

**SUBMISSION:**

**Proposal P1049 – Carbohydrate and  
sugar claims on alcoholic beverages**

Via email to: [Submissions@foodstandards.gov.au](mailto:Submissions@foodstandards.gov.au)

We appreciate the opportunity to provide a submission in response to Proposal P1049 and want to thank FSANZ staff for the constructive approach to considering the implications of this proposal.

## **About Burleigh Brewing Company**

Burleigh Brewing began operations in 2006 on the Gold Coast and has grown consistently over the last 17 years to now employ approximately 80 local team members.

Since 2008 – and at the urging of many of our customers – our beer lineup has included beers with reduced carbohydrate and/or calorie content (which also implies reduced ABV levels). Over that time we have witnessed growing consumer awareness and intention around food and beverage consumption. Our experience and observations suggest that consumers who are inclined to consider the sugar / carbohydrate / calorie content of their beer selection are actually doing so out of a desire to consume less overall (including alcohol), not more.

Burleigh Brewing is a proud member of the Independent Brewers Association.

## **The contribution of independent brewers to Australian society**

Independent Brewers in Australia are overwhelmingly small to medium business that exist in big cities and small communities throughout Australia – we employ locals and give back to our communities.

As a group, we provide tourism destinations<sup>1</sup> and work directly with the agricultural sector through local malted barley and hops.

In 2021, an economic impact analysis undertaken by KPMG confirmed that the industry contributes:

- approximately \$1.93 billion annually to the national economy
- regional jobs by employing 35,000 Australians, 10,000 directly and over 25,000 indirectly in the agricultural, manufacturing, distribution and hospitality industries – two thirds of which are in rural and regional Australia.

At a time when society is increasingly disconnected, our taprooms and brewpubs serve as the place that people can come together over a meal and a hand-crafted beer to discuss ideas, converse about society and feel connected.<sup>2</sup>

## **The broader context for independent brewers**

In responding to this submission, it is important to provide some background context as to why independent brewers care so strongly about this submission.

It is not hyperbole to say that the industry is currently under threat as a result of increasing regulation and economic pressures.

The recent IBA member survey indicated some very serious issues for our industry with 91% of respondents saying they have been somewhat, highly or extremely impacted by the current economic

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<sup>1</sup> We note that 'food and drink' is a core pillar of Tourism Australia's work with a recent \$12B investment to keep tourism venues supported post covid

<sup>2</sup> We note that in addressing mental health and wellbeing an increasing body of research evidence shows that building stronger broad social connects corresponds to stronger mental well-being "Connect for mental wellbeing" Livingwell corg au

environment and 66% of respondents stated that their business may not survive the economic downturn.<sup>3</sup>

This is well illustrated by the fact that two very well-established breweries have gone into voluntary administration just this year<sup>4</sup> – with others indicating they will follow. If this trend continues more the lack of competition from small breweries in the marketplace will enable further market dominant manufacturers and retailers to continue to set the price of alcohol.

While health advocates may celebrate the closure of these small Australian owned businesses – it is our view that this celebration is misplaced. It is in part the rise of craft beer – as a premium, higher priced, artisanal product, that has contributed to a change in consumer behavior towards choosing to consume lower amounts of a higher quality product. These changes are precisely what is advocated for by health bodies in terms of alcohol moderation or reduction.

In addition, small independent brewers are nimble and able to adapt to consumer changes and preferences quickly. We have quickly adapted to providing low alcohol options for our customers and continue to focus on more of these products going forward.

Small brewers are the most impacted alcohol stakeholder by labelling regulation because we produce more new products each year than any other food and beverage manufacturer.

Between 1 July 2022 and 30 June 2023, breweries released to market an estimated 3443 packaged beers.<sup>5</sup> That equates to an astounding 66 new products to market each week – we do not know of any other food or beverage category that releases as many new products to market. By contrast wine predominately has a single vintage each year and spirits produce high number of items under limited SKU's.

## **Fairness in balancing considerations from small producers**

Small brewers are the most impacted by constant changes to labelling regulation because we create more new products each year than any other food or beverage manufacturer. And yet, of the noted targeted consultation FSANZ engaged directly with:

- 18 health advocacy bodies;
- Diageo, Lion, Coca Cola, Campari, Endeavour Group, and Coles Group

The interests of each of those alcohol manufacturers are subsequently also represented by Associations that received further direct consultation (Brewers Association of Australia, Spirits and Cocktails Australia) giving them an outsized voice in the consultation process.

The Independent Brewers Association is the only direct engagement between FSANZ and Australia's small breweries. While this is for practical reasons – due consideration should be given to appropriately weighing that we represent 425 breweries who are small businesses.

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<sup>3</sup> BA Member Survey May 2023

<sup>4</sup> Ballistic Beer enters Administration 25 Jan 2023 Available <https://brewsnews.com.au/ballistic-beer-enters-administration/> Tribe Breweries enters administration 28 Feb 2023 Available <https://brewsnews.com.au/tribe-breweries-enters-administration/>

<sup>5</sup> Data extrapolated based on Brews News New Beer releases during the time period - average beers per brewery and number of physical breweries (excluding brands) compared with an extrapolation of data from Coles Liquor Group

## P1049 Call for Submission Papers

Overall, we would note that the Submission Paper correctly outlines that there is very little independent data or information that helps to inform decision making in this matter. We have raised this matter at each consultation process with FSANZ and would continue to request that these major decisions are backed by hard data and robust cost analyses.

We note with concern the reliance on IBIS world for the most recent alcohol consumption data. The Australia Bureau of Statistics should provide the most independent and authoritative data set on current consumption.

### Response to Questions for Submitters

- 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?**

Burleigh Brewing is not aware of any objective and unbiased evidence that suggests that nutrition content claims about carbohydrate and/or sugar on alcoholic beverages affects consumers' level of consumption of alcoholic beverages, level of physical activity or general food intake.

As noted above, since 2008 – and at the urging of many of our customers – our beer lineup has included beers with reduced carbohydrate and/or calorie content (which also implies reduced ABV levels). Over that time we have witnessed growing consumer awareness and intention around food and beverage consumption. Our experience and observations suggest that consumers who are inclined to consider the sugar / carbohydrate / calorie content of their beer selection are actually doing so out of a desire to consume less overall (including alcohol), not more.

- 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?**

Burleigh Brewing is not aware of any consumer behavior studies that objectively and substantively examine the effects of carbohydrate and/or sugar on the choice between different types of alcoholic beverages.

As noted above, Since 2008 – and at the urging of many of our customers – our beer lineup has included beers with reduced carbohydrate and/or calorie content (which also implies reduced ABV levels). Over that time we have witnessed growing consumer awareness and intention around food and beverage consumption. Our experience and observations suggest that consumers who are inclined to consider the sugar / carbohydrate / calorie content of their beer selection are actually doing so out of a desire to consume less overall (including alcohol), not more.

- 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.**

The IBA does not have any evidence to support calculations of labelling costs that differ from those set out in Attachment D.

On an assessment of total beers in the market 7440<sup>6</sup> the cost to the broader brewing industry for label changes could be as much as \$120, 654, 480.<sup>7</sup> This highlights the imperative of ensuring any transition period or relabeling is timed with other regulated changes such as those that may arise from the current Energy Labelling Consultation.

As noted in the FSANZ Modelling<sup>8</sup> that supports the dollar amounts presented in Attachment D, Table 1 – actual re-labelling costs vary greatly including:

- whether the change required is simply removal of text or other information or the addition of substantive impact which does require changes to both label layout and label shape/size.
- The transition time available – varying from very high costs at less than 12 months and moderated costs between 3-5 years of transition.<sup>9</sup>

It should be noted that actual relabeling costs can greatly vary according to individual circumstances. Relabeling certain SKUs may cost notably less or notably more than these averages.

We also note that the cost modelling presented in Attachment D does not address any changes to outer packing which would be required under P1059 Energy Labelling on Alcoholic Beverages and we reiterate that any labelling changes should take place at the same time.

#### **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?**

Burleigh Brewing has had one main SKU available (since 2008) carrying a carbohydrate content claim, however we are in the process of launching additional SKU's, given the growing demand from our consumer base.

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

Overall, we consider that FSANZ has generally balanced the considerations of costs and benefits well with respect to Option 2.

With increasing obligations to include mandatory warnings / information on labels (Container Deposit Schemes, pregnancy warnings, recycling options – let alone brewery and product details), it is challenging to include full nutritional informational panel information in a legible and sensible manner.

It is our view that a digital linking/ QR code represents the best opportunity to meet the needs of consumers to provide information to support health related claims. See our comments under heading **Qualified Support for Option 2.**

If, for any reason as a result of this consultation, FSANZ determines to adopt an alternative option, the cost benefit analysis needs to be re-evaluated.

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

<sup>6</sup> Being a combination of new beers to market and existing core ranges extrapolated from data from Coles Liquor Group

<sup>7</sup> 7440 total beers x Can total cost set out in Table 1 Attachment D

<sup>8</sup> Summary of results Cost survey of changing labels for alcoholic beverages 2021 (FSANZ)

<sup>9</sup> Summary of results Cost survey of changing labels for alcoholic beverages 2021 (FSANZ)

As Option 2 is a confirmation of the existing status quo with clarification there is no need for a transition period. However, should FSANZ determine that alternative options should be adopted it is our view that a long transition period of greater than three years should be adopted.

As noted above, the transition time available greatly impacts costs with moderated costs between 3-5 years of transition.<sup>10</sup> Small breweries require over three years to mitigate the transition costs.

The recent pregnancy warning labels are a good illustration of the transition issues. Independent brewers are small breweries and have very limited bargaining power when ordering cans from the duopoly of suppliers in Australia. The Breweries are required to make minimum orders – regardless of their anticipated sales timelines for the same volume.

The IBA has itself assisted 21 small breweries who had purchased minimum can orders of labelled product prior to the adoption of the new pregnancy warning label. Due to the required order size from the manufacturer and at the economic environment – breweries have been left with cans that need to be relabeled. To date, the IBA has facilitated the ordering of over 350,000 labels of the newly mandated pregnancy warnings to be retrospectively added to cans for small breweries.

Small breweries overwhelmingly meet and exceed regulatory requirements. Small breweries take seriously their role in managing a regulated product. Should a transition be necessary, we simply seek a long transition of close to five years to mitigate the very real costs borne by small businesses endeavoring to comply.

## Qualified Support for Option 2

The Independent Brewers Association supports the recommendation by FSANZ to adopt Option 2 as presented in the Call for Submissions Paper with some amendments.

Option 2 – clarify the existing permission to make nutrition content claims about carbohydrate by including an express permission in the Code to make nutrition content claims about sugar on food that contains more than 1.15% ABV. Under this option the Code would be amended to include an express permission for nutrition content claims about sugar on food that contains more than 1.15% ABV, including alcoholic beverages. Nutrition content claims about carbohydrate would continue to be permitted. The existing conditions for making carbohydrate and sugar content claims would apply.

### Existing Conditions Amended –QR Codes are a necessity

We understand and support the ongoing need for a Nutrition Information Panel where a carbohydrate or sugar content claim is made.

### QR Codes are a necessity

However, as set out in our submission to P1059 – Energy Labelling on Alcoholic Beverages it is our view that this does not need to be an on-label solution and that a technology solution such as a QR code should be allowed.

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<sup>10</sup> Summary of results Cost survey of changing labels for alcoholic beverages 2021 (FSANZ)

Given that the overall policy guideline stems from a concern to ‘provide adequate information to enable consumers to make informed food choices to support healthy dietary patterns recommended in the Dietary Guidelines’ it would seem necessary to meet consumers where they are at – in terms of how they are accessing information. This consultation commenced in 2017 – some 6 years ago.<sup>11</sup> It is commonly accepted that technology and society have changed substantially in that time.

If the existing conditions regarding carbohydrate and sugar claims are not amended as part of this consultation to enable technological solutions to be deployed – we run the risk of being out of step with how consumers expect to be able to find information today and into the future.

QR codes are ‘ubiquitous’ post COVID. According to Bernard Salt of The Demographics Group, the pandemic triggered a critical shift in consumer behavior in which Australians of all ages obtain information online, via app or via QR Code.<sup>12</sup> This shift in consumer behavior is evidenced in one of Australia’s largest retailers, Woolworths, citing that ‘customers are feeling more comfortable scanning QR codes while on the move.’<sup>13</sup> This example is directly applicable to supporting the use of QR codes on labels.

The legislation is being ‘opened’ now. Given the complexities and challenges of legislative change, it would be a waste of taxpayer funding of FSANZ, and all the stakeholders, to have to revisit this issue again in less than five years’ time if it was found that on label communication has not been as effective as hoped due to not meeting consumers expectations around information. We should not take this risk, rather we would request that FSANZ adopt a commonsense change now as an available option.

Finally, the research findings from Barons et al (2022) showed that of the sample of products reviewed ‘all products carrying a nutrition content claim also provided a NIP consistent with current Code requirements’<sup>14</sup>. There has been no data provided that indicates compliance would diminish if a technology option of digitally linking such as a QR code was available.

It is our view that:

- a) Option 2 should be adopted with an amendment to the existing conditions relating to carbohydrate and sugar claims to allow the option for Nutrition Information Panels to be digitally linked through a QR code (or similar).
- b) A digitally linked solution also addresses the issues raised in P1059 – Energy Labelling – ensuring a consistent approach.
- c) It is the solution that best addresses the need to provide consumers’ information from a label to make informed choices.
- d) The legislation is ‘open’ now is the time to future proof the changes adopted to keep pace with societal and technological changes.

### **Limit on ability to make claims re specific sugars**

The proposal intends to prohibit nutrition content claims about specifically named/ specific types of sugars and gives fructose as an example.<sup>15</sup>

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<sup>11</sup> Raised at 2017 the Australia and New Zealand Ministerial Forum on Food Regulation (now the Food Ministers’ Meeting (FMM)) FSANZ Call for Submission p5

<sup>12</sup> Presentation independent Brewers Association Conference 22 August 2023

<sup>13</sup> Hannah Ross Woolworth’s Managing Director Everyday rewards May 2022 Available <https://www.smh.com.au/business/companies/woolworths-launches-qr-code-payments-after-big-shift-towards-adoption-20220510-p5ak1j.html>

<sup>14</sup> FSANZ Call for Submissions p16

<sup>15</sup> FSANZ Call for Submission 5 1 1 p21

However, the issue of lactose requires further consideration. Lactose is properly defined as a sugar.<sup>16</sup>

There remains some confusion in the brewing industry as to lactose. While milk is defined as an allergen – lactose as a component of milk – is not. This is evident from a recent issue with Stone and Wood Milk Counter Culture Eirinn Irish Cream Stout for an undeclared allergen.<sup>17</sup>

There are a wide variety of beer styles that have names that may raise concerns amongst consumers about the presence of an allergen – Sweet Stout, Cream Stout, Oatmeal Stout, Dessert Stout, Ice cream IPA, to name a few. It would make sense to be able to state ‘Lactose Free’ on a label as a method of alerting consumers that the particular product – though of a style that may commonly contain lactose – is indeed lactose (and therefore) allergen free.

On a plain reading of the existing drafting this would not be permitted. It is our view that an exemption should exist for claims made in relation to products that would be considered allergens (or components of allergens) – not withstanding their definition as a sugar/sugars or carbohydrate. In particular that ‘lactose free’ be permitted.

It is our view, that if this issue is not addressed it will continue to create confusion as to permissibility and is contrary to giving consumers appropriate information to make informed decisions about consumption.

Thank you for the opportunity to provide input in to this process. If you require any further information please do not hesitate to contact me on [REDACTED]

Yours sincerely

[REDACTED]

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<sup>16</sup> Sugars\* in Schedule 4 is relevant for ‘no added sugar’ and ‘unsweetened’ nutrition content claims. Sugars\* means any of the following products derived from any source: (i) hexose monosaccharides and disaccharides including dextrose, fructose, sucrose and lactose.

<sup>17</sup> Lactose labelling requirements FSANZ 20 March 2023. Available <https://brewsnews.com.au/lactose-labelling-requirements-fsanz/>