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SUBMISSION to PROPOSAL P1050 – PREGNANCY WARNING LABELS on ALCOHOLIC BEVERAGES

Foodstuffs (NZ) Ltd is the Federation headquarters of the Foodstuffs group of companies including the two regionally based cooperatives Foodstuffs North Island Ltd and Foodstuffs South Island Ltd, and their jointly-owned private label company Foodstuffs (Own Brands) Ltd. This submission is made on behalf of the wider Foodstuffs group of companies.

The co-operatives operate in the grocery wholesale and retail markets with members owning and operating grocery stores under the Foodstuffs owned retail brands: New World, PAK'nSAVE, and Four Square. Foodstuffs (Own Brands) Ltd facilitates a small range of controlled label alcohol product sold by these retail brands, while all the retail brands sell an extensive range of third-party product. Foodstuffs is also directly involved in the specialist alcohol retail market, running the Henry's brand, and jointly owning Liquorland, which operates an independent network of franchised liquor stores. Additionally, Foodstuffs companies wholesale alcohol and other products to non-member businesses via their Gilmours and Trents brands.

For the purposes of this submission we have followed the template in the consultation document.

Name and contact details for further consultation

Foodstuffs (NZ) Ltd

Summary

Foodstuffs is generally supportive of introducing mandatory health warnings on alcohol products, targeted at pregnant women.

We are generally comfortable with the detail of the proposals, except in two respects:

- The health warning signal words and pictogram strikethrough should be allowed in either red or black, and there should be flexibility as to the shade of red used. Such flexibility will considerably reduce compliance costs with only minor impact on the effectiveness of the health warning.
- The specific requirements for outer packs, multipacks, and cartons are confusing and may lead to illogical outcomes. Officials need to work with industry on clearer definitions and dividing lines.

Comments on specified sections of P1050

Literature Review

Foodstuffs has no specific comments to make in relation to the literature review.

Consumer Testing of Warning Statements (Section 3.1.2)

Foodstuffs is pleased that FSANZ has undertaken consumer testing of the warning statement options.

We note that the consumer research assessed consumer acceptability and understanding of various labelling elements and not the effectiveness of labelling in changing consumer behaviour.

We have no further comments to make in respect to the consumer testing.

Pictogram (section 3.2.2.3)

The proposed pictogram is well known and well used. We agree that this should form part of the mandatory warning statement.

We acknowledge the use of the colour red increases the attention factor of the proposed warning statement, but note that a requirement to use red, and a specific Pantone colour, will significantly increase compliance costs.

Our preferred option is that the strikethrough be either red or black, and if red is used, there is flexibility for the shade of red used.

Our second preferred option is that the strikethrough be red for retail packaging, with flexibility as to the shade of red use, and black for cartons.

Cartons are generally a wholesale or trade unit and not sold at retail except by exception. Printing on cartons is often only in black. Red is very seldomly used on cartons, so requiring this to be added would be expensive and the cost would be disproportionate to the likely benefit. Increasing the size of the warning statement on cartons to draw greater attention to the warning would be preferable to mandating the red strikethrough, but would increase the total cost of ink used, so also not ideal. Further we note that the general application of the warning labelling will increase overall awareness of the health risk to pregnant women and they will be buying alcohol with this more general awareness and be confronted with the warning “on-pack” before consumption.

Turning to “on-pack” warnings, allowing black to be used will significantly reduce compliance cost but if red is to be mandated specifying the red as a single pantone colour is unnecessarily restrictive and costly. If red is to be mandated, the Standard should allow flexibility as to the shade of red used to reduce compliance costs.

Printers generally use a standard range of process colours (CMYK), which means their process can be permanently set up with the relevant inks for all the various jobs they undertake. There is a separate printing plate for each colour and a plate may cost up to \$500 to prepare. To add a Pantone colour involves the manufacture of another plate for that colour plus another run through the press with that specific ink added.

Some flexibility in the shade of red allowed to be used would allow printers to rationalise the number of plates and passes through the press depending on the individual label being printed. If there is already a red elsewhere on the label, that specific shade could be used, negating the need for an additional plate and “run-through”. If red isn’t normally used and only the CMYK inks are used, it would be helpful to have the flexibility for printers to build a red from existing colours and utilise existing plates. This would reduce the total cost of compliance while preserving the “attention” factor that a red colour would provide.

Warning Statement (section 3.2.2.3)

Foodstuffs agrees there should be one prescribed warning statement so that the messaging is clear and consistent across all products. We do not have a view on the optimal wording of the warning.

We acknowledge FSANZ has considered various options, undertaken analysis of various considerations, (comprehension, credibility relevance etc) including a process of consumer testing, and has landed on the preferred option after what appears to be a rigorous process. While no single statement is going to be ideal from all perspectives, we accept the preferred option satisfies many of the relevant criteria.

Design labelling elements (section 3.2.2.4)

Foodstuffs agrees with the proposal to use signal words to attract attention to the warning. The signal words “Health Warning” are appropriate in the context.

We note that alcohol products come in a range of sizes and packaging presentations including single and multipacks. It is appropriate for the Standard to outline what is expected in terms of the size of the health warning relative to the size of the pack and its type (primary, secondary etc).

We agree that the health warning should only be required “on-pack” and that brand-owners should have flexibility as to the location of the warning on a product, as well as its orientation.

In terms of colour and contrast, we recommend that the signal words and pictogram strikethrough be allowed to be printed in either red or black, and, if red is to be mandated, for there to be flexibility for the shade of red used. This will considerably reduce compliance costs. The impact on the health warning would be minor.

We note that for alcoholic beverages of volume $\leq 200\text{ml}$ only the pictogram will be required and agree this is a pragmatic way to deal with small packages where a normal sized health warning would be out of proportion.

Summary of the proposed pregnancy warning label design (section 3.2.2.5)

We have commented on most elements above and do not repeat the commentary here.

The summary section outlines the proposed health warning sizes for alcohol products of varying size and type. We agree that the size of the health warning should be proportionate to the size of the packaging.

In relation to single containers, having progressively larger health warnings for container sizes of $\leq 200\text{ml}$, $>200\text{mls}\leq 800\text{mls}$, and $>800\text{mls}$ is supported and draws appropriate demarcations. The $\leq 200\text{ml}$ category would cover miniatures, the $>200\text{mls}\leq 800\text{mls}$ category standard retail units ranging from a single can of beer to a standard bottle of wine, and the $>800\text{mls}$ category larger bottles and casks.

The proposals for outer packs, multipacks, and cartons are confusing and may lead to illogical outcomes. To begin with, the definition of an outer pack is unclear. It should include multipacks, but these are in a third category (package containing individual portions) which also includes cartons which can be significantly larger. Additionally, a larger health warning would be required for small multipacks than for single containers of large volume. For example, a four-pack of 330mls beer (1.320l) would need to have a larger health warning than a 1.5l bottle of spirits or a 3l cask of wine. Officials need to work with industry on definitions and dividing lines.

Beverages to carry the pregnancy warning label (section 3.2.3)

We agree the definition of an alcohol product should align with that in the Sale and Supply of Alcohol Act 2012 and be 1.15% ABV.

Application to different types of sale (section 3.2.4)

Foodstuffs is comfortable with the proposed requirements as set out in Table 11 of the consultation document. Essentially this captures all packaged retail products, but excludes alcohol served to customers in a glass or similar vessel. This is an appropriate boundary.

Application to different types of packaging (section 3.2.5)

We agree that where product is sold as a multipack, the health warning should be required on each individual portion as well as the multipack itself. For consistency, the same rule should apply where an individual product is sold in a box.

We support the proposed exemptions where a warning appears on an inner package that is clearly discernible through the outer packaging or the alcohol is in a bladder within a box which carries the health warning.

In relation to cartons, we recommend the entire health warning be permitted in black to reduce compliance costs, noting that cartons are trade units and only sold at retail in limited circumstances and quantities.

Consideration of costs and benefits (section 3.4.1)

The proposed labelling will undoubtedly be expensive for the industry to implement but Foodstuffs is unable to comment on the accuracy of the cost estimates.

Transitional arrangements (section 4.1)

FSANZ is proposing a two-year transition period from gazettal, with an exemption for alcohol products packaged and labelled before the end of the transition period. The proposals appear reasonable.

Many alcoholic products, especially wine and spirits, have long shelf lives and in many cases improve with age. Requiring “in-market” product to be recalled and relabelled would be a prohibitively expensive, wasteful process. Allowing this product to sell through until it is ultimately exhausted is a pragmatic approach.

Other comments

Foodstuffs has no further comments to make at this stage.