

16 March 2023

Proposal P1059 - Energy labelling on alcoholic beverages

To Whom it May Concern,

We do not support the current proposal to substantially increase the regulatory burden on small craft breweries in New Zealand.

Consumers are fully aware of that alcohol consumption, and beer in particular, has a high energy content and will contribute to weight gain when consumed in high quantities. It is highly unlikely that consumers would be looking for information in a nutritional panel on a can of beer to make healthy diet decisions. Consumers are already provided specific guidelines for alcohol consumption from the Ministry of Health NZ in the form of standard drinks, this is clearly displayed on current labels and is much more useful as a guide for most consumers than complicated energy figures ⁽¹⁾. As stated on the Ministry of Health NZ website *"There is no amount of alcohol that is considered safe and drinking any alcohol can be potentially harmful."*

Labelling of products are not shown to change the behaviours of at-risk groups ⁽²⁾.

Craft beer in particular is subject to a fast-changing market and short shelf life, often producing one off batches and seasonal offerings which would not be possible if excessive labelling and label verification costs are implemented. New Zealand has over 218 breweries, employing 22 000 people directly and indirectly in the sector, the vast majority small craft breweries. New Zealand's unique hop industry supports innovation in the local market, hops are a significant cost factor and reducing this will be one of the first cost saving measures implemented by industry, putting NZ hops out of reach of NZ consumers.

Alcohol is already subject to GST, excise tax and the HPA levy, which is designed to reduce consumption of alcohol and combat social harm caused by excessive consumption. In reality increasing the cost of alcohol forces small producers and industry innovation into decline, while large producers can absorb the costs and either pass these costs on to their suppliers or produce cheaper alcohol and reduce choice to consumers. This can be seen in the increase of recreational homebrewers, who can produce larger volumes of alcohol at a fraction of the cost of purchasing due to the heavy taxation and regulatory costs placed on industry.

The New Zealand Government collects these taxes and uses them for education programmes. There is no reason for manufacturers to also take on this responsibility since it is paid for through the excise tax scheme.

Even larger producers who are capable of exporting their product find it difficult to compete in export markets that have more reasonable legislation. Further bureaucracy will harm New Zealand exporters and make products unable to compete in these markets.

We have already seen industry backlash over pregnancy warning labels, which have been described as 'flawed and bureaucratic', needlessly increasing compliance and regulatory complexity in this space will be devastating to small operators in the craft beer industry that will have to pay for their labels to be redesigned and reprinted, a cost that will cause the smallest breweries to close⁽³⁾.

Unless a credible scientific basis for implementing these changes can be shown, which achieves a greater benefit to society than the harm it will cause industry, then it must not proceed.

In summary, considering that alcohol labels already use the standard drink guidelines for recommended intake, the label changes will not achieve the stated outcomes and will add another bureaucratic cost to an industry already heavily regulated by Government oversight, this will lead to a decrease in innovation and competition in New Zealand.

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- (1) <https://www.health.govt.nz/your-health/healthy-living/addictions/alcohol-and-drug-abuse/alcohol>
 - (2) https://www.ahw.org.nz/Portals/5/Resources/pdf/warning_labels_position_briefing_paper.pdf
 - (3) <https://www.foodnavigator-asia.com/Article/2020/02/26/Flawed-and-bureaucratic-Industry-backlash-as-FSANZ-enforces-pregnancy-warning-labels-on-alcohol>