

# DIAGEO

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## Diageo Australia response to FSANZ Proposal P1050 - Pregnancy warning labels on alcoholic beverages

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SMIRNOFF

GORDON'S

TALISKER



LAGAVULIN

Captain Morgan

Tanqueray

PIMM'S



Contact information:

Authorised by

, Diageo Australia and New Zealand

**BACKGROUND ON DIAGEO**

Diageo Australia is the leading premium spirits company in Australia with 33 per cent market share, including brands such as Bundaberg Rum, Johnnie Walker and Tanqueray gin. We contribute more than \$1 billion in excise tax annually through the sale of our products.

Across Australia we employ 440 people. The engines of our business are our manufacturing site in Huntingwood, Western Sydney, where over 80 per cent of the products we sell across Australia are made, and the Bundaberg Rum distillery. Diageo Australia is one of 141 workplaces cited as an Employer of Choice by the Workplace Gender Equality Agency (WGEA) for 2019. Diageo Australia also has no gender pay gap and our executive leadership and extended leadership group are both at gender parity.

We recognise that while the majority of Australians drink alcohol moderately, harmful drinking exists within our communities. We take our responsibility as a producer and marketer of alcohol seriously and are committed to upholding the highest standards of alcohol advertising and labelling. We implement evidence-based programs and policies to reduce alcohol-related harm, including DrinkIQ and the Smashed Project.

**SUMMARY AND DIAGEO RESPONSE TO PROPOSAL P1050**

Diageo Australia submits this short response as a supporting document to the more detailed submission of our industry association, Alcohol Beverages Australia, who has engaged in the pre-consultation process.

Diageo is strongly committed to educating consumers on the risks of drinking alcohol during pregnancy and agrees with the importance of pregnancy warning labels as one mechanism to do this. Diageo has led the industry for many years on this issue – we have voluntarily included a pregnancy warning label on all of our products in Australia since 2011. Indeed, on numerous occasions Diageo has publicly called for mandatory pregnancy labels in countries around the world.

Diageo Australia is a key financial contributor and founding member of DrinkWise Australia, an independent, not-for-profit organisation which aims to bring about a healthier and safer drinking culture in Australia. This includes support for the DrinkWise Fetal Alcohol Spectrum Disorder (FASD) Awareness Program, which promotes the National Health and Medical Research Council's guideline that it's safest not to drink while pregnant, planning a pregnancy or breastfeeding. DrinkWise has also developed tailored FASD resources to better engage with Indigenous Australians in school curricula, community programs and treatment and training programs in Indigenous communities.



In summary, Diageo Australia supports the mandatory adoption of the current Drinkwise pregnancy warning label, as opposed to the proposed option put forward in P1050 consultation paper.

We make the following suggestions and comments:

- **The current Drinkwise warnings adhere to Government guidelines:** ‘it is safest not to drink while pregnant’ aligns with the Australian government advice in the *Australian Guidelines to Reduce Health Risks from Drinking Alcohol* ‘for women who are pregnant or planning a pregnancy, not drinking is the safest option’. Indeed, this wording was specifically chosen at the time to adhere closely to Government guidelines and scientific advice<sup>1</sup>
- **Support for option 1 and 2-year gazettal:** Diageo supports ‘option 1’ i.e. pregnancy labels on products of 1.15% ABV or above given this is the universally recognised benchmark of what alcohol is. We also support the suggested 2-year gazettal period as reasonable, given the significant cost impositions on businesses and suppliers. We strongly suggest that any pregnancy labelling changes are clearly aligned in timing with other labelling changes for alcoholic beverages that FSANZ is undertaking
- **Recommend a more flexible approach for producers that is consistent with the overarching objective to reduce FASD:** Diageo re-iterates the feedback from Alcohol Beverages Australia during the pre-consultation that a more flexible approach should be employed:
  - **Include ‘pregnancy warning’ rather than mandating ‘Health Warning’** – the literature review states that it ‘did not identify any studies that experimentally tested the impact of varying signal words on alcohol warning labels on level of attention attained’. There appears to be insufficient evidence within the literature review to support the use of the term “Health Warning” on the proposed label. The word ‘pregnancy’ is more likely to capture the attention of pregnant women than the more generic term ‘health’. Additionally, we note that the words ‘Health Warning’ have not been subject to consumer testing
  - **Use contrast rather than colour** - the principle justification for using a specific red colour (Pantone 4855) appears to be that it is used in New Zealand. The objective of ‘consistency’ on beverages across Australia and NZ should be secondary to impact, which can be achieved by contrast of colours – as per the current DrinkWise guidelines and Option 2 in the FSANZ options paper in June 2019. Mandating a specific type of red colour adds considerable implementation costs, particularly for ready-to-drink (RTD) cans
  - Should using the colour red be mandated, we believe this should not be specifically prescribed as Pantone 4855. This would allow producers some flexibility to focus on a contrast to, for example, other red-ish colours already employed in the packaging design and to reduce costs
- **There is a high level of awareness currently:** Currently 98.8% of pregnant women in Australia either abstain from drinking alcohol or decrease their consumption when pregnant<sup>2</sup>. This indicates a high level of awareness that it is safest not to drink while pregnant, supported by the current labelling regime
- **The proposed population-based approach is unlikely to reach the 1-2% it needs to:** Given the above, this proposal would primarily focus on raising awareness amongst a very small percentage of women who are unaware and/or not responding to the risks (circa 1-2%)<sup>3</sup>. The consultation paper recognises that ‘there is no strong evidence to suggest that where warning labels have been mandated there has been an impact on

<sup>1</sup> [https://www1.health.gov.au/internet/fr/publishing.nsf/Content/C35B5AC81AED240FCA2581EE001B80B0/\\$File/Forum%20-%20DRIS%20-%20Alcohol%20Warning%20Labels%20on%20Packaged%20Alcoholic%20Beverages%20-%202024-10-2018.pdf](https://www1.health.gov.au/internet/fr/publishing.nsf/Content/C35B5AC81AED240FCA2581EE001B80B0/$File/Forum%20-%20DRIS%20-%20Alcohol%20Warning%20Labels%20on%20Packaged%20Alcoholic%20Beverages%20-%202024-10-2018.pdf)

<sup>2</sup> Australian Institute of Health and Welfare, *National Drug Strategy Household Survey 2016*, Table 8.14.

<sup>3</sup> Page 25 of the DRIS



levels of consumption'. The DRIS also highlights that label changes are least likely to make an impact with the most at-risk groups

- **Costs are disproportionately high:** When factoring in this context, the possible costs involved of circa \$351m up to \$611m for label changes are disproportionate to the impact. Solely for our business, we estimate the costs at circa \$7m (see below for further detail)
- **Flexibility works:** Mandating the current label – which over 78% of products in market already have – offers an appropriate degree of flexibility given the range of product types and packages available
- **The proposed warning should be balanced against other key mandatorys on the label:** There are already 12 mandatory requirements on labels that have equally - if not more - significant public health objectives i.e. ABV content, the number of standard drinks, nutritional information etc. This proposed label makes a disproportionate incursion into this hierarchy of information. There is already a significant amount of information on labels, which leads to 'information blur' and can reduce the cut through of the key messages
- **Targeted measures will lead to behaviour change:** The proposal focuses on the label as the primary mechanism to effect behaviour change, as opposed to measured targeted at hard-to-reach, at-risk groups. Programs such as the aforementioned DrinkWise FASD Awareness Program are more effective in engaging at-risk communities
- **Consultation process and evidence basis:** While we recognise the sense of urgency to implement this proposal, we also share the concerns raised by ABA regarding the evidence-gathering process, in particular:
  - A three-week consultation period is an insufficient amount of time to allow for a meaningful review, particularly given the significant cost impost on producers
  - Assumptions in the literature review regarding the cost benefit analysis. It is important to distinguish between label changes increasing consumer awareness and labels as a mechanism to change drinking behaviour/reduce risk<sup>4</sup>. This distinction is especially pertinent for at-risk groups whose excessive alcohol consumption is often multi-factorial and who are unlikely to respond to broad-based measures<sup>5,6,7</sup>
  - The exclusion of the existing DrinkWise option in the consumer testing process
  - A lack of evidence on whether the proposed change will actually reduce the number of FASD cases, particularly in the context of widespread adoption and understanding of the voluntary label

#### There is a high level of awareness currently

Evidence from official Australian government data suggests that the current awareness of government advice that it is safest not to drink while pregnant is high.

- Once women become aware that they are pregnant, the overwhelming majority cease consuming alcohol
- 98.8% of pregnant women in Australia either abstain from drinking alcohol or decrease their consumption indicating a high awareness that it is safest not to drink while pregnant<sup>8</sup>

<sup>4</sup> MacKinnon, D. P., Nohre, L., Pentz, M. A., & Stacy, A. W. (2000). The alcohol warning and adolescents: 5-year effects. *American journal of public health*, 90(10), 1589.

<sup>5</sup> Hankin, J. R., Sloan, J. J., Firestone, I. J., Ager, J. W., Sokol, R. J., & Martier, S. S. (1996). Has awareness of the alcohol warning label reached its upper limit?. *Alcoholism: Clinical and Experimental Research*, 20(3), 440-444.

<sup>6</sup> Gladstone, J., Levy, M., Nulman, I., & Koren, G. (1997). Characteristics of pregnant women who engage in binge alcohol consumption. *Canadian Medical Association Journal*, 156(6), 789-794.

<sup>7</sup> Stutts, M. A., Patterson, L. T., & Hunnicutt, G. G. (1997). Females' perception of risks associated with alcohol consumption during pregnancy. *American Journal of Health Behavior*, 21(2), 137-146.

<sup>8</sup> Australian Institute of Health and Welfare, *National Drug Strategy Household Survey 2016*, Table 8.14.



- 74.8% of pregnant women completely abstained from drinking alcohol upon knowing they were pregnant
- Of the women that did consume alcohol when pregnant, 97.3% consume 1-2 drinks on any single occasion and 81% consumed alcohol on a monthly or less basis<sup>9</sup>

### The approach needs to reach circa 1-2% of pregnant women

The DRIS attempts to calculate the incidence of FASD in Australia in order to inform the costing analysis. The DRIS accepts that the reported incidence of FASD in Australia and New Zealand are 2% and 1% respectively. The Lancet places Australia's FAS rate at between 1 to <5 per 10 000 people (0.01% to <0.05%), with the DRIS modelling estimates it to be 2-9% with the mid-point of 5% being adopted.

### The costs are disproportionately high relative to impact

The figures quoted in the consultation paper estimate the cost for SKU changes across the industry to be a best case \$258m, assumed case \$351m and worst case \$611m.

For Diageo specifically, this is the cost impact:

- The number of SKUs affected: 300
- Cost of artwork development per SKU: \$865 (Basic changes to existing cans/labels and wraps)
- If a label redesign is required per SKU: \$20,000 (For example if an existing can needs a new colour introduced – cost covers can and wrap)
- Cost of new printing plate per SKU: \$2,400 (covers label and wrap)
- Cost of stock and packaging write off: \$1,500,000
- Additional direct costs: Internal resourcing to implement artwork change \$480 per SKU

### **Complex Scenario (i.e. the preferred FSANZ option)**

300 SKUs x label redesign (\$20,000) + 300 SKUs x new printing plate (\$2400) + 300 SKUs x labour resource (\$480) = \$3,864,000 approx.

Stock and packaging write off = \$1,500,000 approx.

**Total Cost Impact Range between \$5,000,000 and \$7,000,000**

### **Indirect Impact**

- Global internal Diageo policy change will be required which will require internal approval from board members and will impact our consistency with other markets
- Reduced opportunity on consumer messaging and the key elements of the products
- Environmental impact – destroying plates, creating plates, energy to create artwork, packaging write-offs.
- Printing limitations – there is a maximum of 6 colours per can and wrap, so there is a big logistical difficulty in introducing white and red

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<sup>9</sup> Ibid.



### Application to different types of packages

The FSANZ Proposal proposes that containers equal to or less than 200mL be required to carry the pictogram only, which Diageo supports. We are concerned by the proposal for a bigger label for beverage containers above 800mL. This will add significant cost and complexity for our business, as our most common spirit container volumes are 700mL, 750mL and 1L. This will also be the case for a range of other local distillers. It is difficult to understand the policy rationale for introducing differing labelling requirements, when the volume varies by quite small amounts and the lack of clear evidence for what appears to be an arbitrary 800ml cut off point.

We support as much consistency as possible in this process – and therefore oppose exceptions beyond the 200ml or less that is outlined in the paper.

### The proposed warning should be balanced against other key mandatorys on the label

There are already 12 mandatory requirements on labels that have equally significant public health objectives i.e. ABV content, the number of standard drinks, nutritional information etc. This proposed label makes a disproportionate incursion into this hierarchy of information. There is already a significant amount of information on labels, which leads to 'information blur' and can reduce the cut through of the key messages.

Please see below an example of one a Diageo brand label. As you can see, space is at a premium. The following page lists all the mandatory, commercial and voluntary information. Mandating a pregnancy warning of the size and scope contained in proposal will be disproportionate to standard drink information, which is key to empowering consumers to drink responsibly in accordance with government advice.



### Mandatory



Legal Name - FSANZ

Volume Statement – National Trade Measurement Regulations 2009

ABV – FSANZ

Standard Drinks – FSANZ

Country of Origin – Australian Consumer Law

Business Details - FSANZ

Consumer Enquiries - FSANZ

Best Before - FSANZ

Container Deposit Scheme – State Based Legislation

Ingredient List – if required – FSANZ

Nutrition Information – if required - FSANZ

Mandatory Advisory Statement – if required - FSANZ

### Commercial

Barcode – GS1

### Voluntary

DCIS – Diageo Consumer Information Standard which includes Pregnancy Warning, DrinkWise, No. Serves per Package, Standard Drinks, Nutrition Information

Recycling Logo

### DCIS

The Diageo Consumer Information Standards (DCIS), together with the Diageo Marketing Code, ensures that there are voluntary minimum standards covering all of our labelling, advertising and promotion activities. In addition to alcohol by volume (ABV) statement, the list of allergens and recycling symbols (the mandatory minimum in Australia), this also includes the following voluntary measures:

- The DrinkWise ‘Get the facts’ logo
- The pregnancy icon
- Reference to our responsible drinking website DRINKiQ.com
- The number of standard drinks and nutrition information per serve

As per the below, Diageo takes an icon-led approach to including the above information. This approach has been developed based on deep consumer insights about what information consumers want and how they want to receive it. Too much information on labels reduces their legibility and disengages consumers.





## Simplified Nutrition System



## Detailed Nutrition System

**NUTRITION INFORMATION**  
 Servings per package: 23.3  
 Serving size: 30mL

	Ave Quantity Per Serving	Ave Quantity Per 100mL
Energy	254kJ (61Cal)	845kJ (202Cal)
Protein	0.0g	0.0g
at, total	0.0g	0.0g
- saturated	0.0g	0.0g
Carbohydrate	0.1g	0.3g
- sugars	0.0g	0.1g
Sodium	1mg	4mg

