



**Australian Grape & Wine submission
to: FSANZ on Proposal P1049**

**Carbohydrate and sugar claims on
alcoholic beverages**

September 2023

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About Australian Grape & Wine

Australian Grape & Wine is Australia's national association of winegrape and wine producers. Our activities focus upon the objective of providing leadership, strategy, advocacy and support that serves Australian wine businesses now and into the future. We represent the interests of the more than 2,500 winemakers and 6,000 winegrape growers working in Australia. Our role is to help forge a political, social and regulatory environment - in Australia and overseas - that enables profitable and sustainable Australian wine and winegrape growing businesses. These businesses make a significant contribution to underpinning regional economies by driving growth in jobs, regional exports and food and wine tourism. We represent small, medium and large winemakers and winegrape growers from across the country. Policy decisions by the Australian Grape & Wine Board require 80% support, ensuring no single category can dominate the decision-making process and guaranteeing policy is only determined if it provides significant industry benefit. In practice, most decisions are determined by consensus. Australian Grape & Wine is recognised as a representative organisation for winegrape and wine producers under the Wine Australia Act 2013 and is incorporated under the SA Associations Incorporation Act 1985. We work in partnership with the Australian Government to develop and implement policy that is in the best interests of winegrape growers and winemakers across Australia.

General Comments

Australian Grape & Wine welcomes the opportunity to provide comment to Food Standards Australia and New Zealand (FSANZ) on the call for submissions to Proposal P1049 Carbohydrate and sugar claims on alcoholic beverages (P1049). We appreciate the engagement and transparency adopted in this process and encourage ongoing further engagement. We also support the application of scientific rigor applied to decision making on any consideration of amendments related to Alcohol regulation by FSANZ. The following are general comments on P1049 content and its implications for the Australian wine sector, based on wine business stakeholder feedback.

International consistency with overseas regulations

Harmonisation of international regulation is of great importance to the Australian wine sector as an export orientated industry and we are therefore supportive of FSANZ seeking to understand and align its approach to other overseas regulations. This should be encouraged where regulations are appropriate and applicable to Australian consumers and industry. We note item 2.6 in P1049 covers relevant overseas regulations. Regarding the European Union in particular, while we understand the information provided is correct, we would also like to highlight, given the links between this proposal and broader energy labelling of alcoholic beverages, the relevant impending European Union (EU) Regulations for wine energy and nutritional information provision.

On 6 December 2021, the EU published in its Official Journal, revised regulations under its Common Agricultural Policy (CAP) Reforms. The most relevant of these being [Regulation 2021/2117](#) (Common Market Organisation) which among other things established new rules on the mandatory energy, nutrition and ingredient information for wine and wine products, with a date of entry into force of 8 December 2023. Since this time, further Delegated Regulations (EU) 2023/1606 & EU 2023/3257 were published to provide further information on the implementation of these requirements.

As both EU and Australia are currently considering elements of energy labelling on alcoholic beverages, as are others around the world, we would encourage further bilateral dialogue and efforts to ensure where appropriate harmonisation of requirements are considered to ensure impacts on trade are minimised.

Carbohydrate and sugar claims on wine

Item 3.3 in P1049, outlines the results of FSANZ qualitative survey of nutrition information on the labels of alcoholic beverages, undertaken in major retailers in Australia and NZ in 2020. This survey is being used as an evidence base for justification for changes under P1049. We note that "No carbohydrate or sugar content claims were identified on wines, spirits or liqueurs during the survey." We can confirm these results are somewhat reflective of our experience with wine. While not unheard of, amongst our membership, these types of claims are currently less common practice for the Australian wine producers.

Consumer response to carb and sugar claims on alcoholic beverages

The proposal paper notes that the main concern which is being raised by public health stakeholders that is one of the supporting drivers for change is "that these claims create "a 'health halo' which increases perceptions of healthiness and may lead to increased alcohol consumption".

Supporting Document 1 (SD1) then outlines the evidence that there was no link between these claims and increased alcohol consumption amongst consumers. It states, "There is no clear evidence to suggest that sugar and carbohydrate claims on alcoholic beverages affect consumers' level of alcohol intake."

In fact, SD1 goes even further to suggest there is in fact evidence to support the potential opposite effect, with an increase in carbohydrate and sugar claims on alcoholic beverages in Australia since 2017, coinciding with a decrease in total alcohol consumption per capita over the same period.

We would assert that FSANZ has not identified a clear need to change the Australia New Zealand Food Standards Code (FSC) on the basis of influencing consumer behavior change or protection of public health and safety.

Therefore, the only valid need for changes to the FSC that has been identified under P1049 are:

- FSC maintenance and removal of ambiguity to support mutual understanding of the existing code elements between government and those applying the code.
- Continued provision of clear and accurate consumer information.

Carbohydrate, sugar and alcohol table.

The Australian wine industry has undertaken studies and scientific research through the Australian Wine Research Institute (AWRI) to understand components of Australian (and other countries) wines energy content. We note some discrepancies between this work and the figures used for total energy used in "*Table 1: Average carbohydrate, sugar and energy content of alcoholic beverages*" p.g. 14 of P1049. Acknowledging that there could be a number of factors that contribute to this discrepancy such as, the components that are being calculated, calculation method, sample size or other factors, we feel it is important to point out the difference and refer you to the latest available research.

The following are two published scientific references, from the AWRI's Technical Reviews. We strongly encourage utilisation of these resources and ongoing engagement between FSANZ and AWRI in any further considerations

of evidence base for understanding Australian wine nutritional, energy, sugar or carbohydrate components.

- **Technical Review No. 253 August 2021:**
https://www.awri.com.au/information_services/publications/technical-review-technical-notes/impact-of-wine-components-on-energy-label-calculations/
- **Technical Review No. 254 October 2021 – Technical Notes:** https://www.awri.com.au/wp-content/uploads/2021/10/Technical_Review_Issue_254_Wilkes.pdf

World Trade Organization (WTO)

Australian Grape & Wine is a strong supporter of the World Trade Organization (WTO) and rules-based order. It is important that changes to the FSC be considered in relation to our international trade obligations. Item 5.3.2 of P1049 notes that the proposed change “is unlikely to have a significant effect on international trade. Therefore, a notification to the WTO under Australia’s and New Zealand’s obligations under the WTO Technical Barriers to Trade Agreement was considered unnecessary.”

We would support notification to the WTO of such changes more broadly, in order to provide third countries with an opportunity to consider if and how such changes may impact them. However, in this instance as the change is purely to support improved FSC interpretation and clarification of consumer information we do not believe WTO notification is necessary under the proposed preferred option outlined in the paper.

Points of Clarification

A number of wine sector stakeholders have sought to clarify with us some elements of the proposal and implications on their business and the interpretation of the FSC. These points are outlined below.

Implications for claims in relation to P1059

Currently FSC 1.2.8 specifies the requirement for a nutrition panel to be included if a claim is made for standardised alcoholic beverages (FSC 1.2.8-5 (2)(a)(i)) or beverages containing no less than 0.5% alcohol by volume (FSC 1.2.8-5 (2)(a)(xv)); effectively prescribed beverages as defined within FSC 2.7.1. As such, if a prescribed beverage according to FSC 2.7.1 has a permitted claim on the packaging then subject to the proposed amendments a full nutrition panel would be required. Bearing in mind the proposed revisions to the code for P1059 (where a truncated nutrition panel showing energy only is proposed for prescribed beverages according to FSC 2.7.1), is FSANZ looking at making adjustments to nutrition panel requirements for prescribed beverages according to FSC 2.7.1 when claims are being made? Is it possible that a truncated nutrition panel declaring Energy and other parameters (e.g. carbohydrates and sugar alone) would be acceptable given that alcoholic beverages typically don't have significant components of fats and proteins?

Clarification on the Carbohydrate and Fiber requirements.

The proposal in P1049 outlines the intention to prohibit claims about fibre for alcoholic beverages. However, there is a clause within FSC 1.2.8 that outlines that in the case of a sugar or carbohydrates claim being made that fibre needs to be declared within the nutrition panel (FSC 1.2.8-6(d)(5)). Is this contradictory and does FSC 1.2.8 need to be updated to remove this requirement for alcoholic beverages?

Option 2 and use of “no added” claims on wine

If under Option 2, wine can make sugar claims on the same basis as other products, then it needs to be added to the list of beverages with added concentrate that can make “no added” claims in Schedule 4-3. Wine is made from the juice of fresh grapes, to which concentrated grape juice can legally be added, either for enrichment or to balance acidity in the final product. In these instances, producers are adding like to like not exogenous sugars as is allowable with fruit juice. Wine should be provided the same allowances as fruit juice, as there is no scientific reason to exclude wine, and included in Column 4 of Schedule 4-3.

Consultation Paper Options

The following is a summary of Australian Grape & Wine comments on behalf of the sector, in relation to the options presented by FSANZ under P1049

Option 2

Australian Grape & Wine supports Option 2 as we agree with the FSANZ conclusion as outlined in the paper that “Option 2 represents the greatest net benefit to the community, government and industry.”

The benefits include providing greater certainty and clarity on an interpretation of code content and improvements to provision of optional consumer information about products. We also do not anticipate Option 2 would pose any associated cost on industry as outlined.

For consistency, if this change is made, we strongly support additional changes be made to Schedule 4-3 (as noted previously) to further clarify that for sugar and sugars, “no added” claims can be made on wine products. This will allow for parity and consistency with the application being clarified under Option 2 for other beverages in P1049.

Option 1

Australian Grape & Wine could also support status quo (Option 1) as the identified need for change is not currently significantly impacting the Australian wine sector. Noting that Option 1 would result in nil cost or benefit.

Option 3

Option 3 is not supported. The paper does not provide any justification for such a change based on the scientific evidence provided. It also has the potential to further limit consumer information about products sugar and carbohydrate content without justification. There is no scientific evidence base to support this change as having an impact on consumer behaviour that would contribute to the outcomes as sought by FSANZ or the noted concerns of public health stakeholders. The assessment that this change would also present cost to businesses in rebranding of products which currently make such claims are correct. Label changes are costly particularly for small businesses, and this option would result in the need for re-design, reprint, and changes to labels over and above, already extensive changes being proposed to a number of mandatory labelling requirements for alcoholic beverages. Furthermore, products will need to be re-branded and marketed which would be of significant expense these businesses which would effectively mean starting from scratch for products that make these claims.

Cost Benefit Questions

The following responses are provided regarding the cost benefit "Questions for submitters" as referred to in the consultation paper.

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?**

No. As stated in the consultation paper, there is no scientific basis connecting these claims to consumer consumption or behavioral change. While there is not additional information, we are aware of the only available evidence in the paper, in fact provides evidence that there is no (or even an inverse) correlation to these claims and consumer behavior.

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.

There is not enough information provided for us to agree or not with the estimated costs of labelling outlined in P1049 as they relate to wine. Wine labelling cost estimates are complex and may vary differently depending upon size and structure of a business.

It is agreed that there will be a significant cost per SKU for those making claims. We would also note that the costs as outlined apply specifically to labelling and do not appear to account for the flow-on costs to business in re-establishing a brand (e.g. advertising, marketing).

Furthermore, it is noted that there have been or are pending a number of potential mandatory labelling arrangements under consideration for alcoholic beverages. Labelling changes are costly and when they are implemented in succession without adequate transition periods the costs can be compounded. We therefore recommend that any proposed changes that would mandate a change to labels be undertaken in consideration of broader change being implemented and that a minimum of 3 years transition is allowed to ensure businesses have adequate time to implement the changes.

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?

No

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

In principal, we would agree with some of the overall consideration of cost benefits of the three Options, being:

- Option 1 provides an overall neutral or zero cost benefit
- Option 2 provides the potential for the greatest overall net gain to cost benefit.
- Option 3 provides the greatest associated cost and would present an overall negative net benefit compared to the status quo.

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

As wine is a shelf stable product it is not uncommon for producers to print labels in bulk or bottle products well in advance of their release to consumers. It is common for economies of scale for producers to have bulk labels printed and stored on site. Neither purchased dry goods or bottled back vintages appear to have been taken into account in estimating potential costs of the analysis.

Contact

For further information, please contact