



AUSTRALIAN
FOOD AND GROCERY
COUNCIL

SUBMISSION

SUBMISSION TO

Food Standards Australia New Zealand

IN RESPONSE TO

A576 Labelling of alcoholic beverages with a
Pregnancy Health Advisory label

6 February 2008

PREFACE

The Australian Food and Grocery Council is the peak national organisation representing Australia's packaged food, drink and grocery products industry.

The membership of the AFGC comprises more than 150 companies, subsidiaries and associates which constitutes in the order of 80 per cent of the gross dollar value of the highly processed food, beverage and grocery products sectors. (A list of members is included as Appendix A.) The AFGC represents the nation's largest manufacturing sector. By any measure Australia's food, drink and grocery products industry is a substantial contributor to the economic and social welfare of all Australians. Effectively, the products of AFGC's member companies reach every Australian household.

The industry has annual sales and service income in excess of \$70 billion and employs more than 200 000 people – almost one in five of the nation's manufacturing workforce. Of all Australians working in the industry, half are based in rural and regional Australia, and the processed food sector sources more than 90 per cent of its ingredients from Australian agriculture.

The AFGC's agenda for business growth centres on public and industry policy for a socioeconomic environment conducive to international competitiveness, investment, innovation, employment growth and profitability.

The AFGC's mandate in representing member companies is to ensure a cohesive and credible voice for the industry, to advance policies and manage issues relevant to the industry and to promote the industry and the virtues of its products, enabling member companies to grow their businesses.

The Council advocates business matters, public policy and consumer-related issues on behalf of a dynamic and rapidly changing industry operating in an increasing globalised economy. As global economic and trade developments continue to test the competitiveness of Australian industry, transnational businesses are under increasing pressure to justify Australia as a strategic location for corporate production, irrespective of whether they are Australian or foreign owned. In an increasingly globalised economy, the ability of companies to internationalise their operations is as significant as their ability to trade globally.

Increased trade, rationalisation and consolidation of businesses, increased concentration of ownership among both manufacturers and retailers, intensified competition and dynamic, increasingly complex and demanding consumers are features of the industry across the globe. Moreover, the growing global middle class of consumers is more sophisticated and discerning, driving innovation and differentiation of products and services.

The AFGC is working with governments in taking a proactive, even tactical, approach to public policy to enable businesses to tackle the threats and grasp the dual opportunities of globalisation and changing consumer demands.

1 INTRODUCTION

The AFGC welcomes the opportunity to provide its views in response to Food Standards Australia New Zealand's (FSANZ) Initial Assessment Report on Application *A576 Labelling of alcoholic beverages with a Pregnancy Health Advisory*.

The AFGC supports Option 1 – maintain status quo, relying on current information declaring the alcohol content and number of standard drinks in the product to enable consumers to make an informed choice.

1.1 POLICY PRINCIPLES

Government policy is for minimum effective regulation, a policy that is fully endorsed by the AFGC. As has been noted by the Authority, this is reflected in the competition policy principles adopted by the Council of Australian Governments.

Regulation should be imposed only to ensure that minimum necessary regulations are maintained and detailed standards imposed only where necessary to correct market failure. The AFGC broadly supports the many labelling requirements in the Food Standards Code where they provide consumers with effective and relevant information necessary to make an informed choice.

FSANZ assessment of A359 recognised that scientific evidence for the effectiveness of warning statements on alcoholic beverages shows that while warning labels may increase awareness, the increased awareness does not necessarily lead to the desired behavioural changes in 'at-risk' groups. In fact, there is considerable scientific evidence that warning statements may result in an increase in the undesirable behaviour in some 'at risk' groups.

In the recent report by Prof Leonie Segal on the Cost-Effectiveness of Folate Supplementation¹, it was noted in areas where public and preventative health seek behavioural changes it is essential that there is a well funded public health campaign aimed at not only improving awareness but a call to action for changes in behaviour. Without significant and sustained funding of a public health campaign by Commonwealth, State and Territory health agencies any labelling changes are largely wasted.

2 SPECIFIC COMMENTS

2.1 IDENTIFYING AND INFLUENCING THE TARGET POPULATION

The AFGC supports the rights of consumers to use alcohol responsibly. For the vast majority of socially responsible adults, the moderate use of alcohol is an everyday part of life with no appreciable health implications.

¹ http://www.foodstandards.gov.au/_srcfiles/P295_Attachment_4_Professor_Segals_Report.pdf

Notwithstanding that for a small minority, there can severe problems associated with alcohol, such as alcohol dependence or abuse. However, the complexity of alcohol related risk taking and the associated social and psychological conditions mean that such problems are unlikely to be positively changed warning labels on packaged alcoholic beverages. Introducing a mandatory labelling advisory statement will not address these issues applicable to the community as a whole, and they are unlikely to significantly affect the specific problem of risky behaviour in women who are pregnant. There are several studies quoted on page 12 of the FSANZ final assessment report for A359 – Labelling of alcoholic beverages, which provide evidence to conclude that women 'at risk' are less responsive to media/promotion campaigns.

FSANZ notes that the National Alcohol Strategy states *'While the evidence suggests that the birth prevalence of foetal alcohol syndrome (FAS) is relatively small in Australia, the condition is a particular issue of concern in Aboriginal and Torres Strait Islander communities.'* There have also been several Government reports over the past decade into the relatively high incidence of alcohol abuse and dependency in remote aboriginal communities, and a culture that tolerates excessive drinking and public drunkenness. The Government considered that most effective means implemented to date in such circumstances is direct intervention and the establishment of dry communities through a ban on the sale of alcohol. Labelling is not an effective or relevant measure with such intervention strategies.

2.2 EFFECTIVENESS OF THE ADVISORY STATEMENT

The AFGC notes that the applicant does not claim that the health advisory label will directly lead to behavioural change and a reduction in alcohol consumption. There is acknowledgement that achieving behavioural change is a complex process consisting of a series of stages to which increasing awareness of an issue may contribute, and is therefore contingent on the Commonwealth, State and Territory governments funding education campaigns.

The AFGC disputes the assertions of the applicant, particularly that implementation of the labelling change is relatively easy. The difficulty in introducing changes to artwork and labelling varies significantly across this category of product, depending on the packaging type, current label use and available space on the label to accommodate new artwork, and the need to either develop larger labels or additional labels where such a statement cannot be accommodated on the current label. There is nothing simple or easy about accommodating such a requirement on current labels.

The applicant claims that one of the grounds justifying the application is the "consumer's right to know", which the AFGC rejects in this case. There is no shortage of information about the risks and dangers of alcohol whether from State and Territory Health Departments, drug and alcohol treatment centres, General Practitioners and family clinics and the internet. The current labelling requirements already establish the requirement to declare the amount of alcohol present and the number of standard drinks.

There is also a question as to whether it would be more effective to target a limited age range (for example 16 – 24 year olds) who are more likely to binge drink and are still

learning the responsible use of alcohol. Women in older age groups may not require such reminders having had the opportunity and accumulated experience to be aware that they need to reduce or avoid alcohol consumption during pregnancy.

A further issue is how effective labelling packaged alcoholic beverage is likely to be when there is no warning statement provided in pubs, hotels and nightclubs. Drinks bought over the bar are unlikely to have any warning statements, and therefore the target population is only getting the reminder when purchasing product from a bottle shop or liquor outlet rather than in the social setting where they are most likely to be consuming alcohol.

The AFGC considers therefore, that mandatory labelling of alcoholic beverages with the proposed labelling statement should be rejected by FSANZ as:

- It has been noted that such a labelling requirement **will not change consumer behaviour**, and that such a regulatory response is ineffective;
- It is focusing on problems which are prevalent only in a small minority of certain socio-economic and cultural groups;
- The issue is a subset of societal issues typified by social disadvantage;
- Other means, such as direct intervention and awareness promotion campaigns, are acknowledged to be more effective in changing consumer attitudes; and
- Labelling costs imposed on industry, and the costs of enforcement activities, will be incurred by the community for no benefit.

APPENDIX A: AFGC MEMBERS AS AT 1 FEBRUARY 2008

AAB Holdings Pty Ltd
 Arnott's Biscuits Ltd
 Snack Foods Ltd
 The Kettle Chip Company Pty Ltd
 Asia-Pacific Blending Corporation Pty Ltd
 Barilla Australia Pty Ltd
 Beak & Johnston Pty Ltd
 BOC Gases Australia Ltd
 Bronte Industries Pty Ltd
 Bulla Dairy Foods
 Bundaberg Brewed Drinks Pty Ltd
 Bundaberg Sugar Ltd
 Cadbury Schweppes Asia Pacific
 Campbell's Soup Australia
 Cantarella Bros Pty Ltd
 Cerebos (Australia) Ltd
 Christie Tea Pty Ltd
 Clorox Australia Pty Ltd
 Coca-Cola Amatil (Aust) Ltd
 SPC Ardmona Operations Ltd
 Colgate-Palmolive Pty Ltd
 Coopers Brewery Ltd
 Dairy Farmers Group
 Danisco Australia Pty Ltd
 Devro Pty Ltd
 Dole Australia
 DSM Food Specialties Australia Pty Ltd
 DSM Nutritional Products
 Ferrero Australia Pty Ltd
 Fibrisol Services Australia Pty Ltd
 Fonterra Brands (Australia) Pty Ltd
 Foster's Group Limited
 Frucor Beverages (Australia)
 General Mills Australia Pty Ltd
 George Weston Foods Ltd
 AB Food and Beverages Australia
 AB Mauri
 Cereform/Serrol
 GWF Baking Division
 GWF Meat & Dairy Division
 George Weston Technologies
 Jasol
 Weston Cereal Industries
 GlaxoSmithKline Consumer Healthcare
 Golden Circle Ltd
 Goodman Fielder Limited
 Meadow Lea Australia
 Quality Bakers Aust P/L
 H J Heinz Company Australia Ltd
 Hans Continental Smallgoods Pty Ltd
 Harvest FreshCuts Pty Ltd
 Hoyt Food Manufacturing Industries Pty Ltd
 J Boag and Son Brewing Ltd
 Johnson & Johnson Pacific Pty Ltd
 Pfizer Consumer Health

Kellogg (Australia) Pty Ltd
 Day Dawn Pty Ltd
 Kikkoman
 Kimberly-Clark Australia Pty Ltd
 Kerry Ingredients Australia Pty Ltd
 Kraft Foods Asia Pacific
 Lion Nathan Limited
 Madura Tea Estates
 Manildra Harwood Sugars
 Mars Australia
 Mars Food
 Mars Petcare
 Mars Snackfood
 McCain Foods (Aust) Pty Ltd
 McCormick Foods Australia Pty Ltd
 Merino Pty Ltd
 Merisant Manufacturing Aust. Pty Ltd
 National Foods Ltd
 Nerada Tea Pty Ltd
 Nestlé Australia Ltd
 Nestlé Foods & Beverages
 Nestlé Confectionery
 Nestlé Ice Cream
 Nestlé Chilled Dairy
 Nestlé Nutrition
 Foodservice & Industrial Division
 Novartis Consumer Health
 Australasia Pty Ltd
 Nutricia Australia Pty Ltd
 Ocean Spray International, Inc
 Parmalat Australia Ltd
 Patties Foods Pty Ltd
 Peanut Company of Aust Ltd
 Procter & Gamble Australia Pty Ltd
 Gillette Australia
 PZ Cussons Australia Pty Ltd
 Quality Ingredients Ltd
 Prima Herbs and Spices
 Reckitt Benckiser (Aust) Pty Ltd
 Ridley Corporation Ltd
 Cheetham Salt Limited
 Sanitarium Health Food Company
 Sara Lee Australia
 Sara Lee Foodservice
 Sara Lee Food and Beverage
 SCA Hygiene Australasia
 Schwarzkopf and Henkel
 Sensient Technologies
 Simplot Australia Pty Ltd
 Specialty Cereals Pty Ltd
 Spicemasters of Australia Pty Ltd
 Stuart Alexander & Co Pty Limited
 Sugar Australia Pty Ltd
 SunRice
 Swift Australia Pty Ltd
 Symrise Pty Ltd

Tate & Lyle ANZ
 Tetley Australia Pty Ltd
 The Smith's Snackfood Co.
 Unilever Australasia
 Waters Trading Pty Ltd
 Wyeth Australia Pty Ltd
 Yakult Australia Pty Ltd

Associate members

Accenture
 Australia Pork Limited
 ACI Operations Pty Ltd
 Amcor Fibre Packaging
 CHEP Asia-Pacific
 Concurrent Activities
 Dairy Australia
 Exel (Aust) Logistics P/L
 Focus Information Logistics Pty Ltd
 Food Liaison Pty Ltd
 Food Science Australia
 Foodbank Australia Limited
 IBM Business Cons Svcs
 innovations & solutions
 KPMG
 Lawson Software
 Legal Finesse
 Linfox Australia Pty Ltd
 Meat and Livestock Australia Ltd
 Monsanto Australia Ltd
 PricewaterhouseCoopers
 Promax Applications Group Pty Ltd
 Sue Akeroyd & Associates
 Swire Cold Storage
 Swisslog Australia Pty Limited
 Touchstone Cons. Aust Pty Ltd
 Visy Pak
 Wiley & Co Pty Ltd

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