to be used on the outer liner of the corrugated cardboard significantly increasing cost for limited consumer utility (in 90% of cases, the consumer never sees the outer packaging). We

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<sup>1</sup> [Standard 2.7.1 – Labelling of alcoholic beverages and food containing alcohol](#)

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strongly support FSANZ's conclusion to permit flexibility of background to be white, brown or grey.

8. FSANZ also proposes to prescribe a single colour, black, for the alternative pregnancy warning mark. NZFGC strongly supports this as the prescribed colour on the basis of broad use, visibility, legibility and cost.
9. FSANZ further proposes to increase the minimum size of the pictogram and size of type of the alternative pregnancy warning mark by around 25%. This is intended to offset reduced effectiveness from not having red in the warning label. There is no evidence presented as to the derivation of this size increase. It is clear that 25% more ink would be required for printing that in 90% of cases will never be seen by the final consumer.
10. The proposed limit on use – to corrugated cardboard that is printed using the post-print (flexographic) printing process – could well stifle printing and packaging innovation. NZFGC does not support the limit on use and considers that all outer packaging should be permitted this flexibility to encourage consistency. We do agree that use be limited to out packaging for more than one individual unit.
11. While FSANZ determined that mandating the warning did not warrant notification to the WTO presumably on the basis that this application is a positive impact on current requirements, we consider it might have been worthy of notification so that WTO members were alerted to the change. However, since this would potentially delay finalisation, we agree with FSANZ's determination that this not be notified in this instance.

#### Costs and benefits

12. In terms of costs and benefits, we note that three options were considered
  - Option 1: Status quo – no change to requirements in Standard 2.7.1
  - Option 2: Amend Code requirements as requested by the applicant (pregnancy warning mark on CC packaging of more than one individual unit in a single colour on a contrasting background)
  - Option 3: Amend Code requirements as requested by the applicant but add modifications to mitigate the loss to the consumer of three prescribed colours.
13. FSANZ eliminates Option 2 as not preserving the efficacy of the labelling. Since only around 10% of consumers will see the mark on outer packaging at retail, the efficacy loss is small. Nonetheless the harm to be avoided is great and any efficacy loss should be offset. This has been addressed through size of the warning.
14. FSANZ goes on to state that the advice it received is that increasing the size of the warning would likely lead to an increased cost due to an increased percentage of the box being covered in ink. FSANZ considered this would be offset by the cost saved by not requiring the warning label to be on a printed (white) background and permitting the warning label to be in a single colour (black). NZFGC agrees that any cost increase for warning sign size will likely be offset by background flexibility and monocolour use.

#### Transition

15. FSANZ also considered three options for transition:
  - applying the transitional arrangements for the original labelling Proposal P1050 – transition period from date of gazettal of proposed draft variation to 31 July 2023;

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- using the default transition period in the Code of 12 months beginning from date of gazettal of proposed draft variation (section 1.1.1—9);
  - adding a transition period of six months from 1 August 2023, that is, the transition period would commence on the date of gazettal and end on 1 February 2024.
16. FSANZ favours the commencement of the third option such that commencement would be 1 February 2024 irrespective of gazettal date. For industry this is still of some risk because with long lead in times for supply and printing, if gazettal is delayed, uncertainty prohibits the manufacturer proceeding until the variation is finalised. It is difficult to anticipate gazettal delays but there is no certainty until that occurs. FSANZ believes that since industry is well advanced to meet other requirements, this change should be able to be accommodated.
17. The second option, a default transition period of 12 months beginning from date of gazettal of proposed draft variation, on the one hand potentially reduces the actual transition in relation to the 1 August 2023 commencement of all other changes required by P1050 if gazettal proceeds expediently but on the other hand could extend the time period beyond February 2024 if gazettal is delayed. What would be known is there would be 12 months to change. While this might end up requiring all changes to be concluded ahead of the third option, it is a process well known and trusted to work in the manufacturing environment.
18. NZFGC favours the second option of a default 12 months but could also support the fixed commencement of 1 February 2024 if this continues to be the preferred date following consultation.

### Conclusion

19. In summary, NZFGC strongly supports FSANZ's conclusion to permit flexibility of background to be white, brown or grey and the use of a single colour (black, for the alternative pregnancy warning mark).
20. NZFGC notes there is no evidence presented as to the derivation of the size increase of 25% for the monochrome warning but given the increased cost would likely be off-set by the cost saving from a three-colour warning, NZFGC supports the warning size.
21. NZFGC agrees that use be limited to outer packaging for more than one individual unit but we do not support the limit on its use on corrugated cardboard. We consider that all outer packaging should be permitted this flexibility to encourage consistency and packaging innovation in a circular economy.
22. NZFGC favours a default transition period of 12 months beginning from date of gazettal of proposed draft variation. It is a process well known and trusted to work in the manufacturing environment and provides greater certainty. However, NZFGC could also support the fixed commencement of 1 February 2024 if this continues to be the preferred date following consultation.