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Response from the Brewers Association of Australia to the Call for submissions on Proposal P1049 - Carbohydrate and sugar claims on alcoholic beverages

The Brewers Association of Australia welcomes the opportunity to provide this submission concerning the proposal by FSANZ to amend the Australia New Zealand Food Standards Code in relation to statements relating to carbohydrate and sugar content on alcohol packaging.

Before providing our views on the proposal I would like to express my appreciation to the team at FSANZ for their thorough and rigorous consultation process.

Overview of Brewers Association Position

The Brewers Association of Australia, on behalf of its members, wants to ensure that consumers have access on the product packaging to important information that they need to make informed decisions about the products they consume.

This is why we strongly support the mandatory labelling of energy content (in kJs) as proposed by FSANZ in P1059. We believe that alongside this important information factual and accurate statements about the carbohydrate content of beer products is critical for our consumers.

On this basis we support the proposal set out in the Call for Submissions which would clarify existing regulations in relation to sugar claims (noting that only a small number of beer products in the market feature such claims); prohibit nutrition content claims in relation to specifically named types of sugar; and prohibit nutrition content claims about other components of carbohydrate.

We believe that together, Proposals 1049 and 1059, will ensure appropriate and relevant information is presented on the label of beer products that will support consumers to make an informed choice taking into account important information that may be relevant to their health needs.

We note from the evidence presented in the Call for Submissions that there is room for improvement in the levels of understanding amongst consumers on the information that is presented on labels (particularly kJs). We believe this is an area where our industry and FSANZ could work together to try and improve understanding once these Proposals have been agreed and implemented.

Alcohol Consumption and Australia/New Zealand Dietary Guidelines

We note the two relevant sections of the Dietary Guidelines which are cited in the Call for Submissions:

- “The guidelines consider alcohol to be a discretionary food (i.e. energy dense, nutrient poor) and state that limiting alcohol intake is an important strategy for achieving appropriate energy intake. The guidelines recommend that alcohol intake contribute less than 5% of dietary energy.”
- “Australian guidelines note dietary patterns that tend to be relatively low in total fat and moderate (not high) in carbohydrate are consistent with reduced risk of excess weight gain (NHMRC, 2013).”

Alcohol Consumption

In relation to the first section we welcome the context included in the document in relation to long term alcohol consumption trends as follows:

“Per capita consumption of alcoholic beverages in Australia and New Zealand has decreased over the last 20 years from 10.44 and 9.10 litres per capita to 9.29 and 8.76 litres per capita respectively (IBISWorld, 2022a and 2022b). Consumers’ increasing health consciousness is expected to result in a continuation of the downward trend in alcohol consumption over the next 5 years (IBIS, 2022a and 2022b).” (Section 3.1).

Historical trends in consumption levels are critical context for this issue and these show that alcohol consumption in Australia has been falling for almost 50 years and there has been considerable progress in reducing risky/heavy consumption.

Alcohol consumption in Australia peaked at 13.1 litres of pure alcohol per person in 1974-75 and then fell 25 per cent to 9.51 litres per capita in 2017-18 (ABS, Apparent Consumption of Alcohol, 2017-2018). This is a dramatic reduction and would mean a very significant reduction in the kJs consumed through alcohol over this period.

For beer the trend has been even more pronounced. Per capita consumption of pure alcohol from beer has dropped by over 30 per cent in the past 25 and the shift amongst consumers to mid, low and zero strength beers, which now make up over 30 per cent of the beer market, has meant that beer drinkers have reduced their consumption of pure alcohol through beer by around 3 million litres over the past decade (*Research paper by Professor Kym Anderson of the School of Economics and Public Policy, University of Adelaide, January 2023*).

Alcohol and Carbohydrates

As noted in Section 3.3 the number of products in the market featuring statements in relation to carbohydrate content has increased significantly.

For beer this has been particularly pronounced with all our members now producing low carb beer products which have seen strong growth in recent years as a result of customer demand.

As noted in Table 1 of Section 3.2 there is a substantive difference in the kJ content of low carb beers compared to beers with a normal carb content (full carb beers containing 153 kJ per 100 mL and low carb beers containing 119 kJ per 100 mL).

Consumer understanding of the nutritional properties of alcoholic beverages

We note the finding that “consumers generally have a poor understanding of the nutritional properties of alcoholic beverages (based on their general knowledge)”. We further note the finding that “consumers’ ability to estimate the carbohydrate content of alcoholic beverages is also poor, with consumers tending to overestimate the carbohydrate content of beer in particular.”

We believe these findings demonstrate the importance of the need for greater focus on educating consumers on the information that will be presented on labels after the implementation of Proposals 1049 and 1059. Consumers self-evidently value information relating to the energy content of products and in relation to the amount of sugar and carbohydrates contained and we believe there is an opportunity to help them better understand how to use the information that is presented.

Finally, we note and welcome the finding that “there is no clear evidence to suggest that sugar and carbohydrate claims affect consumers’ level of consumption of alcoholic beverages.” Given the increased popularity of low carb products at a time when alcohol consumption has dropped considerably this finding reflects what we are seeing in the market.

FSANZ Options – Costs and Benefits

The Call for Submissions considers five different options for proceeding with the proposal.

Brewers Association agrees with the net benefits associated with Option 2 and that these are superior to Option 1.

We agree with the conclusion that that Option 2 represents the greatest net benefit to the community, government and industry.

We also agree that Option 3 has negative net benefits over option 1.

- The key cost of Option 3 would be to the consumer. This is summarized well in the Call for Submissions which states:
 - “For consumers who choose to drink alcoholic beverages, nutrition content claims about carbohydrate and sugar content can serve as a source of information enabling consumers to make informed choices. Therefore, prohibiting claims and removing this information may limit consumers’ ability to make informed choices in some circumstances.”
- Consumers are sophisticated in the decisions they make on product choice. Low carbohydrate beer brands represent approximately 17 per cent of the packaged beer market (as per table below) which, demonstrates that consumers are looking for this information.
- Implementing Option 3 would remove this information from consumers and, in effect, remove the option for them of choosing a low carbohydrate beer product.
- For industry, the costs of Option 3 would be significant and well beyond the Marsden-Jacob assessment in the Call for Submissions, which (as is acknowledged in the document) only covers labelling changes and does not cover the broader impact on re-branding and reformulating products. We have provided more detail on this in the responses to questions below.

Specific questions:

1. Do you have or are you aware of any evidence to suggest that nutrition content claims about carbohydrate and/or sugar on alcoholic beverages affect consumers’: (a) level of consumption of alcoholic beverages? (b) level of physical activity? (c) general food intake?

We agree with the findings of the Call for Submissions that there is little or no evidence of any effect of these claims on the items listed. We note the positive and consistent trends in reduced alcohol consumption referenced earlier in this submission.

2. Are you aware of any studies that sufficiently examine the effects of nutrition content claims about carbohydrate and/or sugar on choice between different types of alcoholic beverages?

No.

3. Do you agree with the estimates for the average cost of labelling change for option 3 for affected Stock Keeping Units (SKUs) in Attachment D? Please provide evidence to support your position.

Our members are best placed to provide detailed information on the cost of labelling changes within their organisations. The critical point in relation to cost, however, is that a label change would not be the most significant negative outcome if Option 3 were implemented. Rather, an entire sub-category of beer would be prohibited with the resulting costs in terms of re-branding, re-formulating and developing new product lines. An assessment of these costs should also include the damage to brand value caused by any such measure.

This is recognized in the Call for Submissions where it states:

“Under option 3, FSANZ expects less tangible costs to businesses e.g. costs of re-branding, advertising and defending market shares of alcoholic beverages to often be greater than label change costs. For certain beverages, businesses have invested large amounts of money in product and brand development, such as for a low-carb beer or a low-sugar cider.” (p.42).

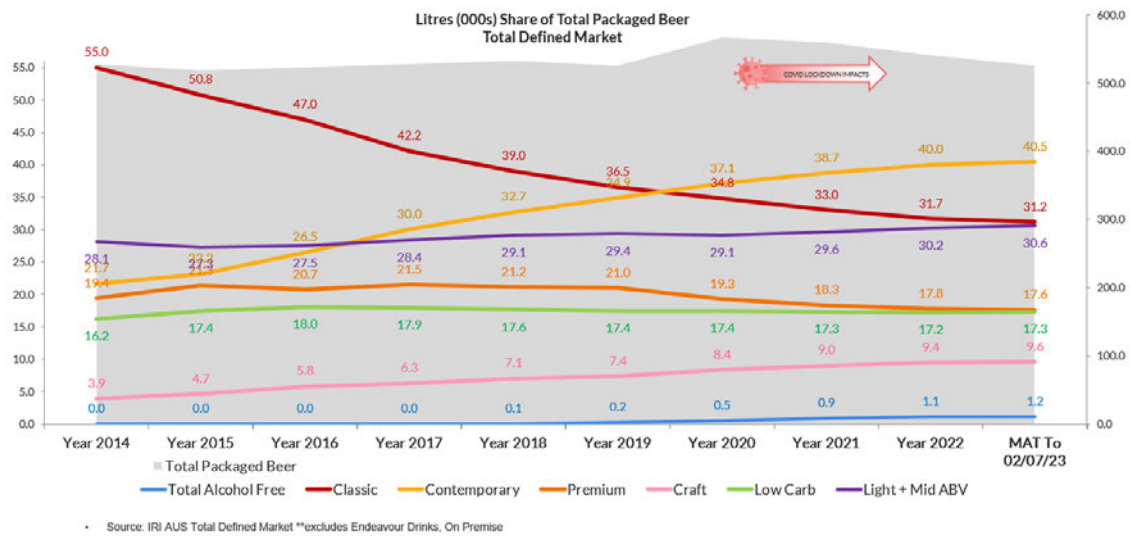
We welcome and support this acknowledgement in the document but even this understates the cost impact that removing the entire low carbohydrate product segment would have on brewers. As per the table below, low carbohydrate beers represent 17 per cent of the packaged beer market – this represents a significant proportion. The investment by small and large brewers across the country to have grown low carb products to this scale is extremely large and pursuing Option 3 would end this segment, add enormous costs to brewers and deliver no benefit to consumers.

We note the statement that the costs of re-branding are “less tangible” than labelling costs. We do believe that any move to proceed with Option 3 should not take place without a further review of the Marsden-Jacob work on labelling costs in this instance and a comprehensive piece of work to quantify these less tangible costs. We would be happy to work closely with FSANZ on this if it were to be needed.

4. Do you have any data on amounts or proportions of SKUs that carry nutrition content claims about carbohydrate and/or sugar and that would be affected by option 3?

As shown in the table below low carbohydrate beers make up approximately 17 per cent of the packaged beer market in Australia.

- AUS Packaged Beer Volume over time including segment splits



5. Do you agree with FSANZ’s current overall consideration of costs and benefits?

As set out in our answer to Question 3 we do not believe that the consideration is comprehensive enough should there be a decision to further investigate Option 3. If this Option is to be considered further significant more work would be needed to quantify the “less tangible costs that are identified in the Call for Submissions around re-branding and other items. We believe these costs would be far greater than the Marsden-Jacob assessment (and again we welcome this being recognized in the Call for Submissions).

6. Are there any other material costs and benefits that you believe should be taken into account in this analysis?

As per responses to questions 3 and 5.

Yours sincerely,

