



Distilled Spirits Aotearoa (NZ) Incorporated

New Zealand Business Number (NZBN): 9429047031708

Certificate of Incorporation: 2716891

Registered office 14 - 16 Harbour Street, Oamaru 9400, New Zealand

Telephone: +64(0)21 222 9881 email: DistilledSpiritsAotearoa@gmail.com

DistilledSpiritsAotearoa.org.nz

2 March 2020

Hon Damien O'Connor
Minister for Food Safety
Parliament Buildings,
Wellington
Via email – damien.oconnor@parliament.govt.nz

Dear Minister

Pregnancy warning labels on alcoholic beverages – P1050: outcome

Distilled Spirits Aotearoa (DSA) was established in 2018 as an industry body to promote a strong, sustainable distilling business in New Zealand. There are approximately 75 small distilleries currently operating in New Zealand, with more than 50% of these less than 4 years old, and one third opening within the last 3 years.

As Chair, representing our members, I am writing to express concerns over the variation to the code now approved by the FSANZ Board on pregnancy warning labelling of alcoholic beverages.

DSA has always strongly supported proven, targeted measures to reduce alcohol-related harm, and our members incorporate these as an integral part of their responsible business practices. We have been frustrated and disappointed that the final amendment to the code mandates a pregnancy label that:

- FSANZ has acknowledged is not a well-evidenced intervention,
- incorporates design features that add little value and will impose very high compliance cost to our members. The addition of more than one colour to a label disproportionately disadvantages the financially-sensitive smallest producers, who are less able to absorb the cost of adapting their label.

Our specific concerns are –

1. The warning phrase chosen by FSANZ has not been tested and was never presented as an option during the consultation process. This is not consistent with an 'evidence-led' approach.
2. The use of the term 'Health Warning' in the mandated logo should be more accurately described as a 'Pregnancy Warning' or not be used at all.
3. The mandated use of colour confers minimal benefit but adds significantly to implementation costs, especially for small businesses. The WTO notification advice (from both overseas Governments and industry) submitted that there is no credible evidence to support the requirement for red; at the very least there should be flexibility permitted with colours in order to create the required contrast.



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4. FSANZ has not clearly addressed the impact of sequential label changes on individual companies. Industry faces up to four labelling changes in the next year (pregnancy, energy, sugar, carbohydrates and health) and if the implementation of these is not managed then the multiplication of cost will be crippling to our small industry.

New Zealand's spirits sector is in the early phase of its growth cycle and stands out as a segment that could drive the country's future exports. Distilled spirits manufacturing is capital intensive and initially intensely cashflow-negative, and individual companies have low-to-no economies of scale. Small producers will be put at risk if the rollout of labelling changes cannot be better managed.

On behalf of our members I ask for your urgent attention on this. I am happy to discuss any matter raised in this letter in more detail.

Yours sincerely

Dr Sue James

Chair, Distilled Spirits Aotearoa (NZ) Inc