

**Food Standards Australia New Zealand (FSANZ)**  
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**AUSTRALIA**

**27 February 2023**

### **NRA Submission to FSANZ Proposal 1059 – Energy labelling on alcoholic beverages**

Following the release of the National Obesity Strategy (2022), there is a renewed government focus on minimising the discretionary food and beverage intake of Australians. Alcoholic beverages are currently the number one source of discretionary energy (kilojoules) in the diets of Australian adults, providing more than twice that of non-alcoholic beverages.

However, unlike most other packaged foods and beverages, alcoholic beverages are not required to be labelled with average energy content or other information in a Nutrition Information Panel (NIP), unless a nutrition content claim is made. For example, certain carbohydrate and sugar claims are permitted, providing a potential health halo for some products.

In 2011, the Food Ministers Meeting confirmed its in-principal support for energy content to be included on the labels of alcoholic beverages. In 2017, public consultation was conducted by the Food Regulation Standing Committee to consider the matter further. Feedback from this consultation showed that consumers supported energy labelling, however, some industry representatives sought to have a voluntary scheme (similar to the current European scheme).

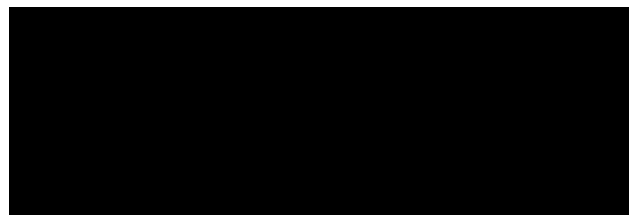
Consistent labelling for alcoholic and non-alcoholic beverages would enable more informed decision making by consumers.

The proposed change would generate initial and ongoing costs for businesses to prepare new and updated labels, and for periodic label review and audit (which may include engaging experts and may need to be updated for individual batches/vintages).

The NRA welcomes the opportunity to consider the costs and benefits of the proposal.

#### **About the National Retail Association**

The Australian retail sector represents approximately \$329 billion in trade and over 1.5 million employees. The National Retail Association (NRA) is Australia's most representative retail industry association. We are a not-for-profit organisation based in Brisbane which represents over 60,000 outlets from every category of retail, including fashion, groceries, department stores, household goods, hardware, fast food, cafes and services. We work with the majority of national chains, franchises and thousands of small businesses.



## POSITION SUMMARY

The NRA supports a consistent approach to energy labelling across all packaged food and beverages and would support a mandatory labelling on alcoholic beverages to support consumer choice.

We recognise that small producers would face the greatest impacts, including producers of vintage wines. Mandatory labelling would have initial and ongoing costs for businesses, including:

- Research and development costs to prepare initial and updated labelling, which may include engaging dietitians, nutritionists, and/or food scientists.
- Costs of periodically reviewing labelling, potentially annually for wine vintages, or when new suppliers are used, or to audit ranges (activity may need to be outsourced).

## RESPONSE TO RELEVANT QUESTIONS

### **QUESTION 2: Do you think the estimated average cost of labelling change is representative of all products within scope of this application?**

NRA are unsure that all costs can be characterised as one-off, since the energy content may need to be re-calculated on a more frequent basis for alcoholic beverages that may be subject to significant changes between batches/vintages, and this will disproportionately affect small producers, who will bear greater cost per unit to comply.

### **QUESTION 4: Do you agree with the use of break-even analysis in this situation? If not, can you provide alternative evidence about potential causal links between labelling change and potential health benefits?**

The Cost-benefit analysis provided as justification for the preferred option for P1059 is problematic because it establishes costs as neutral, whilst in fact, all costs are to be borne by producers and benefits are for public health spending. Further, the expected cost to producers will necessarily be passed on to retailers and ultimately consumers through higher unit prices, and so will ultimately affect a larger portion of the population.

The FSANZ systematic review did not adequately demonstrate direct causality between energy information being mandated on all alcoholic beverages and the behaviour change that would reduce overweight/obesity in Australia and New Zealand. Specifically, the paper states that the 'results from 16 studies that energy labelling (in kilojoule/calorie numerical format) has no effect on consumers' likelihood of drinking an alcoholic beverage, and that it remains unclear whether energy labelling has an effect on other behaviours (such as consumer choice among different types of alcoholic beverages, or the number of drinks consumed over time)'.

The economic modelling that indicates a break-even or societal benefit is predicated on the potential savings in healthcare expenditure to be achieved by the reduction in

overweight/obesity, yet the proposed mandatory labelling change has not been proven to have that affect. Therefore, the benefits (expressed as cost savings to the government/health system from less overweight/obesity) outlined in the model are called into question as a mitigating factor to the costs to producers.

Because the benefits cannot be guaranteed as a result of the proposed changes in labelling, they cannot be said to mitigate the costs that will be incurred by the proposal. Further, the costs to producers listed in Attachment E, Tables 1 and 2, fail to capture all the expected costs. Firstly, the table suggests that the cost to provide the energy labelling on all alcoholic beverages is a one-off. However, this will not be the case for batches and vintages of alcohol that vary beyond the average and will therefore need to be tested and updated on a more frequent basis in case of significant variance in energy content. P1059 does not detail how the average for a product can be calculated (for example, can all red wines from a vineyard be used to calculate the average, or only the average of a specific group of varieties – say Shiraz), and it is not clear how much a specific batch can vary beyond the average before the Energy Information needs to be updated. For example, if one year, a specific batch of Shiraz is >1 Standard Deviation above the mean, does a new Energy Information panel need to be created? Therefore, we think that there will be ongoing costs for some businesses. Further, it is expected that costs incurred by producers will be passed on to retailers and ultimately consumers, and this may make Australian producers less competitive compared to imported alternatives.

**QUESTION 5: Are there any other material costs and benefits that you believe should be taken into account in this analysis?**

The proposed three-year transition period would normally allow industry sufficient time to adopt new labelling requirements and minimise costs associated with labelling changes (P1059, p.42). However, for the alcohol industry, particularly wine and spirits, most high-value product is aged in-house for multiple years, and even a three-year grace period may be insufficient time to sell premium vintage stock without causing loss in value and potential wastage. The NRA seeks clarification if an adhesive label is permitted to be affixed to the packaging to mitigate this. If so, it is unclear if the cost is included in Table 2.

We welcome the opportunity to meet with your office to discuss our position further. Please do not hesitate to contact me directly on [REDACTED]

Yours sincerely,

[REDACTED]