



Distilled Spirits Aotearoa (NZ) Incorporated

New Zealand Business Number (NZBN): 9429047031708

Certificate of Incorporation: 2716891

Registered office 14 - 16 Harbour Street, Oamaru 9400, New Zealand

Telephone: +64(0)21 222 9881 email: chair@distilledspiritsaotearoa.org.nz

DistilledSpiritsAotearoa.org.nz

Distilled Spirits Aotearoa (NZ) Inc

Submission to

Food Standards Australia New Zealand

on the

Proposal P1050

Pregnancy warning labels on alcoholic beverages

Consultation Document

October 2019

About the DSA

Distilling is a newly emerging industry in New Zealand. Distilled Spirits Aotearoa (NZ) Inc. was incorporated in September 2018, and currently represents 44 distilled spirits manufacturers, promoting our New Zealand-made products and representing the joint interests of all New Zealand makers of distilled spirit products. The main objectives of the DSA Society are:

- To protect the integrity, authenticity and brand value of distilled spirit products made in New Zealand
- To represent the joint interests of all New Zealand makers of distilled spirit products to government, media and consumers
- To promote New Zealand made distilled spirit products within New Zealand and throughout the world
- To promote the responsible consumption of distilled spirit products
- To establish industry standards and criteria where appropriate to promote consistency and quality across the NZ spirits industry
- To facilitate professional development, education and the exchange of information through cooperation, industry forums, seminars and workshops

Feedback on Consultation Document

A.

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B. For organisations, the level at which the submission was authorised:

Chairperson of Distilled Spirits Aotearoa (NZ) Inc :- representing 44 New Zealand distilled spirits manufacturers.

C. Summary (optional but recommended if the submission is lengthy):

DSA disagrees with the validity of the use of FSANZ consumer testing, which assumes survey responses will reflect actual behaviour. Following on from this, the assumption that the pregnancy warning will change behaviour is then inappropriately used as the basis of the FSANZ's cost benefit analysis.

DSA submits that the public has not been given the opportunity to assess actual peer-reviewed, validated consumer testing information, which disadvantages the strength of their submissions.

DSA submits that the Pregnancy Warning Label timing (2 year transition; introduction prior to at least two other mandatory label changes) and graphics design (addition of more than one colour to a label) disproportionately disadvantages the financially-sensitive smallest producers in New Zealand.

DSA submits that the use of Red Pantone 485 is environmentally irresponsible, increasing the need for more plates/ time and materials for printing, and requiring the use of heavy metals for enamel on glass printing. The requirement for a warning label on every layer also adds an environmental and cost impact.

Comments to specified sections of P1050 Call for Submissions (CFS) report:

D. Literature review on the effectiveness of warning labels (section 3.1.1 of CFS)

Text here

E. Consumer testing of warning statements (section 3.1.2)

(1) Predicting changes in behaviour

FSANZ states that it is generally accepted that where alcohol warnings labels have been introduced they have had limited impact on consumption behaviour.

The literature on the effectiveness of pregnancy warning labels on behaviour is limited. The experimental studies reviewed indicated that warning labels have an impact on self-reported intentions to reduce alcohol consumption, and behaviours seeking further information. However, there were no high quality studies identified that demonstrated a decrease in alcohol consumption. Stockwell notes that both alcohol industry researchers and independent researchers 'agree fairly closely that impacts on drinking behaviour are either non-existent or minimal'. Wilkinson et al. (2009) highlight the deficiencies in the implementation of most warning labels such that they are unlikely to be noticed.

DSA disagrees with the validity of FSANZ using the RMR consumer testing to predict changes in behaviour. DSA submits that the data collected were responses to surveys, and the survey



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measured how well the messages were understood and were judged convincing/believable. Understanding a message does not necessarily relate to actual behaviour.

(2) Public has not been given full information

Due to time constraints, FSANZ has arranged for the literature review to be peer reviewed during the public consultation period. The outcome of the peer review will be considered after public consultation and inform FSANZ's decision on whether to accept, amend or reject the draft variation.

DSA submits that the public has not been given fully peer-challenged information to review, which disadvantages the strength of their submissions. DSA proposes that the fully annotated peer-reviewed report should be distributed to the public along with FSANZ's comments on the findings and implications on any conclusions made in the draft consultation document. Time should be allowed for further public submissions, **prior to** any FSANZ's decision on whether to accept, amend or reject the draft variation.

F. Pictogram (section 3.2.2.2)

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G. Warning statement (section 3.2.2.3)

Text here

H. Design labelling elements (section 3.2.2.4)

(1) Disproportionate cost to small producers

FSANZ acknowledges that smaller producers may experience higher overall cost burdens of incorporating the warning label as batches are smaller and there would be fewer sales to spread the costs. FSANZ states that smaller producers often use digital printing which is suited to printing smaller numbers of labels, and that label changes can be made more easily and cheaply than for higher volume printing processes.

DSA disagrees with this statement, and requests that FSANZ acknowledge that there is an important population of the smallest producers in the emerging craft sector which do not fall into the "commercial producers" category. These craft manufacturers are producing small runs of simplified low-cost labels eg. one-colour, hand-labelled. For these businesses cost is critical in every component of their product. Rather than digital printing the more cost-effective/quality solution than can be used is hand-stamping, litho or offset presses with plates involved. In these options, the colour palette is extremely limited, for example: for one-colour hand stamping - two or more colours cannot effectively be stamped by hand; or off-set printing – extra, costly print plates would be required to include other colours, even a very small amount of red/black/white.

DSA submits that the addition of more than one colour to a label disproportionately disadvantages the financially-sensitive smallest producers, who are less able to absorb the cost of adapting their label.



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DSA proposes not to use more than one colour in the warning label. Alternatively, an exemption for labels with only a single colour to not mandatorily require the addition of other colours, but allow the warning and pictogram to appear in the one label colour with a white/high contrast lighter background from the actual label paper. Very few established producers would use only one colour on their label, therefore this exemption would directly assist only the emerging producers who are at a critical point in their business development, with a small circle of sales (eg local markets, food shows).

(2) Impact on environment

DSA submits that the additional plate required for offset presses will not only mean an extra cost for the producer but also it will have an impact on the environment. In the current age of heightened awareness of packaging stewardship, it seems irresponsible and unnecessary to mandate the use of extra ink and processing.

DSA proposes that the warning label be designed well enough to work in one colour only, using the basic principles of icon design. There are different ways to allow this message to be communicated effectively without using an unnecessary red colour.

(3) Ceramically decorated bottles

DSA submits that the consultation document has not assessed the environmental and cost impact of adding the Warning label to the increasingly popular ceramically decorated or Applied Colour Labels, where the screen-printed label has been directly printed on glass.

- Pantone 485: It is not possible to achieve a bright red when printing with enamel without using **heavy metals**. The colour becomes a muddy brown.
- Environmental issues and export restrictions: A company selling product in the USA could have a significant issue if they print a red in enamel as it will not meet the CONEG guidelines on **heavy metals** in packaging.
- Extra cost: The cost to add an extra colour such as Pantone 485 to a ceramically decorated bottle is approximately 50 cents a bottle. These costs cannot be absorbed and would need to be passed on to the customer, making this a barrier to sales.

(4) Space on label

DSA submits that at the proposed size, the text takes up horizontal space on a label already crowded with standard drinks, bar code, % alcohol, ingredients etc.

DSA proposes that a vertical version of the Warning is made available as an option for use, for those needing to fit the Warning around existing graphics.

(5) Warning label on all layers

DSA submits that for environmental and cost reasons any warning should only be on the alcohol-containing layer of packaging only – not all layers.

DSA proposes that the warning should only be on packaging that has a barcode.



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I. Summary of proposed pregnancy warning label design (section 3.2.2.5)

Text here

J. Beverages to carry the pregnancy warning label (section 3.2.3)

(1) Exemption for Bitters

DSA submits that aromatic Bitters is a beverage supplement and is used in drop form. It would be unpalatable if it was ingested without significant dilution. The current proposal is that: *alcoholic beverage with a volume of ≤ 200 ml, the pictogram (only) would be required but in the same size and format as for containers larger than 200 ml.*

DSA proposes that Bitters should be exempt from the requirement to use pregnancy warning in any form.

K. Application to different types of sales (section 3.2.4)

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L. Application to different types of packages (section 3.2.5)

Text here

M. Consideration of costs and benefits (section 3.4.1.1 of CFS)

(1) Incorrect basis for Cost benefit analysis

DSA submits the research undertaken does not show that, given the existing public education programmes, the warning will change behaviour. The report analysed the value of "avoided cases", however as FSANZ states in the literature review, there is no research evidence that there will be any improvement. In this regard, FSANZ's cost benefit analysis is based on an assumption.

DSA submits that a fully peer-reviewed behavioural study should be undertaken, taking advantage of the currently available voluntarily labelled packaging. New Zealand alcohol manufacturers and importers already fund the HPA to lead and support health promotion initiatives to promote health and wellbeing and encourage healthy lifestyles (NZ\$12 million in 2017). **DSA submits** that the added cost to industry is not justified until there is evidence of effectiveness of pregnancy warning on labels, and a NZ/Australia base-line to assess improvements.

N. Transitional arrangements (section 4.1 of CFS)

(1) Packaging material back-log for smaller producers

DSA submits that an enforced two year transition period again disproportionately disadvantages the financially-sensitive smallest producers. This transition period may leave a small distiller with redundant packaging material for write-off (in particular stocks of premium printed glass bottles with large minimum order sizes, or stocks where larger orders were made to save costs). The



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cost of stock write-off, on top of the label redesign costs could put a small start-up distiller into financial difficulty.

DSA proposes that any packaging material already purchased 1 year before the date of gazettal of the variation should be allowed to be run out.

(2) Timing of other label changeovers

DSA submits that multiple upcoming changes to labels relating to pregnancy, sugar, carbohydrate content and nutrition panel information, container deposit/return scheme will have a significant financial impact on our members.

DSA proposes that all changes be managed in such a way as to necessitate only one coordinated label change for industry.

O. Draft variation to the Australia New Zealand Food Standards Code (Attachment A of CFS)

Text here

P. Other comments (within the scope of P1050 – see section 1.5 of the CFS)

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