



20th March 2023

Energy Labelling on Alcoholic Beverages Proposal
Food Standards Australia & New Zealand
PO Box 5423
KINGSTON ACT 2604

Via email to submissions@foodstandards.gov.au

Response to the call for submissions– Proposal P1059 Energy labelling on alcoholic beverages

I write to you today, to humbly ask that you reconsider the proposal to introduce energy labelling on alcoholic beverages. My name is Steve Brockman, I am the founding brewer at Brightstar Brewing and also currently serve as the South Australian State Lead for the Independent Brewers Association.

Small craft breweries are a vibrant, entrepreneurial industry that has grown significantly in Australia - 650+ breweries have an economic output of \$1.93 Billion, employing 6,891 people. For every direct job within the industry, 3.8 jobs are created in agriculture, manufacturing, supply and hospitality - meaning the industry supports over 33,000 jobs. Within South Australia, 72 breweries operate; providing just over 2,000 jobs, boosting tourism and supporting local communities.

I would like to offer the following commentary on the proposal on behalf of member breweries in South Australia

- Craft brewers, like many other industries, are still reeling from the impacts from Covid-19. Government mandated shutdowns shuttered many craft brewery taprooms (often our most profitable part of our businesses), and simultaneously shut down the venues of our customers - bars and restaurants - who purchase our kegs and packaged products. As a result, many breweries now walk a financial tightrope. Any unexpected cost, like a packaging change, will have major effects on cash flow for many of these small businesses.
- I appreciate the New Zealand Institute of Economic Research (NZIER) carried out a Cost Benefit Analysis of the proposed policy - however I am concerned that the financial impacts on smaller, artisan beer, wine and spirits producers has not been properly considered. It is easy to dismiss costs worn by industry for the perceived benefit of the wider community, but when you consider that small, craft brewers employ more people proportionally (due to natural inefficiencies in machinery and production) and contribute more to the economy per litre than larger multinational brewing companies (high price point product, destination for tourism, regional town support etc), any impact to these smaller breweries would be dire.

- I also echo the sentiment of members of FSANZ during the development of the joint Code in 2000, when deciding alcoholic beverages should be exempt from a Nutritional Information Panel (NIP) or energy labelling - the presence of a NIP may mislead consumers in the nutritional value of alcoholic beverages, when most alcoholic beverages are of minor nutritional value. FSANZ itself recommended at the time that the relationship between energy and alcohol be addressed through education. Many consumers still fail to realise that calories and kilojoules are measuring the same thing. Where is this basic education? Have there been any meaningful social health campaigns to educate consumers? If there has been, what impact have they had? I would suggest this is the first step in addressing the issue - why are we forced to rely on the beer industry to foot the bill when a well-run, wide reaching education campaign would arguably be cheaper and more effective?
- In this proposal, FSANZ acknowledges that industry has two other labelling matters currently in consideration - Carbohydrate and sugar claims, and Pregnancy Warning Labels. FSANZ also acknowledges that the industry has raised concerns about possible multiple changes and associated costs. Despite these concerns our craft beer industry now faces down two more proposed changes on labelling, despite only recently completing Mandatory Pregnancy Warning requirements. **This change in packaging unproportionally impacts craft brewers.** Large, multinational brewers are easily able to access and design new packaging and take advantage of the benefits of scale to offset costs to change their labelling. In craft breweries, where minimum runs of printed cans can be up in the 100,000 cans/order range, and printed labels carry minimums of 25,000, the associated cost of labelling changes is a heavy burden to bear. Brewers may take six months to a year to work through minimum order quantities for a label type. Too many changes to labelling requirements in close succession will have dire and extreme detrimental effects on an industry already stretched to breaking point.
- Smaller craft breweries are by their nature creative and boundary pushing. They release many new beers each year. A small craft brewery will always carry more SKUs than a large multinational - it is this variety of beer which makes our industry vibrant. Craft beer also exclusively is in cans, as a trip to any local bottle shop would confirm. If you assume a brewery carries 12 SKUs at any time, with a further 8 SKUs as seasonals (a conservative estimate for the industry, some release a beer a week) the cost to change over labels via figures in Section 5, table 2 suggest \$17, 584 per SKU. This totals \$351,680 dollars to change over. Even if a brewery did core range only (assuming only 6 SKUs), and reverted to label application for the rest, the core range change would be over \$105,504, plus the additional costs of labels for the rest of the range. These costs are not easily absorbed by smaller brewers - where multinationals can write off these costs in large volumes of individual SKUs, smaller brewers with their smaller volume runs, will pay more per unit to change over. This has drastic implications for products on shelf, and will price some smaller producers out of the market. **Put simply, our industry cannot afford to have multiple ongoing labelling changes.**
- As FSANZ has outlined in the proposal, consumers struggle to identify that alcohol is the main energy source in most alcoholic beverages. The current proposed energy labelling does not address the heart of the issue - nowhere in the proposed energy labelling does it clearly link alcohol as the main source of energy.
- Furthermore, there is reference to 16 studies that show that energy labelling has no effect on a consumer's likelihood of drinking an alcoholic beverage. We strongly oppose a change in requirements when **there is no clear evidence that the change will have a beneficial outcome.**

- FSANZ also acknowledges that the phrasing of energy content can be confusing - is it best to state energy per standard serving size, or per standard drink or per 100mL? Potential confusion on standard serving size and standard drink could have dire implications in regards to motor vehicle safety, and traffic accidents. Listing energy per 100mL may be confusing when you consider the many packaged volumes that beer is drunk in (i.e. 330mL, 335mL, 440mL, 500mL, 568mL) Add in international standard packaging (fl oz) and different standard glass sizes across the country and it's easy to see how confused a consumer could be calculating how many kilojoules they are consuming with their beer, even despite changes in energy labelling.
- Within the proposal, FSANZ also acknowledges that there is a need to be careful in regards to a full NIP on a label. In several studies there has been evidence that consumers that see a full NIP on a label have **significantly greater intentions to buy the product**. This works against the general intent of the energy requirements, which seeks to inform the consumer of the amount of energy in order to reduce purchase of nutritionally deficient products.

With this commentary in mind, I respectfully ask that FSANZ consider the following actions in regards to the **Proposal P1059 Energy labelling on alcoholic beverages**

- Immediate suspension of the implementation of any proposed energy labelling requirements until a more accurate (and up-to-date) Cost Benefits Analysis of both Australian and New Zealand craft and artisanal breweries, wineries and distilleries can be properly conducted.
- Real, meaningful and effective consultation with members of the craft brewing industry can be undertaken to discuss issues such as consumer education, and how implementation could be achieved in a way that is not detrimental to the industry.
- A concentrated effort on a public health campaign to educate consumers on the energy in all forms of alcoholic beverages before engaging on changes to labelling requirements.
- We propose that FSANZ engage the craft brewing community to conduct accurate and meaningful studies on the effectiveness of energy labelling.
- We propose that FSANZ abandon any plans of a full NIP on labels for craft breweries in order to avoid consumer confusion and reduce intentions to buy.
- A considered approach with a long lead in time than the proposed three years in order to reduce impact on small craft breweries.

We sincerely urge you to strongly consider the economic impacts of this proposal, and welcome FSANZ to reach out to the craft beer industry for more insights on this proposal.

If you would like to speak to me on this submission, or any other matters pertaining to alcohol labelling requirements please get in contact via phone or email as listed below.

Kind Regards.

[Redacted Signature]

[Redacted Contact Information]

