



BREWERS
ASSOCIATION

Submission
Carbohydrate & Sugar Claims
on Alcoholic Beverages

22 February 2019

Contents

About the Brewers Association.....	2
What company do you represent?	3
What type of business are you? (e.g. manufacturer, importer)?	3
What type of beverage do you produce? (e.g. beer, wine, cider)?	3
What is the size of your business or organization?	3
How many stock keeping units (SKUs) of alcoholic beverages produced by your business carry sugar related nutrition content claims?	3
How many SKUs of alcoholic beverages produced by your business carry carbohydrate related nutrition content claims?	3
How many SKUs of alcoholic beverages produced by your business carry nutrition content claims about both sugar and carbohydrate?	3
What is the typical time between the production of your product and its retail sale?	4
How many months stock of your current labels do you typically keep?	4
What is your best estimate of the cost to change a single label (single SKU) by removing a claim(s)? If possible please disaggregate this cost to the various activities and specific costs that make up this estimate. For example: - Administrative labour costs - Graphic design and prepress labour and materials costs - Recordkeeping costs - Printing plate costs - Discarded inventory costs.	4
Are your cost estimates in Australian or New Zealand dollars?	5
In the last 24 months, how often did you make changes to labels for voluntary reasons such as for marketing or promotional purposes and/or to meet other regulatory requirements for the class of products you have provided a cost estimate for?	5
Are there any other costs that you think should be taken into account if the removal of sugar and carbohydrate nutrition content claims is required? Please provide quantified estimates if you are able to.	5
Is there any consumer research you are aware of relating to consumer responses to claims about carbohydrate or sugar on alcoholic beverages? If yes, please provide references to this research.	6
In general do you have any comments about any of the proposed options?	6
Please describe any other options you think should be considered and justify your suggestions. ...	7
Contact	8



About the Brewers Association

The Brewers Association of Australia is the peak industry body representing Australia's premier beer makers – Carlton & United Breweries, Lion Beer Australia and Coopers Brewery.

With 87% of all beer sold in Australia being made in Australia, the brewing sector underpins more than 105,000 full-time Australian jobs and generates over \$17 billion a year in economic activity – accounting for over 1% of GDP.

The industry makes a substantial contribution to the Australian economy through the manufacturing, hospitality, retail, transport and tourism sectors.



What company do you represent?

The Brewers Association of Australia, representing Carlton & United Breweries, Lion Beer Australia and Coopers Brewery.

What type of business are you? (e.g. manufacturer, importer)?

Peak industry body representing Australia's premier beer manufacturers.

What type of beverage do you produce? (e.g. beer, wine, cider)?

CUB, Lion and Coopers offer a wide range of premium, classic and craft beers, as well as ciders.

What is the size of your business or organization?

Large, with employment of 200 or more persons.

How many stock keeping units (SKUs) of alcoholic beverages produced by your business carry sugar related nutrition content claims?

Our members produce approximately 145 SKUs that contain proven sugar facts across their portfolios. This translates to several hundred individual items (including wraps, cartons, labels).

How many SKUs of alcoholic beverages produced by your business carry carbohydrate related nutrition content claims?

Our members produce 117 SKUs across their ranges carrying proven carbohydrate nutrition facts.

How many SKUs of alcoholic beverages produced by your business carry nutrition content claims about both sugar and carbohydrate?

55 SKUs carry proven carbohydrate facts as well as proven sugar facts.



What is the typical time between the production of your product and its retail sale?

On average, it takes approximately 2-3 weeks to brew and package a product. However, given the nature of some brews and fermentation methods, it can take 4-8 weeks for stock to land in wholesale distribution centres. The maximum time period that a product should spend in a warehouse is 14 weeks (based on a first in, first out approach) with the product then having an estimated shelf life of 9 months from the package date.

How many months stock of your current labels do you typically keep?

Up to 6 months.

What is your best estimate of the cost to change a single label (single SKU) by removing a claim(s)? If possible please disaggregate this cost to the various activities and specific costs that make up this estimate. For example: - Administrative labour costs - Graphic design and prepress labour and materials costs - Recordkeeping costs - Printing plate costs - Discarded inventory costs.

The removal of our members' ability to make factual, proven statements about the contents of the products they make would involve cascading costs, not limited to the direct costs cited in this question.

In addition to the amendments to labels, wraps and clusters (as appropriate) for each affected SKU, completely new artwork may be required depending on the amendments made to the Code.

Changes to existing campaigns in market, planned campaigns, existing physical marketing collateral such as taps, etc, we value in the tens of millions of dollars or higher.

Loss of brand value, loss of ability to differentiate within category, and requirements to rebalance brand portfolio – at least in the hundreds of millions of dollars if not, higher.

Factual and scientifically proven claims are made on a variety of items, including bottles, cans, crowns, shrink wrap, clusters/baskets, and cartons. For each item the following approximate costs would apply:

Cost of change per label:

- Design of approximately \$3,500 per label
- Supplier setup & plates approximately \$2,000 per label
- Management time of approximately \$1,000 per label



Cost of change per can:

- Design of approximately \$1,500 per can
- Supplier setup and plates of approximately \$3,500 per can

As well as these container costs, our members would need to make changes to several hundred other items, including crowns, shrink wrap, clusters/baskets, and cartons.

Cost of change per cluster:

- Printing plate costs approximately \$3,500
- Design, set up and final art approximately \$4,500
- Management time approximately \$1,000

Cost of change per carton:

- Printing plate costs approximately \$16,500
- Graphic design and final art files approximately \$2,000
- Management time approximately \$1,000

These estimates do not include the potential loss of brand value.

We conservatively estimate stock write-offs in excess of \$200,000 – although this will be exponentially higher if harder deadlines for implementation are enforced.

We estimate the direct cost to our members in excess of \$4 million, plus the many tens of millions of dollars in related brand and marketing collateral and erosion of brand value.

Are your cost estimates in Australian or New Zealand dollars?

Australian AUD.

In the last 24 months, how often did you make changes to labels for voluntary reasons such as for marketing or promotional purposes and/or to meet other regulatory requirements for the class of products you have provided a cost estimate for?

The recent CDL legislation has meant that all labels and cans have had to be updated.

Are there any other costs that you think should be taken into account if the removal of sugar and carbohydrate nutrition content claims is required? Please provide quantified estimates if you are able to.



contents of the products they make would involve cascading costs.

In addition to the amendments to labels, wraps and clusters (as appropriate) for each affected SKU, completely new artwork may be required depending on the amendments made to the Code.

Changes to existing campaigns in market, planned campaigns, existing physical marketing collateral such as taps, etc., we value in the tens of millions of dollars or higher.

Loss of brand value, loss of inability to differentiate within category, and requirements to rebalance brand portfolio – at least in the hundreds of millions of dollars, if not, higher.

Is there any consumer research you are aware of relating to consumer responses to claims about carbohydrate or sugar on alcoholic beverages? If yes, please provide references to this research.

We are aware of multiple pieces of research, as well as consistent consumer feedback given to our members, which reflect consumers' changing attitudes towards informing themselves of nutritional content. The overarching message from this research and feedback is that consumers want more information about what they are consuming, not less. Such research includes Brewers Member Qualitative Research Groups - MELB, SYD & ADL, August 2018.

IRI Liquor Trends Series – Trending better for you attributes in Liquor products, September 2018, found: “60% of respondents say nutritional panel information displayed on products affects purchases. The information most wanted on alcohol labels 1. Sugar (77%), 2. Carbohydrate (52%) 3. Calorie (47%).”

In general do you have any comments about any of the proposed options?

The only option that the Brewers Association of Australia considers to be an acceptable solution is maintenance of the status quo.

The ‘problem’ that FSANZ has identified, and which this proposal seeks to address, is the “potential for consumers to be misled by carbohydrate and sugar claims about alcoholic beverages”.

While we agree that FSANZ should continually review the relevant Standards of the Food Code to ensure that consumers are not being misled, the presence of proven carbohydrate and sugar facts have been, or are likely to be, misleading to consumers in any way.

On the contrary, as cited in Question 13, there is growing interest among consumers seeking to understand what is in alcohol products – specifically sugar, carbohydrates and calories. Each of our members provides all of this information for all of their products online, easily accessible via Apps and websites.

Preventing consumers from making informed choices on sugar and carbohydrate content is inconsistent with other Food Code standards, where the consumer ‘right to know’ is



paramount. This change would be entirely counter-productive to the desire for consumers.

As part of the lengthy and considered preparation of Standard 1.2.7 via Proposal P293 (Nutrition Health & Related Claims), FSANZ accepted that carbohydrate claims were common in the marketplace for alcoholic beverages. In the course of permitting carbohydrate claims to be made in relation to alcoholic beverages, FSANZ stated that “concerns over the potential to mislead consumers are addressed by the requirement to provide a nutrition information panel on any alcohol product carrying a carbohydrate and/or energy claim. This provides consumers and enforcement agencies with additional information about the product composition. This approach is also consistent with the provision of minimal effective regulation as required under the FSANZ Act”. (P293 Preliminary Final Report).

These comments were made in light of the stated objectives of P293 being: to provide regulatory arrangements that enable industry to innovate, give consumers a wider range of healthy food choices; ensure food labels bearing nutrition, health or related claims provide adequate information to enable consumers to make informed choices; and prevent misleading or deceptive nutrition, health or related claims on food labels or in food advertising. Our view is that these same considerations are relevant to P1049.

While it has not been substantiated in any research or evidence that consumers are being in any way misled by carbohydrate and sugar facts on alcoholic beverages, there is significant evidence that the information is well-regarded by consumers.

Since the commencement of the Beer The Beautiful Truth campaign by Lion Beer Australia (and the roll-out of associated labelling that featured sugar and carbohydrate content claims), Lion has not received a single complaint from consumers that allege that sugar and/or carbohydrate claims made on its products are misleading and/or deceptive.

Further, in line with the research referred to at Question 13, the presence of sugar and carbohydrate claims are helpful in enabling consumers to make informed choices about the beverages they consume.

The Brewers Association of Australia asserts that, if anything, a blanket prohibition on the facts of carbohydrate and/or sugar in alcohol products would be more likely to mislead and deceive consumers by failing to provide adequate information to equip customers with a better understanding of the contents of alcoholic beverages.

In addition to public/consumer interest considerations, the Brewers Association of Australia reinforces the extreme cost implications of any proposed changes to the Food Code that would require changes to current labelling.

These proposed amendments to the Food Code to limit the ability of alcohol producers to provide factual, proven sugar and carbohydrate-related nutrition information to consumers who are seeking that very information are inconsistent with the principles of allowing industry to innovate and the provision of “minimal effective regulation”.

Please describe any other options you think should be considered and justify your suggestions.

The Food Code should be amended to clarify that nutritional claims in relation to carbohydrates include sugar.



Contact

The Brewers Association of Australia looks forward to continuing to work with FSANZ on this important project and beyond.

For more information, or to follow up on any aspect of our submission, please do not hesitate to contact me.

Kind regards,

A handwritten signature in black ink, appearing to read "Brett Heffernan". The signature is fluid and cursive, with a long horizontal stroke at the end.

Brett Heffernan

CEO

Brewers Association of Australia

