



26 October 2013

David Ward
Chief Executive
Selwyn District Council
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Dear Mr Ward

Voluntary Code for RTDs and Local Alcohol Policies

The Distilled Spirits Association of New Zealand (DSANZ) is the national trade organisation representing New Zealand's leading producers, distributors, brand owners, importers and exporters of premium spirits and spirit-based drinks.

DSANZ members are Bacardi New Zealand Holdings Ltd, Beam Inc, Brown-Forman, Diageo, Hancocks, Independent Liquor, Lion, Moet-Hennessy, Pernod Ricard New Zealand and The Rum Company (NZ). In addition we have three associate members who are Anchor Ethanol, EuroVintage and Federal*Geo.

Together DSANZ represents over 98% of spirit industry interests in New Zealand.

I am writing in the hope that our recently promulgated Voluntary Code for RTDs (attached) might be considered relevant as part of the guidelines developed for your District Licencing Committee as you roll out your Local Alcohol Policy. I realise that you have already consulted on your LAP but thought it would not be too late to ensure you knew and understood the Code's impact.

By limiting RTD manufacture to 7% ABV and two standard drinks we have effectively impacted about 50 per cent of the RTD market. Some product lines have been withdrawn and others reformulated to comply with the code.

It is important however to understand the relationship between alcohol volume, container size and the two standard drink limit. As you would be aware a standard drink is measured in grams at standard temperature and pressure (1 SD = 10g alcohol). This is about 12.8mls once you convert it using the specific gravity of ethanol.

What this means is, in short, that the volume of container determines the ABV – up to a maximum of 7% ABV and two standard drinks. So if a RTD is to be marketed in a 440ml can (for example) then to meet the requirements of the code the manufacturer has to satisfy both the maximum 7% ABV **AND** the two standard drink measure.

This means that the ABV of the product in a 440ml can would need to be about 6% ABV – i.e. under 7% **AND** a maximum of two standard drinks. You might be aware that there have been products manufactured by in 440ml containers at 8% ABV. These, of course, are now no longer being manufactured at this strength.

I would be happy to provide further clarification if required but I am sure you understand the import of what I say here which I think might be a useful guide to your District Licencing Committee – or perhaps to your licensing inspectorate.

The impact of the code is already visible in retail chains (the major of which have also signed up the code). However, although my members have complied with the Code's deadlines, stock-on-hand in retail chains will mean the bulk of non-compliant product will have not sold out until Christmas or early into the New Year.

As I say I would be more than happy to clarify anything in this letter or the attached Code. I hope you feel you can pass this information on and use it accordingly.

Yours sincerely



Robert Brewer
Chief Executive

cc His Worship the Mayor, Kelvin Coe



Voluntary Industry Code for RTDs

We, the members of the Distilled Spirits Association of New Zealand, have developed the following Voluntary Industry Code for ready to drink beverages and have committed to abide by the details hereunder.

Ready to drink beverages (commonly referred to as “RTDs”) have been part of the New Zealand beverage landscape for many decades. They offer a convenient beverage format providing consistent pre-measured amounts of alcohol, as measured by standard drinks. This, together with clear labelling information about alcohol content, can assist consumers to more accurately measure their alcohol intake.

New Zealand’s leading producers and marketers of ready to drink beverages recognise that RTDs can be a beverage popular with younger consumers. Therefore, extra special attention is required in the product development and marketing. Furthermore, New Zealand’s leading producers and marketers of ready to drink beverages are united in implementing a voluntary set of steps to better ensure these beverages are enjoyed within the ‘norm’ of responsible alcohol consumption in New Zealand.

Definition:

For the purposes of this VIC, an RTD is defined as:

- i. *a spirit-based alcoholic beverage mixed/diluted to an Alcohol by Volume (abv) range of 4% up to 14% (above which products become liqueurs as per S73,75 of the Customs & Excise Act 1996); and*
- ii. *sold in a primary package intended for single serve (i.e. in a vessel with contents of 500mls or less).*

The members of the DSANZ commit to do the following:

1. Limit the production and/or distribution of RTDs to a maximum alcohol strength of 7% ABV and a maximum of two standard drinks per single serve container to all licensed premises in New Zealand.
2. Not produce RTDs containing energy supplements with greater caffeine-equivalence than cola products as set out in Standard 1.3.1 “Food Additives” of the Australia New Zealand Food Standards Code, which limits the amount of

added caffeine in these products to a maximum of 145 mg/L. Nor, will we market/promote the effects of caffeine in any products that meet this commitment.

3. Ensure that the number of standard drinks in each container is clearly visible and displayed on both primary and secondary packaging.
4. Ensure that RTDs are marketed in accordance with the *Code for the Advertising & Promotion of Alcohol* and *Section 237 of the Sale & Supply of Alcohol Act 2012* so they do not have specific appeal to, nor are targeted at, those below legal purchasing age (LPA).
5. Advertise only in media channels or engage in sponsorship where the audience is at least 75% LPA and above.
6. Pro-actively work to improve the drinking culture in New Zealand and help minimise harmful consumption, through industry funded initiatives, such as *The Tomorrow Project* (www.cheers.org.nz).
7. Work with our retail customers to encourage compliance with this code taking due note of all relevant legal constraints (such as those defined by the Commerce Act 1986).

RTDs which do not comply with the above commitments will be progressively removed from the manufacturing and distribution process from March 2013 with the intention that they no longer be supplied into the retail network from the end of September 2013 onwards.

DSANZ Members:

Bacardi New Zealand Holdings Ltd
Beam Inc
Brown-Forman
Diageo
Hancocks
Independent Liquor
Lion
Moet-Hennessy
Pernod Ricard New Zealand
The Rum Company (NZ)