



Pernod Ricard Winemakers

Open Up Our World of Wines

25 October 2019

Food Standards Australia New Zealand
PO Box 5243
KINGSTON ACT 2604

Via email: submissions@foodstandards.gov.au

Dear Sir / Madam

We refer to Food Standards Australia New Zealand *Call for Submissions – Proposal P1050: Pregnancy warning labels on alcoholic beverages* dated 4 October 2019 (FSANZ Proposal).

A submission in response to the FSANZ Proposal is attached.

Should you have any queries in relation to this submission, please do not hesitate to contact me via email at

Yours faithfully

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Executive Summary

Pernod Ricard Winemakers is pleased to provide a submission in response to Food Standards Australia and New Zealand (FSANZ)'s Call for Submissions – Proposal P1050: Pregnancy warning labels on alcoholic beverages (**FSANZ Proposal**), released on 4 October 2019.

At the outset, we wish to state that as the first global alcohol producer to adopt a pregnancy warning label (**PWL**) voluntarily, we do not seek to impugn the decision of the Food Forum to mandate alcoholic beverages to carry a PWL.

Our concerns outlined in this submission relate to the flawed process and lack of evidence that has led to the FSANZ Proposal producing a suboptimal outcome. The FSANZ Proposal imposes significant costs on industry – particularly early adopters of PWLs – without articulating how the benefits of a new label outweigh those costs. Our concerns primarily relate to the following:

- **A lack of evidence** – the FSANZ Proposal does not estimate the number of FASD cases that will be prevented, nor how many cases of FASD will be reduced in severity, as a result of the PWL – particularly in the context of widespread adoption and understanding of the voluntary label.
- **Colour requirements** – both in that the FSANZ Proposal requires colour as part of the PWL and the specification of a particular tone of red, which imposes significant costs on industry unlike contrast requirements of other key warning labels such as standard drink information; and
- **Heading** – the words 'HEALTH WARNING' lack specificity and ought to be replaced with 'PREGNANCY WARNING'.

Finally, it is important to consider this issue in the context of both current and forthcoming mandatory labelling requirements relevant to alcoholic beverages. There is limited real estate on the label of an alcoholic beverage. The most important information on our products informs consumers of the number of standard drinks contained within it. Our consumers seek this information above all else. Mandating a PWL of the size and scope contained in the FSANZ Proposal will dwarf standard drink information, which is key to empowering consumers to drink responsibly in accordance with government advice.¹

About us

Our business

Pernod Ricard Winemakers is the premium wine division of Pernod Ricard, the world number two in wine and spirits. Headquartered in Sydney, we are one of the largest producers of wine in both Australia and New Zealand for domestic and international consumption.

In Australia, Pernod Ricard Winemakers' key brands include Jacob's Creek, St Hugo and George Wyndham (I am George). Jacob's Creek is the number one bottled wine

¹ National Health and Medical Research Guidelines provide advice to consumers on the risk of alcohol consumption with reference to a standard drink(s) as the unit of measurement (i.e. 10 grams of alcohol).



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brand in Australia, whilst 1.7 million glasses of Jacob's Creek are enjoyed around the world every day.

In New Zealand, Pernod Ricard Winemakers is the largest wine producer and key brands are Brancott Estate, Montana, Stoneleigh and Church Road.

In Australia and New Zealand, Pernod Ricard Winemakers also imports Pernod Ricard's premium international wine and spirits and employs more than 1,700 staff.

Our record on pregnancy warning labels

Pernod Ricard is strongly committed to educating consumers on the risks of drinking alcohol during pregnancy. We have demonstrated this both locally and globally.

Pernod Ricard was the first to put the pregnant woman pictogram on our products in 2006, extending it worldwide in 2013. This includes all our products in Australia and New Zealand.

In Australia, Pernod Ricard Winemakers is proud to be one of the founding contributors to DrinkWise and have been providing voluntarily contributions since 2005. Contributing to DrinkWise allows Pernod Ricard Winemakers to demonstrate positive voluntary action and play a proactive and sustained role in minimising the harms that may arise from alcohol misuse.

Our contributions provide funding for the DrinkWise Fetal Alcohol Spectrum Disorder (FASD) Awareness Program, which promotes the National Health and Medical Research Council's guideline that it's safest not to drink while pregnant, planning a pregnancy or breastfeeding.

The program, which is supported by the Australian Government, reaches millions of consumers through both broad and targeted awareness measures. These channels include educational videos, posters and brochures in medical practices across Australia, as well as messaging for parenting websites, pregnancy magazines and information brochures for bags issued to expectant mothers by hospitals.

DrinkWise has also developed tailored FASD resources to better engage with Indigenous Australians. Educational videos, created in conjunction with well-known Indigenous personalities, are played in Aboriginal Medical Services across the Aboriginal Health Network, as well as school curricula, community programs and treatment and training programs in Indigenous communities. FASD, moderation and harm minimisation messages are also integrated into Jam Pakt, a tailored Indigenous radio program broadcast across more than 80 community radio stations.

In New Zealand, Pernod Ricard, together with Lion and DB, commissioned Ogilvy to create a multi-media campaign to educate women against drinking alcohol while pregnant. Launched in 2018, the campaign is presented by *Cheers!* and includes videos of varying lengths promoted on Facebook and YouTube, and a website for further information. The tagline is "You might want a drink but your baby doesn't".

The campaign resulted in 84,000 completed views in the first phase and 63,000 completed views in the second phase. Phase three is underway and has resulted in



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20,500 views to date. After the first phase, the video was edited to deliver the message earlier for maximum impact.

These campaigns are a clear example of Pernod Ricard's commitment to educating pregnant women, prospective pregnant women and their families on the risks of drinking alcohol while pregnant. Both campaigns were backed by in-depth research into how industry could best communicate this important message in a meaningful way to effect change.

In addition, our own Sustainability and Responsibility Roadmap, *Good Times from a Good Place*, has responsible drinking as one its four pillars. In addition to our work on alcohol and pregnancy outlined above, the Responsible Drinking pillar of *Good Times from a Good Place* sees Pernod Ricard fight alcohol misuse in society by taking action on harmful drinking and engaging with our stakeholders for real change.

General comments on the FSANZ Proposal

In our view, the starting point in considering the form of mandatory PWL that ought to be adopted is that Government data shows that 98.8 per cent of Australian women either abstain from drinking alcohol or decrease their consumption of alcohol during pregnancy.² This suggests an almost universal awareness amongst the community as to the dangers of alcohol consumption during pregnancy.

In developing a PWL, a preferred outcome should be demonstrated to:

- a) increase awareness of the dangers of consuming alcohol whilst pregnant from the existing 98.8 per cent;
- b) effect behavioural change as a result of that awareness such that instances of FASD are reduced; and
- c) in doing so, deliver net societal benefits as a result of reductions in FASD cases and/or severity once societal costs are considered.

We respectfully submit that the FSANZ Proposal does not meet the above test. We note the Literature Review states that there is "no strong evidence" linking mandated warning labels to decreased consumption. In other words, the Literature Review casts doubt on the ability of a mandated PWL to effect behavioural change.³ Whilst respecting the fact that FSANZ has been tasked with developing a mandatory PWL by the Food Forum, we question why FSANZ has embarked on a process that automatically discounted the lowest cost option to industry by failing to test whether the existing DrinkWise scheme would deliver net societal benefits in excess of what is contained in the FSANZ Proposal.

The Draft Regulatory Impact Statement (DRIS)⁴ and FSANZ Proposal⁵ both analyse a number of scenarios that predict the number of FASD cases that would **need** to be

² Australian Institute of Health and Welfare, *National Drug Strategy Household Survey 2016*, Table 8.14.

³ The Literature Review refers to a French study which states: "the fact that the warning label appears on every alcohol container, being thereby visible to everyone—regardless of socioeconomic background—was one of the arguments that was put forward during the political debate on the warning pictogram. However, population-level interventions like warning labels usually fail to reduce the risk in vulnerable populations." (Dumas, Toutain, Hill and Simmat Durand, 2018).

⁴ DRIS, p. 75.

⁵ FSANZ Proposal, p. 49.



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prevented to deliver societal benefits in excess of the cost to industry. Yet neither the DRIS nor the FSANZ Proposal actually demonstrate that the FSANZ Proposal – that imposes significant costs upon industry – will **actually** prevent a sufficient number of FASD cases in order to deliver net societal benefits.

Additionally, we note that the DRIS acknowledges that there are “challenges and uncertainties” in quantifying the net benefits of a mandatory PWL.⁶ It further states that “the societal costs of FASD are difficult to accurately measure”.⁷ Given these statements, we are yet to be convinced that either the process or outcome is sufficiently robust and evidence-based to warrant such significant costs imposed on industry, which Alcohol Beverages Australia has estimated at \$16,000 per SKU. This figure takes into account cost estimates provided by us to ABA on a commercial-in-confidence basis.

Specific comments on the FSANZ Proposal

Consumer testing of warning labels

Pernod Ricard Winemakers wishes to express concern at the brief FSANZ commissioned to Roy Morgan for the purposes of testing the effectiveness of various PWLs.

As the Executive Summary of the *Alcohol Warning Label Survey Report* shows, consumers were presented with four identical labels with varying statements.⁸ The effectiveness of the existing voluntary DrinkWise scheme was not tested with consumers at all.

Excluding the DrinkWise scheme (as an option for a mandatory label) had the practical effect of ensuring whichever option was adopted would impose significant costs upon the industry.

Furthermore, more extensive consumer research would have allowed FSANZ to test the conclusions contained in the Literature Review relating to colour and the proposed heading.

Finally, any insights garnered from the consumer testing would have been much more salient in informing the FSANZ Proposal had the consumer testing been conducted exclusively with demographic groups known to be most at risk of FASD.

Colour requirements

Pernod Ricard Winemakers considers that the prescription of colour under the FSANZ Proposal is impractical and adds unnecessary costs onto industry for a theoretical benefit that FSANZ has failed to quantify.

We note that the FSANZ Proposal states that “using red in a warning can increase the speed at which the warning is identified and also increase the reported level of

⁶ DRIS, p. 74.

⁷ DRIS, p. 75.

⁸ Roy Morgan, *Alcohol Warning Label Survey Report*, 20 September 2019, p. 6.



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attention the warning receives. The use of the red pictogram was also considered more noticeable in contrast to the black pictogram.⁹

Accepting for the purposes of this exercise that red pictograms are indeed more noticeable than a pictogram limited to contrast requirements (and we acknowledge references to studies in the Literature Review that are said to support this notion), the FSANZ Proposal has not articulated the benefits of mandating colour assessed against the additional costs imposed on industry of doing so.

From the perspective of Pernod Ricard Winemakers, mandating colour on the warning label – and especially a particular tone of colour – adds considerable implementation costs to our business – particularly for ready-to-drink (RTD) cans. Contrary to assertions made in the DRIS¹⁰, we would not bear these costs as a one-off. The imposition of additional colours will result in added costs on an ongoing basis each and every year wine bottle labels are printed.

Accordingly, in the absence of evidence within the FSANZ proposal, we are sceptical that mandating a specific colour will reduce instances of FASD by a greater degree than the associated increase in cost imposed on industry. We therefore recommend that the FSANZ Proposal be amended to require contrast requirements, as per Option 2 in the FSANZ Background Paper dated June 2019, consistent with other warning labels under the Code.

Alternatively, should FSANZ consider it imperative that the colour red be used as part of any PWL, we ask that consideration be given to a lower cost alternative by specifying a range of red tones that can be used.

The FSANZ Proposal seeks to justify the mandating of Pantone 485 on the basis of consistency across all alcoholic products. Yet it does not provide any evidence that Pantone 485 is most likely to assist in making the proposed label more effective than if any other tone of red is used.

The FSANZ Proposal also notes that Pantone 485 is required when the trademarked New Zealand standard drink icon is used voluntarily. However, not all alcoholic beverage producers use the New Zealand standard drink icon. Pernod Ricard Winemakers adopts a consistent standard drink icon (in black colour) across SKUs distributed in both Australia and New Zealand.

A much more practical solution – assuming colour is to be mandated – is to permit a range of red tones to be used in the PWL. A number of our back labels already contain the colour red; if we were to be able to replicate that same tone of red in the PWL, the cost impact of the FSANZ Proposal will be reduced.

As an example, below are two labels for some wine SKUs that incorporate a red colour tone.

⁹ FSANZ Proposal, pp. 10-11.

¹⁰ DRIS, p. 74.



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Warning statement

Given the explicitly stated aim of the FSANZ Proposal is to reduce the number of cases of FASD – and/or reduce the severity of some cases – the heading of the PWL ought to better reflect this objective.

Accordingly, Pernod Ricard Winemakers considers that the words 'HEALTH WARNING' ought to be substituted with the words 'PREGNANCY WARNING'. This does not conflict with the DRIS, which suggested the use of a short warning label. The word 'pregnancy' is more likely to capture the attention of pregnant women than the more generic term 'health'.

Additionally, we note that the words 'HEALTH WARNING' have not been subject to consumer testing. FSANZ ought to release the evidence that has led to the decision to adopt a generic heading at the expense of more targeted language that specific to FASD.

Font size may need to be revised marginally to ensure the PWL remains within existing dimensions contained in the FSANZ Proposal (or alternatively, the minimum clear space reduced).

Application to different types of packages

The FSANZ Proposal proposes that containers equal to or less than 200mL be required to carry the pictogram only. We agree with this approach.



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Where we respectfully disagree with the FSANZ Proposal is the requirement to use a bigger label for beverage containers above 800mL. As an importer of full bottled spirits, this will add to costs and complexity for our business, as our most common spirit container volumes are 700mL, 750mL and 1L. It would seem absurd to seek to impose differing labelling requirements on very similar (and in some cases) the same products because container volume varies by relatively small amounts.

We also understand that some stakeholders have proposed that beverage containers of up to 400mL be required to carry only the pictogram. We strongly oppose this approach. It is important for the sake of competitive neutrality between beverage categories that as far as practicable, regulatory impositions are equal. The 200mL threshold, in our view, is a reasonable threshold in respect of imposing pictogram requirements only.

To the extent that there are issues with containers between 200mL and 400mL having enough label space to carry the PWL, then FSANZ ought to amend the size requirements of the label by reducing minimum font size, pictogram dimensions and the clear space requirements.

Conclusion

Pernod Ricard Winemakers thanks FSANZ for the opportunity to comment on this proposal. As outlined in this submission, we are concerned that the FSANZ Proposal amounts to a costly labelling change with no corresponding societal benefit in reducing instances of FASD, particularly among at-risk demographics.

Both the DRIS and the Literature Review cast doubt on the ability of FASD to deliver the sort of benefits that would outweigh the costs imposed by the FSANZ Proposal. Indeed, the FSANZ Proposal fails to articulate or quantify the benefits of the proposal; rather, it merely asserts how effective it would *need* to be in order to be successful.

We urge FSANZ to reconsider the proposal and develop an evidence-based solution as soon as possible. As a producer of alcoholic beverages with a demonstrably sound track record on this issue, we stand willing and able to assist FSANZ and the Government achieve this objective.