



Distilled Spirits Industry  
Council of Australia Inc.

## Submission to the Senate Standing Committee on Community Affairs

Alcohol Toll Reduction Bill 2007

April 2008

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## Who is DSICA?

The Distilled Spirits Industry Council of Australia Inc (DSICA) is the peak body representing the interests of distilled spirit manufacturers and importers in Australia. DSICA was formed in 1982, and the current member companies are:

- Bacardi Lion Pty Ltd
- Beam Global Spirits & Wine Inc
- Brown-Forman Australia
- Bundaberg Distilling Company
- Diageo Australia Ltd
- Maxxium Australia Pty Ltd
- Moet Hennessy Australia Pty Ltd
- Suntory (Australia) Pty Ltd
- William Grant & Sons International Ltd

DSICA's goals are:

- to create an informed political and social environment that recognises the benefits of moderate alcohol intake and to provide opportunities for balanced community discussion on alcohol issues; and
- to ensure public alcohol policies are soundly and objectively formed, that they include alcohol industry input, that they are based on the latest national and international scientific research and that they do not unfairly disadvantage the spirits sector.

DSICA members are committed to:

- responsible marketing and promotion of distilled spirits;
- supporting social programs aimed at reducing the harm associated with the excessive or inappropriate consumption of alcohol;
- supporting the current quasi-regulatory regime for alcohol advertising; and
- making a significant contribution to Australian industry through primary production, manufacturing, distribution and sales activities.

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## List of Acronyms

AANA	Australian Association of National Advertisers
AAPS	Alcohol Advertising Pre-Vetting Scheme
ABAC	Alcohol Beverages Advertising Code
ABS	Australian Bureau of Statistics
ACMA	Australian Communications and Media Authority
abv	alcohol by volume (ie alcohol content)
ACS	Australian Customs Service
ADCA	Alcohol and Other Drugs Council of Australia
AERF	Alcohol Education and Rehabilitation Foundation
AIHW	Australian Institute of Health and Welfare
ALAC	Alcohol Advisory Council of New Zealand
ANU	Australian National University
ANZFA	Australia New Zealand Food Authority
ASB	Advertising Standard Board
ASSSA	Australian Secondary School Students' Use of Alcohol
ATO	Australian Taxation Office
ATR Bill	Alcohol Toll Reduction Bill
BAS	Business Activity Statement
CTICP	Commercial Television Industry Code of Practice
DHA	Department of Health and Ageing
DSICA	The Distilled Spirits Industry Council of Australia Inc
FASD	Foetal Alcohol Spectrum Disorder
FSANZ	Food Standards Australia New Zealand
GPs	General Practitioners
GST	Goods and Services Tax
ICAP	International Centre for Alcohol Policies
IGCD	Intergovernmental Committee on Drugs
Lals	Litres of alcohol
LMA	Liquor Merchants Association of Australia
MAAC	Monitoring of Alcohol Advertising Committee
MAT	Moving annual total
MCDS	Ministerial Council on Drug Strategy
MP	Member of Parliament
NAC	National Alcohol Campaign

NABIC	National Alcohol Beverages Industries Council Inc
NAS	National Alcohol Strategy
NDRI	National Drug Research Institute
NDSHS	National Drug Strategy Household Survey
NHMRC	National Health and Medical Research Council
NTS	New Tax System
RHS	Right Hand Scale (in graphs)
RTDs	Ready to drink alcohol products
SWAT	Society Without Alcohol Trauma
TES	Tax Expenditure Statement (Commonwealth Treasury)
WET	Wine Equalisation Tax
WHO	World Health Organisation

## Executive Summary

- DSICA is the peak industry body representing the interests of distilled spirit manufacturers and importers in Australia.

### The Alcohol Toll Reduction Bill 2007

- The purpose of the *Alcohol Toll Reduction Bill 2007* (the Bill) is to create a culture of responsible drinking and to facilitate a reduction in the alcohol toll resulting from excessive alcohol consumption.
- DSICA commends and supports these objectives, but strongly believes that the isolated measures proposed by the Bill will not lead to a realisation of these objectives.

### Health information labels

- DSICA believes that there is no basis for introducing warning labels on alcohol products, or requiring any additional NHMRC or product information on alcohol products (whether aimed at specific populations or of a more general nature). DSICA has indicated its willingness to support pregnancy health warning labels on two provisos: effective and ongoing enforcement of the labelling requirement, and that labelling is part of a widespread and ongoing public health campaign combating FAS/FASD.
- On the basis of a contemporary decision by the Australian New Zealand Food Authority (ANZFA) (the predecessor to Food Standards Australia New Zealand – FSANZ) on alcohol warning labels, it is clear that warning labels are not a solution that will create a culture of responsible drinking and facilitate a reduction in alcohol-related harm.
- DSICA is not aware of any reliable evidence that warning labels lead to desired behavioural changes amongst at-risk groups.
- Accordingly, the measures in the Bill to mandate health information labels should not be supported.
- The appropriate way to assess and implement any new measures in this areas is through the *National Alcohol Strategy* (the Strategy).

### Advertising of alcohol products

- Advertising of alcohol products in Australia is already highly regulated through a variety of industry codes and legislation.
- On the basis of recent reviews and improvements to the current quasi-regulatory framework for alcohol advertising, and on statistics relating to the pre-vetting of alcohol advertisements and complaints received, the current framework in Australia appears to be working effectively.
- There is a wide body of evidence that suggests that alcohol advertising does not lead to an overall increase in consumption.
- The measures in the Bill aimed to further regulate and restrict alcohol advertising should not be supported because of the ineffectiveness of its proposals and the unnecessary duplication and administrative requirements they would impose.
- The appropriate way to assess and implement any new measures in this areas is through the Strategy.

- The Government should continue on-going support of the current quasi-regulatory framework including the Alcohol Beverage Advertising Code (the ABAC Code) and the Alcohol Advertising Pre-Vetting Scheme (AAPS).

### Alcohol consumption patterns in Australia

- There is a stable trend in Australian adult per capita alcohol consumption.
- From an alcohol consumption peak in the early 1980s, current consumption has fallen to levels not seen since the 1960s (DSICA 2007, p17).
- Australia's alcohol consumption fell 12.6% during the 1990's, the greatest decline for any region in the world (PVG 2004, p19).

### Alcohol consumption amongst young people

- Despite reliable evidence that consumption of alcohol amongst young people and related harm is in decline, DSICA acknowledges that Australia's youth continue to constitute a vulnerable group in our community.
- DSICA acknowledges that action should be taken to reduce the incidence of harmful levels of intoxication amongst young people.
- In March 2005, DSICA developed a new reference tool to measure 6 key indicators in relation to consumption patterns amongst young people – *Indicators of Alcohol Consumption Amongst Young People* (the Indicators). This reference tool was most recently updated in DSICA's Pre-budget Submission 2008-09.
- The Indicators, developed with the assistance of Professor Ian McAllister from the Australian National University, rely on the best available survey evidence regarding alcohol consumption patterns amongst young people.
- Generally speaking, the Indicators show that there have either been static, trendless fluctuations or decreases in each of the Indicators. This indicates that drinking patterns by young people are not worsening.
- The goal of reducing intoxication amongst young people should remain a priority area of the Strategy, but responses should not be influenced by sensationalism. Rather, a foundation of reliable evidence should be the basis for implementation of harm reduction strategies. DSICA commends the Indicators to policy makers in this regard.

### National Alcohol Strategy 2006 - 2009

- The National Alcohol Strategy 2006-2009 is a plan for action to achieve the goal of preventing and minimising alcohol-related harm in the context of developing safer and healthy drinking cultures in Australia.
- DSICA notes that the goal of the strategy is essentially identical to the objectives of the Bill.
- The Strategy is a co-ordinated plan for action which outlines priority areas to achieve the Strategy's goal.
- The Strategy outlines a number of recommended responses to address the matters that the Bill is seeking to address.
- DSICA believes that the best approach to address the issues raised by the Bill is to allow the initiatives of the Strategy relating to labelling and advertising to be implemented and reviewed.



- DSICA notes that the current Strategy comes to an end in 2009. Presumably a new Strategy will be developed for the period after 2009. This provides the ideal opportunity to review the measures raised in the Bill and develop and implement strategies for them as part of a co-ordinated approach to achieving the goals of harm minimisation and a responsible drinking culture.

## Summary of Recommendations & Conclusions

### Key Recommendation:

THAT the Senate Community Affairs Committee (the Committee) recommends to the Senate that it not pass the *Alcohol Toll Reduction Bill 2007* (the Bill).

### Recommendations

1. That the measures in the Bill to mandate health information labels should not be supported as there is no reliable evidence to demonstrate that such labels lead to desired behavioural change.
2. That the measures in the Bill to further regulate and restrict broadcast alcohol advertising should not be supported because of the ineffectiveness of the proposals and the unnecessary duplication and administrative requirements they would impose. The Bill fails to include all types of alcohol advertising and will merely lead to a shift in the advertising media used.

### Conclusions

1. The purpose of the Bill, to create a culture of responsible drinking and to facilitate a reduction in the alcohol toll is the same as the goal of the Australian Government's National Alcohol Strategy 2006-2009 (the Strategy).
2. The most appropriate way to realise the objectives of the Bill is to continue to support and implement the Strategy and ensure that the particular measures proposed by the Bill are considered in detail in the next version of the Strategy that will commence in 2010.
3. When analysing the social costs of alcohol consumption (including the deaths caused by alcohol consumption), it is essential that these costs be moderated by and compared to the benefits of appropriate alcohol consumption.
4. In the latest published survey by DHA on the social costs of alcohol, it is noted that more deaths are prevented by alcohol consumption than are caused by alcohol consumption.
5. Alcohol consumption patterns in Australia are still at levels significantly below that of the early 1980s and current consumption has fallen to levels not seen since the 1960s.
6. The group at most risk of short and long term harm from alcohol consumption are those in the age category 18 – 24. The highest priority in terms of harm minimisation strategies should be directed at this age group.
7. The best available evidence shows that alcohol consumption levels and patterns of young people are not worsening – they are either statistically static or declining.
8. While DSICA recommends that the measures in the Bill to mandate health information labels should not be supported, we note that the development of new food standards ought to occur through the full consultative procedures established under the *FSANZ Act* and carried out by FSANZ. DSICA believes that this cannot occur under amendments proposed by the Bill.

9. There is a strong consensus amongst researchers that while labelling may increase awareness of health issues, it does not contribute to moderating or reducing drinking behaviour amongst vulnerable groups.
10. The labelling measures proposed by the Bill are impractical, costly and fail to recognise the health benefits of moderate alcohol consumption.
11. The current quasi-regulatory regime of the ABAC Code, the AAPS, the AANA Code of Ethics and other applicable laws and codes provides comprehensive and efficient regulation of alcohol advertising.
12. As a result of inconclusive evidence, advertising cannot be substantively linked to levels of alcohol consumption or changes in drinking patterns.
13. The amendments proposed by the Bill to restrict television advertisements for alcohol products to between 9pm and 5am would result in duplication of effective measures already in place and serious negative implications for sporting events.
14. The current pre-vetting scheme is working efficiently as a quasi-regulatory framework and the implementation of the amendments proposed by the Bill would result in severe practical difficulties for the advertising industry, the alcohol industry and ACMA.
15. The ABAC Code sufficiently regulates the content of alcohol advertisements and provides a more comprehensive scheme than that proposed by the Bill.



DSICA

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## 1. Introduction

### The Alcohol Toll Reduction Bill 2007

The *Alcohol Toll Reduction Bill 2007* (the Bill) was first introduced into the Senate by Senator Fielding on 19 September 2007. It was restored to the Senate Notice Paper on February 2008 following dissolution of the Parliament in October 2007.

#### Purpose of the Bill

The long title to the Bill indicates that its purpose is to create a culture of responsible drinking and to facilitate a reduction in the alcohol toll resulting from excessive alcohol consumption.

The particular measures provided for in the Bill to help achieve these objectives are as follows:

- Require health information labels on all alcohol products (referred to as **Measure L1** by DSICA in this submission);
- Restrict TV and radio advertising to between 9.00pm and 5.00am (referred to as **Measure A1**);
- Require all alcohol ads to be pre-approved by a Division of the Australian Communications Media Authority (ACMA) (referred to as **Measure A2**);
- Ban alcohol ads which are aimed at children or which link drinking to personal, business, social, sporting, sexual or other success (referred to as **Measure A3**).

#### DSICA supports the Bill's purpose, but not the measures

DSICA supports and commends the purpose of the Bill, and continues to work with Government and other stakeholders to help create a responsible drinking culture and minimise alcohol related harm in Australia.

However, DSICA notes that there is a strong weight of evidence suggesting that the measures in the Bill are not the way to achieve the objectives set out by the Bill.

DSICA strongly believes that the initiatives and activities of the Australian Government's National Alcohol Strategy 2006-2009 (the Strategy) are the appropriate way in which to co-ordinate a collective community response to the issues of concern. We believe that it is highly risky to single out a couple of measures in isolation without linking them back into the broader strategy to ensure that the right solutions are implemented, consistently in a nationally co-ordinated manner.

### The National Alcohol Strategy 2006-2009

DSICA is supportive of, and was involved in, development of the Strategy.

The Strategy, formally approved by the Ministerial Council on Drug Strategy (MCDS) in May 2006, is a plan for national action on reducing alcohol related harm in Australia.

#### Goal of the Strategy – identical to purpose of the Bill

The Strategy has identified a national goal of preventing and minimising alcohol-related harm to individuals, families and communities in the context of developing safer and healthy drinking cultures in Australia (MCDS 2006, p 2). DSICA strongly supports this goal.

## Development of the Strategy

The Strategy was developed after extensive consultations with over 1,000 key stakeholders around Australia and a review of the most recent research and data relating to trends in alcohol consumption in Australia. The Strategy was reviewed by all participants in the MCDS before final approval in May 2006.

The Strategy was guided by a set of principles and was managed by a well qualified team of individuals under the supervision of the Australian Government. While DSICA does not necessarily agree with every response of the Strategy, we commend and support the robust and sound approach, and the consultative manner in which the Strategy was developed.

Accordingly, DSICA believes that the Strategy should be given support and time to work to achieve its goals. Separate, isolated and tangential actions should not be taken which could put at risk the overarching and co-ordinated approach to achieving the Strategy's goals.

## Development of a new Strategy

There are two years remaining in the period covered by the current Strategy.

DSICA assumes that work will commence shortly on a new strategy from 2010, and would assume that the issues of alcohol advertising and labelling will be reviewed and responded to in the course of the review and drafting of the new Strategy.

We encourage the Government, if it has not already done so, to commence work and consultation on the new Strategy due to the long lead times in the consultation process. DSICA looks forward to participating and contributing to the development of the new Strategy.

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### *Conclusion 1:*

**The purpose of the Bill, to create a culture of responsible drinking and to facilitate a reduction in the alcohol toll, is the same as the goal of the Australian Government's National Alcohol Strategy 2006-2009 (the Strategy).**

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### *Conclusion 2:*

**The most appropriate way to realise the objectives of the Bill is to continue to support and implement the Strategy and ensure that the particular measures proposed by the Bill are considered in detail in the next version of the Strategy that will commence in 2010.**

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## Structure of the current Strategy

The Strategy follows a logical structure in an integrated framework which lists:

- 1 Goal;
- 4 Aims;
- 23 Strategies; and
- 80 Recommended Responses.

The content of the Strategy is summarised as follows:

**1. Introduction** - discusses process and the importance of evidence-based policy making.

2. **Strategic framework** - discusses the goal and aims of the Strategy, and includes the critical graphic (*Graphic 1*) overlaying the conceptual framework of the Strategy.

3. **Context** - discusses some of the alleged key evidence (World Health Organisation (WHO) and Australia) as to consumption patterns which justify the recommended responses.

4. **Priority areas:**

- Priority Area 1: Intoxication [This identifies 1 Aim; 4 Strategies and **15 Responses**].
- Priority Area 2: Public safety and amenity: [This identifies 1 Aim, 3 Strategies and **17 Responses**].
- Priority Area 3: Health impacts: [This identifies 1 Aim, 4 Strategies and **18 Responses**].
- Priority Area 4: Cultural Place and Availability: [This identifies 1 Aim, 6 Strategies and **14 Responses**].

5. **Where to from here?** (discusses the implementation process) [This identifies 6 Strategies and **16 Responses**]

*Quotes from the Strategy will be reproduced in this format in the margin in orange type.*

### The Strategy's responses to labelling and advertising

In relation to Measures L1 and A1 to A3 of the Bill, the Strategy has the following Strategies and Responses.

#### **Measure L1: Labelling**

1A. *Increase community awareness and understanding of the extent and impacts of intoxication [Strategic Initiative]*

DSICA supports this Initiative and, in particular, the specific Response relating to labelling:

*Continue to work with industry to develop labelling of alcohol products to facilitate knowledge and self-monitoring through readily seen, consistent, graphic standard drinks labelling (p 14). [Recommended Response]*

Further information regarding DSICA's comments on this response and our conclusions and recommendations in relation to Measure L1 are outlined in the following sections of this submission.

#### **Measures A1 – A3: Advertising**

4C. *Monitor and review alcohol promotions [Strategic Initiative]*

DSICA supports this Initiative and believes that the current quasi-regulatory framework continues to effectively meet the requirements of the two Responses:

*Implement monitoring and annual reporting on the advertising and promotion of alcohol (p 30). [Recommended Response]*

*Maintain prohibition of alcohol promotion that encourages rapid and/or high levels of alcohol consumption (p30). [Recommended Response]*

Further information regarding DSICA's comments on these responses and our conclusions and recommendations in relation to Measures A1 to A3 are outlined in the following sections of this submission.

### Structure of this submission

We have structured this submission to achieve the following:

- Provide a background on the alcohol toll and alcohol consumption patterns in Australia (**Sections 2 and 3**);
- Respond to the labelling and advertising measures of the Bill which demonstrate that the measures, in isolation, will be ineffective in achieving the aim of the Bill (**Sections 4 and 5**).



## 2 The Australian alcohol toll

*Section outline: In this section, DSICA presents some research in relation to deaths caused and deaths prevented by alcohol use.*

*We note researchers indicate that it is appropriate to consider the **net** results from alcohol use – that is the benefits of alcohol consumption should be netted against its costs.*

### 2.1 What is the Australian alcohol “toll”?

The Bill does not define the “alcohol toll” or “toll”.

Senator Fielding’s second reading speech for the Bill does refer to deaths from alcohol. However, this is just one interpretation of “toll”.

Other definitions could include:

- Tangible social costs of alcohol (eg. labour costs, health care costs); and
- Intangible social costs of alcohol (eg. loss of life, pain and suffering)

Given that Senator Fielding’s second reading speech refers to deaths, in this section we will examine the “alcohol toll” in Australia by reference to alcohol-attributable deaths.

There is a leading series of Australian studies on the social costs of drug abuse by Collins and Lapsley. The latest publicly available study in the series is *The costs of tobacco, alcohol and illicit drug abuse to Australian society in 2004/05* (Collins & Lapsley 2008). A summary of the key results from this study in terms of alcohol attributable deaths are outlined in the section below.

### 2.2 Alcohol has a preventative health property that moderates the net costs of alcohol use

Many authors point out that estimating the social costs (including deaths) of alcohol use and misuse are complex, and more complex than for tobacco and illicit drugs. This is because, for some medical conditions, consumption of alcohol at appropriate levels can have a protective health effect – that is, alcohol can reduce the risk of illness or death (Collins & Lapsley 2002, p7).


Accordingly, Collins and Lapsley, amongst others (for example, Chikritzhs et al 2002), present results on the social costs of alcohol moderated by the benefits – in the case of alcohol-attributable deaths, the studies refer to deaths prevented. For example, in 1998-99 there were **more deaths prevented** by appropriate consumption (7,029) than were caused by inappropriate alcohol consumption (4,286). (DHA 2002, P9).

While the results in Collins and Lapsley’s 2004-05 study (Collins & Lapsley 2008, P37) did not reach the same result (ie more deaths were caused than prevented in 2004-05), the important point to note is that costs are moderated by benefits of alcohol consumption.

Graphic 1: Alcohol attributable deaths, 2004-05

**ALCOHOL-ATTRIBUTABLE DEATHS AND HOSPITAL BED DAYS, 2004-05**

Alcohol has a preventative health property that impacts the net costs of alcohol use



	Deaths	Hospital bed days
<b>Male</b>		
Caused	2,582	575,773
Prevented	1,376	61,036
<b>Total male</b>	<b>1,206</b>	<b>514,737</b>
<b>Female</b>		
Caused	913	455,886
Prevented	1,061	53,690
<b>Total female</b>	<b>(149)</b>	<b>402,197</b>
<b>Male and female</b>		
Caused	3,494	1,031,660
Prevented	2,437	114,726
<b>Total male and female</b>	<b>1,057</b>	<b>916,934</b>

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Source: *The costs of tobacco, alcohol and illicit drug abuse to Australian society in 2004/05*, David J Collins and Helen M Lapsley, 2008

Collins and Lapsley go on to note other research conducted that analyse figures across low risk and risky/high risk drinking categories. These figures are produced in the table below. It is interesting to note that over four times the number of lives are saved by low risk drinking than are lost due to low risk drinking.

Graphic 2: Lives lost and saved from alcohol consumption, 1998

**ESTIMATED LIVES LOST AND SAVED FROM VARIOUS LEVELS OF ALCOHOL CONSUMPTION, 1998**

Low risk drinking, compared to abstinence, results in more lives saved than lost



	Low risk drinking	Risky/high-risk drinking	All drinking
Lives lost	1,505	3,294	4,799
Lives saved	(6,605)	(557)	(7,162)
<b>Total</b>	<b>(5,100)</b>	<b>2,737</b>	<b>(2,363)</b>

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Source: *"Towards a standardised methodology for estimating alcohol-caused death, injury and illness in Australia"*, Chikritzhs et al. *Australian and New Zealand Journal of Public Health*, 2002

### Conclusion 3:

When analysing the social costs of alcohol consumption (including the deaths caused by alcohol consumption), it is essential that these costs be moderated by and compared to the benefits of appropriate alcohol consumption.

### 3 Alcohol consumption patterns in Australia

*Section outline: In this section, DSICA outlines recent trends in alcohol consumption patterns in Australia with a focus on patterns amongst young people.*

*The section also outlines the best available evidence on consumption patterns amongst young people. While DSICA acknowledges that more could be done to minimise the harm from alcohol to this vulnerable group, we note that consumption trends amongst the young are not worsening. They are either improving or, at worst, static.*

#### 3.1 Alcohol consumption in Australia has fallen since the 1980s and is stable

The *World Drink Trends 2004* (PGVD 2004) shows that from 1999 to 2002 Australia's alcohol consumption ranking fell from 19th to 23rd in the world. In 2002, Australia ranked 36th in the world for spirits consumption, 9th for beer consumption and 17th for wine consumption (PVG 2004, p 9). Per capita consumption in comparable developed countries is higher than in Australia – especially in relation to spirits consumption.

Comparison with the other nine OECD countries selected by the *International Comparison of Australia's Taxes* report (the 'Warburton and Hendy Report', Warburton & Hendy 2006) further supports this conclusion. DSICA's analysis reveals that within these ten OECD countries, Australia has the lowest per capita consumption of spirituous beverages.

##### Australia's declining levels of alcohol consumption

Australia's alcohol consumption fell 12.6 per cent during the 1990's, the greatest decline of consumption for any region in the world (PVG 2004, p19). From an alcohol consumption peak in the early 1980's, current consumption rates have fallen to levels of consumption not seen since the 1960's.

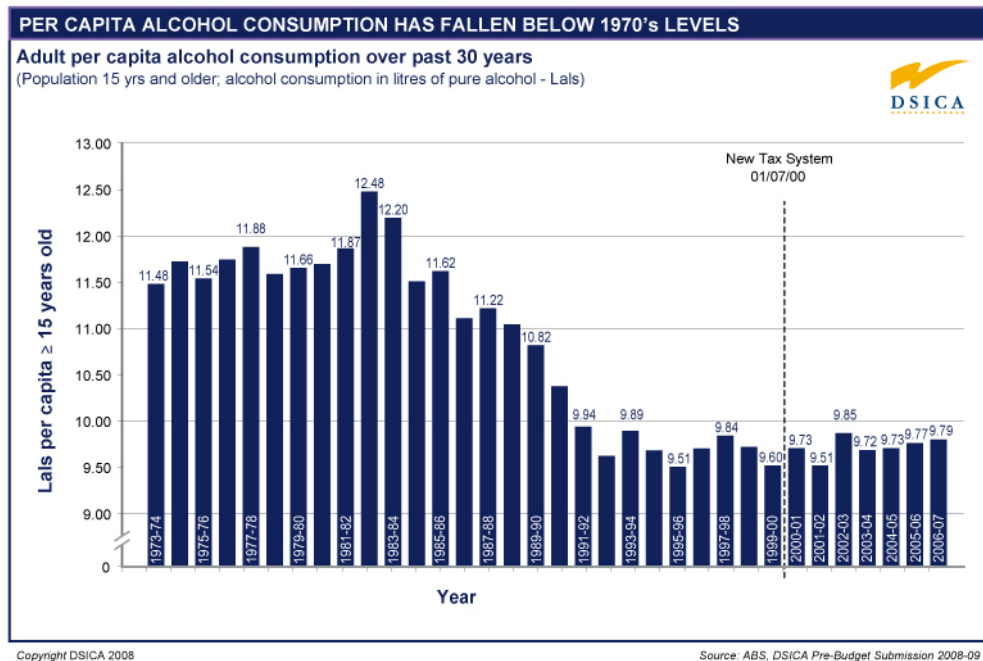
##### Stable trend in Australian adult per capita alcohol consumption

DSICA estimates alcohol consumption for 2006-07 in Australia at 9.79 litres of pure alcohol (Lals) per capita (population 15 years and over). This is up slightly on 9.77 Lals per capita in 2005-06.

DSICA has summarised a number of key facts in relation to overall alcohol consumption trends. These trends are made clear by *Graphic 5*, which illustrates:

- adult per capita alcohol consumption has fallen below 1970's levels;
- there has been no significant increase in adult per capita alcohol consumption since tax reform (1 July 2000); and
- while there appears to be a slight upward trend over the past four years, when examined in a historic context, Australians' consumption has been statistically flat over the past decade.

Graphic 3: Historical adult per capita alcohol consumption (Lals) 1973-74 to 2006-07



Adult per capita alcohol consumption has not increased significantly between 1999-00 (9.60 adult per capita Lals) and 2006-07 (9.79 adult per capita Lals).

### Conclusion 5:

Alcohol consumption patterns in Australia are at relatively low levels in comparison to world averages and are at levels significantly below that of the early 1980s. Current consumption has fallen to levels not seen since the 1960s.

## 3.2 Consumption trends reveal changes in product preference over the last 35 years, but no increase in overall consumption

The Strategy highlights the importance of alcohol consumption data in relation to specific sections of the Australian community (see MCDS 2006, Section 3). DSICA supports this approach.

The Strategy correctly observes the changing mix of the Australian alcohol market, by category:

*There have been significant shifts in the alcoholic product preferences in Australia, characterised by declines in the consumption of beer and increases in the consumption of wine and spirits (see Figure 6) (p 10).*

*The increases in consumption of spirits have been driven by increased consumption of 'Ready to Drink' (RTDs) pre-mixed spirits products (see Figure 7) (p 10).*

However, the Strategy fails to recognise that increases in RTD consumption have occurred in substitution for full strength beer and full strength bottled spirits.

### Changes in the categories within the Australian alcohol market

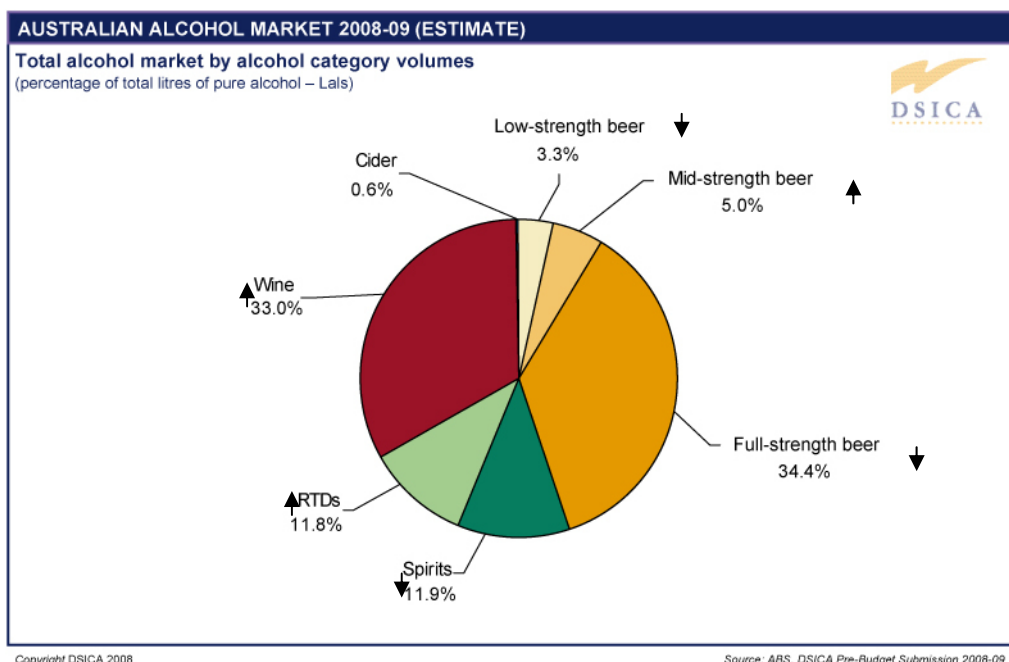
The breakdown of the alcohol market in Australia remained stable between 2005-06 and 2006-07. In 2006-07, beer comprised 45% of the market (down 2% on 2005-06), spirits (including RTDs) making up 22% (up 1%) and wine 32% (relatively stable). Estimates for 2007-08 suggest this stability will continue, with beer comprising 44% of the market, spirits accounting for 22%, and wine remaining stable at 33%.

Based on industry calculations, DSICA forecasts that in 2008-09 beer will comprise approximately 43% of the total alcohol market, wine (including fortified wine) will comprise 33%, and spirits estimated to make up 24% (including RTDs which will comprise approximately half of this share). The measure adopted for comparison purposes is litres of pure alcohol (Lals) rather than litres of product. See *Graphic 6* below for a graphical representation of these figures.

These forecasts follow current trends observed in the market, with beer in decline (down approximately 4% in the last seven years), wine experiencing significant growth (up 19%) and spirits growing strongly (up 38%) – exclusively due to the growth in the RTD market (the full strength spirits market has declined 2% over the last seven years).

*Graphic 4* illustrates forecast market shares of key alcohol product categories in Australia for 2008-09.

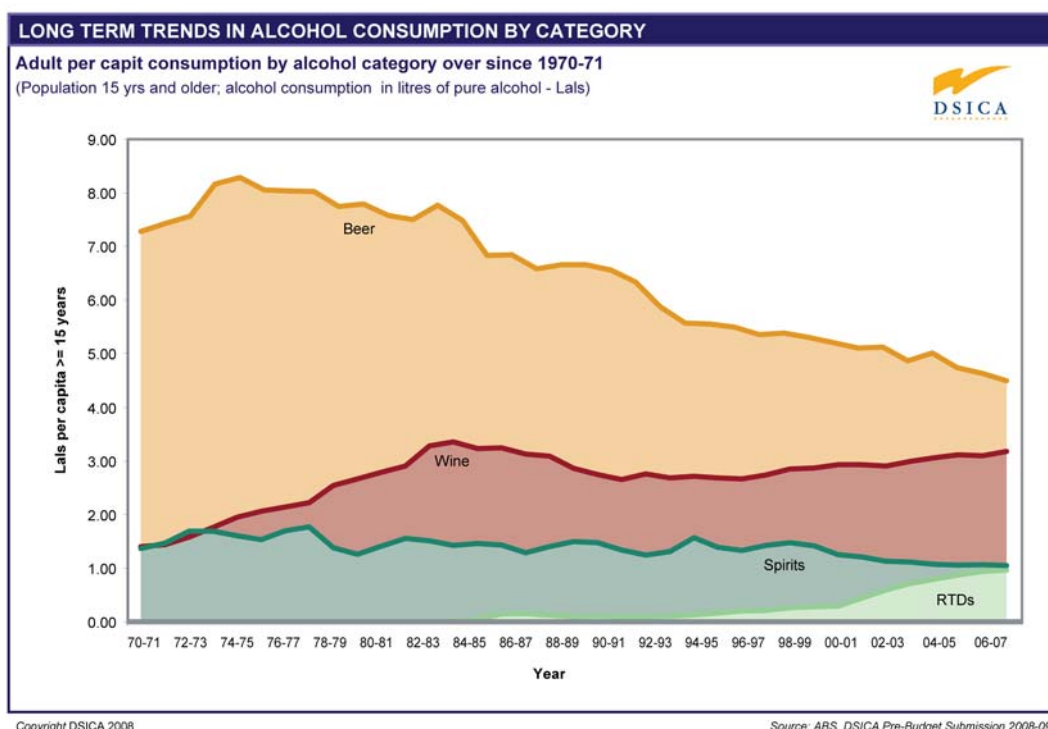
*Graphic 4: Australian Alcohol Beverage Market - % share in Lals (2008-09 estimate)*



## Trends in alcohol consumption by product category

Graphic 5 illustrates a time series trend in alcohol consumption by product category since 1970-71. This diagram reflects the trends discussed in the preceding section.

Graphic 5: Australia's adult per capita alcohol consumption by alcohol category (1970-71 to 2006-07)



## The spirits market

Analysts and commentators on the alcohol market often evaluate the spirits market by combining full strength bottled spirits with RTDs. However, to gain a full understanding of the dynamics of the sector, DSICA believes these two key and distinct sub-components require separate analysis.

For example, when taken together, the market shows growth of 43% over the seven year period to 2006-07. However, analysis of the two sub-categories illustrates a very different story - it is interesting to reflect on recent trends in these two sub-categories.

### Full strength bottled spirits

As outlined above, the bottled spirits market has declined by 2% in the period 1999-00 to 2006-07. Full strength bottled spirits currently comprise 11.6% of the total alcohol market, down from 13.8% in 1999-00.

Long term analysis between the periods 1969-70 and 2006-07 reveals spirits consumption has only grown at an average annual rate of 1.4%. This conclusion, when read with the observations from Graphic 5, illustrates that a significant proportion of the growth in RTDs has been at the expense of full-strength spirits.

### Ready to Drink alcohol products (RTDs)

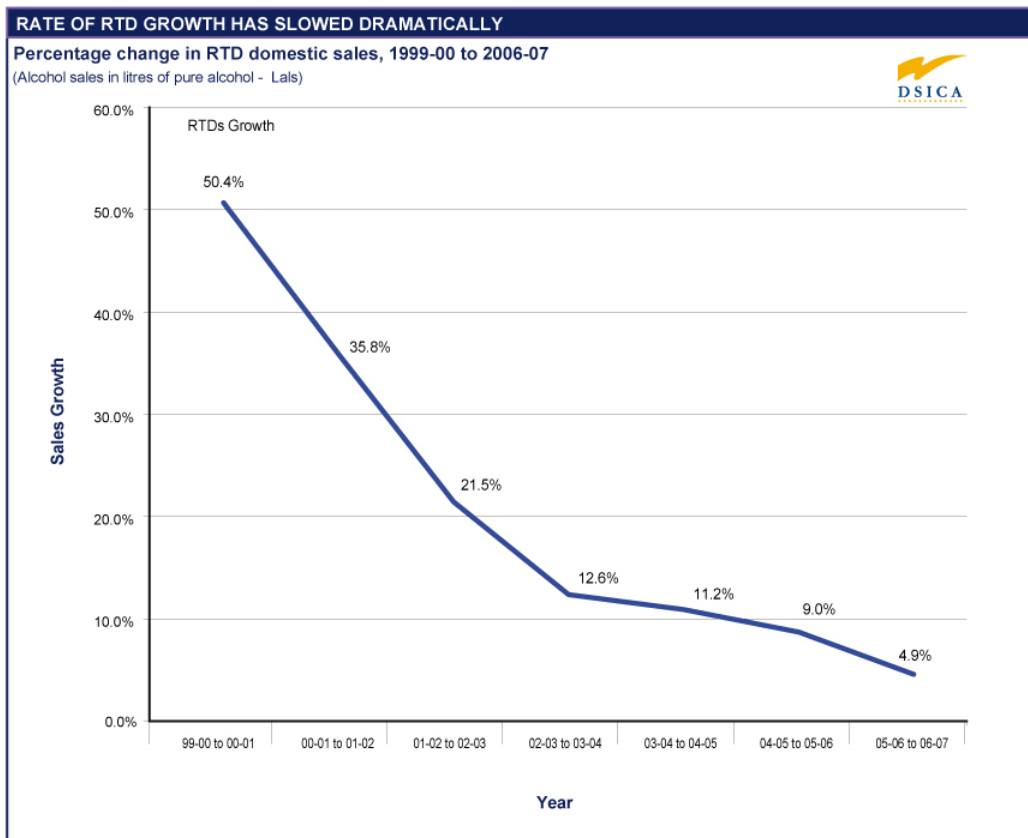
DSICA believes it is important that the best available industry data regarding the key features of the RTD market is well understood by interested parties.

DSICA outlines in this section a number of key facts which concern the RTD beverage market in Australia:

- the majority of RTDs are similar in alcohol content to full-strength beer (about 5% alcohol by volume (abv));
- RTDs are forecast to comprise only 12% of the Australian alcohol market in 2008-09;
- 75% of RTDs are dark spirit-based, and are preferred by males 24 years and older; and
- the RTD market has grown significantly in the eight year period since 1999-00. However, it should be emphasised that this growth began from a very low base of 3% of the total alcohol market in 1999-2000.

Another important observation for this sector is the slowing rate of growth exhibited over this period (see *Graphic 8*). As the graphic shows, growth has slowed from 50.4% in 2000-01 to 4.9% in 2006-07. This trend suggests that growth in this market has now plateaued.

*Graphic 6: Slowing growth in RTD market, 1999-00 to 2006-07*



In summary, it can be seen that the increase in the popularity of RTDs has been primarily in substitution for bottled full-strength spirits and full-strength beer, and is not due to an overall increase in consumption.



### 3.3 Analysis reveals that certain age groups are more prone to high risk drinking

The Strategy highlights the importance of alcohol consumption data in relation to patterns of alcohol consumption amongst specific sections of the Australian community (see MCDS 2006, Section 3).

In view of the significant number of survey findings regarding patterns of alcohol consumption, DSICA has engaged Professor Ian McAllister from the Australian National University (ANU) since 2003 to identify and evaluate the most reliable survey evidence on alcohol consumption in Australia. Professor McAllister has also analysed patterns of risk in alcohol consumption across the Australian population. Professor McAllister has a long career in the area of drug research and analysis.

#### Defining “risk” in relation to alcohol consumption

##### *Low risk, risky and high risk levels of consumption*

DSICA strongly supports the use of the 2001 NHMRC *Australian Alcohol Guidelines* (the Guidelines) as the most appropriate method of measuring short-term and long-term risk when consuming alcohol (NHMRC 2001, pgs. 2-3, 19-20).

The Guidelines rely on the concept of the “Australian Standard Drink” in their development and in the establishment of risk levels (see below). The Guidelines define an “Australian Standard Drink” as containing “10g (equivalent to 12.5ml) of alcohol”.

The Guidelines categorise drinkers into *Low Risk*, *Risky* and *High Risk* categories.

Each of these levels of risk is defined as follows:

- *Low risk*: this is a level of drinking at which there is only a minimal risk of harm, and for some, the likelihood of health benefits;
- *Risky*: this is a level of drinking at which risk of harm is significantly increased beyond any possible benefits;
- *High risk*: this is a level of drinking at which there is substantial risk of serious harm and above which risk continues to increase rapidly (NHMRC 2001, p.4).

DSICA believes that the highest priority should be given to reducing the levels of high risk drinking amongst vulnerable groups in our communities.

##### *Short term and long term risk*

The Guidelines identify two levels of risk from alcohol use – short term risk and long term risk.

**Short term risk** is defined by the Guidelines as the risk of harm in the short term that is associated with given levels of drinking on a single day (NHRMC 2001, p4)

**Long term risk** is defined by the Guidelines as the level of long terms risk associated with regular daily patterns of drinking, defined by the total amount of alcohol typically consumed per week (NHRMC 2001, p4).

#### Identifying those groups at high risk across the lifecycle

Analysis by Professor McAllister conducted for DSICA in 2004 indicated the following:

**Long term risk:** The proportion of individuals in both the risky and high risk categories peaks among those aged 18-24 when around 10% of the population are in the risky category and an additional 10% are also in the high risk category (McAllister 2004 unpublished, p10).



**Short term risk:** The proportion of individuals in the high risk category peaks among those aged 18 – 24. The proportion of individuals in the risky category peaks among those in the 50 – 59 age category (McAllister 2004 unpublished, p10).

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### **Conclusion 6:**

**The group at most risk of short and long term harm from alcohol consumption are those in the age category 18 – 24. The highest priority in terms of harm minimisation strategies should be directed at this age group.**

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### **Benefits of consuming alcohol at low risk levels**

The Strategy recognises the potential health benefits of consuming alcohol at low risk levels:

*There is also evidence that alcohol can benefit the health of some individuals, if consumed at low levels, by contributing to the reduction of cardiovascular disease risk from middle-age onwards. Everyday, thousands of Australians benefit in some way from alcohol (p 4).*

DSICA strongly supports this finding. In particular, DSICA believes the fact that large proportions of individual age groups are either abstainers, or consume alcohol at low risk levels, requires greater recognition.

### **3.4 Reliable evidence shows that alcohol consumption levels and patterns by young people are *not* worsening**

#### **The incidence of intoxication**

The Strategy's aim in *Priority Area 1* is to reduce the incidence of intoxication amongst drinkers. DSICA strongly supports this aim.

This is an issue for many age groups, especially some of the older age groups. Much of the focus of the Strategy and of health groups is on underage drinkers.

DSICA commends the Strategy for not citing any of the several widely publicised occasional surveys of drinking behaviour which are not reliable.

DSICA acknowledges the ongoing perception by some in the community - partly attributable to these unreliable sources - that there are increasing levels of abuse of alcohol by young (especially underage) drinkers. Unreliable sources have also contributed to the view that the increasing popularity of RTDs among young drinkers is contributing to (if not causing) increased levels of alcohol abuse by young people.

The perception exists that an increased level of underage drinking is product-driven, however this belief is not supported by reliable evidence. While the dimensions and causes of underage drinking require further examination, the industry has shown it is capable of ensuring its products are manufactured and developed responsibly and in line with community expectations through the quasi-regulatory systems. Three RTD manufacturers recently announced that they were withdrawing products with energy ingredients or high ABVs.

#### **Reducing the incidence of intoxication amongst young people**

As outlined above, DSICA believes that the highest priority should be given to reducing the levels of *high risk* drinking amongst vulnerable groups in our community, including amongst young people.

In addressing the issues surrounding underage drinking, policy options must consider broad youth issues and should be backed by sound research into effective delivery of initiatives that have real impacts on reducing problematic behaviour. DSICA has some specific proactive recommendations to make in this regard (see below).

The goal of reducing the incidence of intoxication amongst young people should remain a priority area that must not be influenced by sensationalism. Rather, a foundation of reliable evidence must become the basis for the implementation of a comprehensive range of harm reduction strategies.

### DSICA's Indicators of Alcohol Consumption Amongst Young People

In its 2005-06 Pre-budget Submission (PBS 05-06), DSICA introduced a new reference tool – *Indicators of Alcohol Consumption Amongst Young People* (the Indicators). This tool consists of six key indicators in relation to consumption patterns amongst young people and seeks to identify:

- a “**snapshot fact**” in relation to the Indicator (ie a measure at a particular point in time); and
- a “**trend**” regarding the Indicator over a timeframe.

Data for the Indicators is drawn from the best available survey evidence as identified by Professor Ian McAllister.

*Graphic 7* below provides an update of the Indicators following release of the DHA Research Report, *Australian secondary school students' use of alcohol in 2005* (White & Hayman 2006).

A detailed explanation of the current state and trends of each of the Indicators is provided in a comprehensive DSICA publication: *Indicators of Alcohol Consumption Amongst Young People* (see DSICA 2006a – also available at <http://www.dsica.com.au>). This publication includes a detailed explanation of each of the 6 Indicators.

DSICA has recently updated the Indicators to its Fourth Release, and the summary Indicators Table is set out on the following page.

The items measured by the Indicators remain unchanged since the First Release and are as follows:

**Indicator 1:** *Age of initiation:* at what age is alcohol most commonly first consumed?

**Indicator 2:** *Prevalence:* what proportion of young people are current drinkers?


**Indicator 3:** *High risk drinking:* what proportion of young people engage in high risk drinking?

**Indicator 4:** *Standard drinks consumed:* what is the average number of standard drinks being consumed by high risk drinkers on each drinking occasion?

**Indicator 5:** *Alcohol-attributable deaths:* how many underage drinkers are dying from alcohol-attributable deaths?

**Indicator 6:** *Product preference:* what is the product most commonly consumed by young high risk drinkers?

Graphic 7: Indicators of alcohol consumption amongst young people

INDICATORS OF ALCOHOL CONSUMPTION AMONGST YOUNG PEOPLE				
January 2008				
Indicators	Snapshot		Trend	
	Facts	Timeframe (Source)	Facts	Timeframe (Source)
<b>Indicator 1:</b> <b>Age of initiation</b> At what age is alcohol most commonly first consumed?	<b>Males = 16.6 yrs</b> (mean age of initiation, 20 yr olds and over)  <b>Females = 17.9 yrs</b> (mean age of initiation, 20 yr olds and over)	2004  NDSHS <sup>1</sup>	<b>Trendless fluctuation</b>	1991-2004  NDSHS <sup>2</sup>
<b>Indicator 2:</b> <b>Prevalence</b> What proportion are current drinkers?	<b>Males</b> 30% of 12-17 yr olds (are current drinkers - past week)  <b>Females</b> 27% of 12-17 yr olds (are current drinkers - past week)	2005  ASSSA <sup>3</sup>	<b>Decrease:</b> 12-15 yr olds  <b>Slight decrease:</b> 16-17 yr olds	1984, 1999, 2002, 2005  1999-2005,  ASSSA <sup>4</sup>
<b>Indicator 3:</b> <b>High risk drinkers</b> What proportion engage in high risk drinking?	<b>Short-term (single day):</b> 9.4% of 14-17 yr olds (are high risk drinkers) 19.1% of 18-24 yr olds (are high risk drinkers)  <b>Long-term (regular weekly pattern)</b> 1.8% of 14-17 yr olds (are high risk drinkers) 8.0% of 18-24 yr olds (are high risk drinkers)	2004  2004  NDSHS <sup>5</sup>	<b>Decrease:</b> 14-17 yr olds  <b>Increase:</b> 18-24 yr olds  <b>Decrease:</b> 14-17 yr olds  <b>Decrease:</b> 18-24 yr olds	2001-2004  NDSHS <sup>6</sup>
<b>Indicator 4:</b> <b>Standard drinks consumed</b> What is the average number of standard drinks being consumed by risky and high risk drinkers on each drinking occasion?	<b>Males: Short-term (last drinking occasion):</b> 12.4 std drinks for 15-17 yr olds (average consumed by risky and high risk drinkers)  <b>Females: Short-term (last drinking occasion)</b> 9.0 std drinks for 15-17 yr olds (average consumed by risky and high risk drinkers)	2004  2004  NAC <sup>7</sup>	<b>Slight decrease:</b> 15-17 yr old males  <b>Decrease:</b> 5% fall for 15-17 yr old females	Feb 2000-Feb 2004  NAC <sup>8</sup>
<b>Indicator 5:</b> <b>Alcohol attributable deaths</b> How many are dying from alcohol attributable deaths?	<b>One 14-17 yr old dies per week</b> (from alcohol-attributable injury and disease caused by risky/high risk drinking) (501 deaths over 10 yrs 1993-2002))	2002  Other <sup>9</sup>	<b>Declined markedly:</b> 41% fall 14-17 yr old males  46% fall 14-17 yr old females	1993-2002  Other <sup>10</sup>
<b>Indicator 6:</b> <b>Product preference</b> What is the product most commonly consumed by high risk drinkers?	<b>Full-strength beer</b> (preferred by risky and high risk males 14-19 yrs)  <b>Spirits</b> (preferred by risky and high risk females 14-19 yrs)	2004  NDSHS <sup>11</sup>	<b>No Change</b>	2001-2004  NDSHS <sup>11</sup>  

### Footnotes to Graphic 7: Indicators of Alcohol Consumption Amongst Young People

Please refer to the DSICA publication *Indicators of Alcohol Consumption Amongst Young People, Third Release, April 2006* (DSICA 2006a) for full references of the footnotes in *Graphic 7*. Note that footnotes 3 and 4 have since been updated to reflect the results of the latest Australian Secondary School Students Survey.

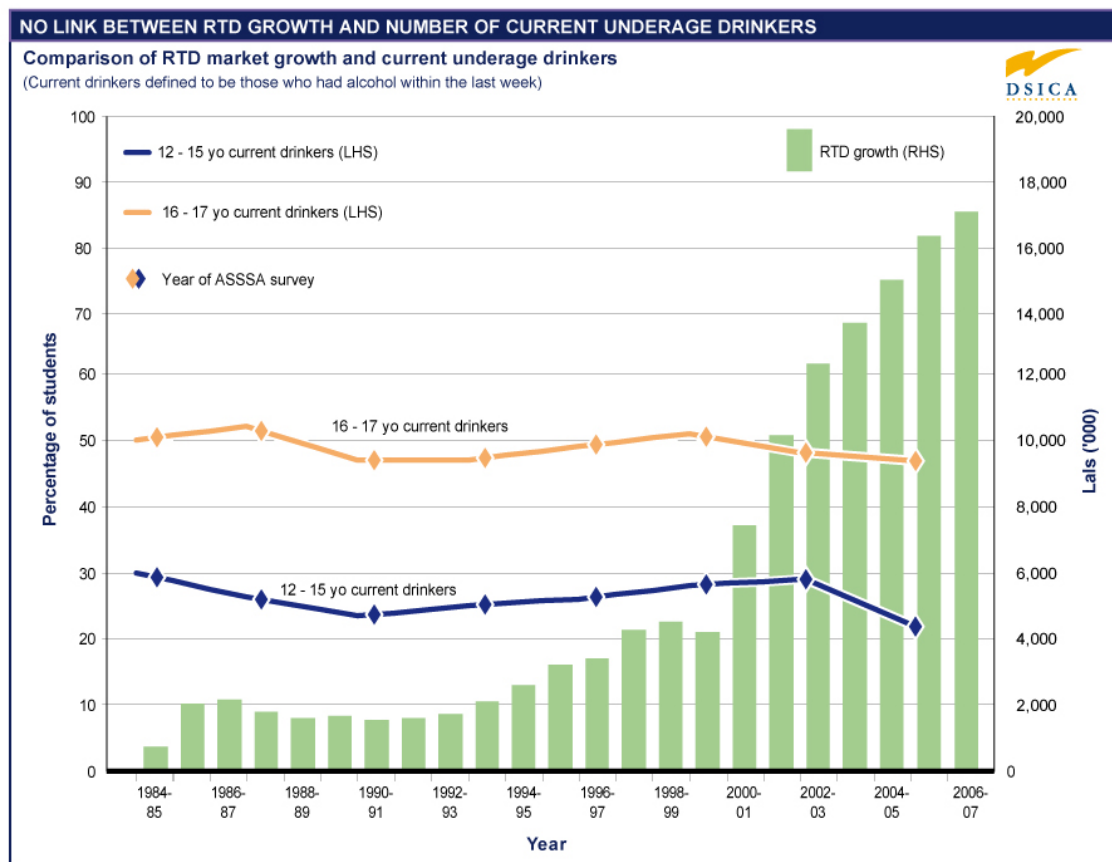
#### Insights from the Indicators

It is interesting to note that, despite constant media attention that would lead Australians to believe otherwise, the Indicators illustrate that alcohol consumption patterns and trends amongst young people are not worsening. In fact, on most measures, the Indicators are either static or declining.

In particular, it is interesting to note that, despite the continued growth in RTD sales, the most reliable evidence shows that increased RTD sales have not been associated with increased levels of consumption amongst young people.

*Graphic 8* below is a clear graphical representation of this. It shows that while RTD sales have been increasing dramatically during the period 1984-85 to 2006-07 (the green bars), the number of current drinkers is relatively static or declining (yellow and blue lines - see also Indicator 2). Furthermore, the proportion of young people who engage in high risk drinking has been declining in the short and long term (except for 18-24 year olds in the short term – see Indicator 3).

*Graphic 8: Comparison of RTD market growth and number of current underage drinkers*



Copyright DSICA 2008

Source: ASSSA 2002, ASSSA 2005, DSICA Pre-budget submission 2008-09

The argument made by some that the increase in RTD sales has contributed to higher levels of consumption by young people is without merit and not based on reliable evidence.

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***Conclusion 7:***

**The best available evidence shows that alcohol consumption levels and patterns of young people are not worsening – they are either static or declining.**

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DSICA



## 4 Health information labels

*Section outline: In this section, DSICA outlines its views and recommendations on Measure L1 of the Alcohol Toll Reduction Bill 2007 that relates to the publication of a standard for compulsory health information labels on alcohol products.*

*The following issues are addressed:*

- *The process followed by FSANZ in developing food standards is a thorough and diligent one. The measures proposed by the Bill would circumvent these processes.*
- *Recent consideration of a proposal for warning labels was rejected by the predecessor to FSANZ;*
- *Labelling alone fails to alter drinking behaviours;*
- *The labelling measures proposed by the Bill are impractical and costly; and*
- *The labelling measures proposed by the Bill are unbalanced and fail to recognise the health benefits of moderate alcohol consumption.*

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### Key Recommendation

**THAT the Senate Community Affairs Committee (the Committee) recommends to the Senate that it not pass the Alcohol Toll Reduction Bill 2007 (the Bill).**

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### Subsidiary Recommendation

**THAT the measure in the Bill to mandate health information labels should not be supported as:**

- **the proposed content of a labelling standard is unworkable and may lead to an increase in the alcohol toll in Australia; and**
  - **there is no reliable evidence to demonstrate that such labels lead to desired behavioural change.**
- 

#### 4.1 The Alcohol Toll Reduction Bill 2007

Measure L1 of the Bill proposes the publication of a standard in accordance with the *Food Standards Australia and New Zealand Act 1991* (the *FSANZ Act*) that would provide for the labelling of alcohol products and food containing alcohol. This measure related to object (b) of the Bill to ‘provide for compulsory health information labels for alcohol products’ (s3(b) of the Bill).

#### 4.2 The Bill circumvents proper Food Standards development processes

The *FZANZ Act* establishes the body Food Standards Australia and New Zealand (FSANZ).

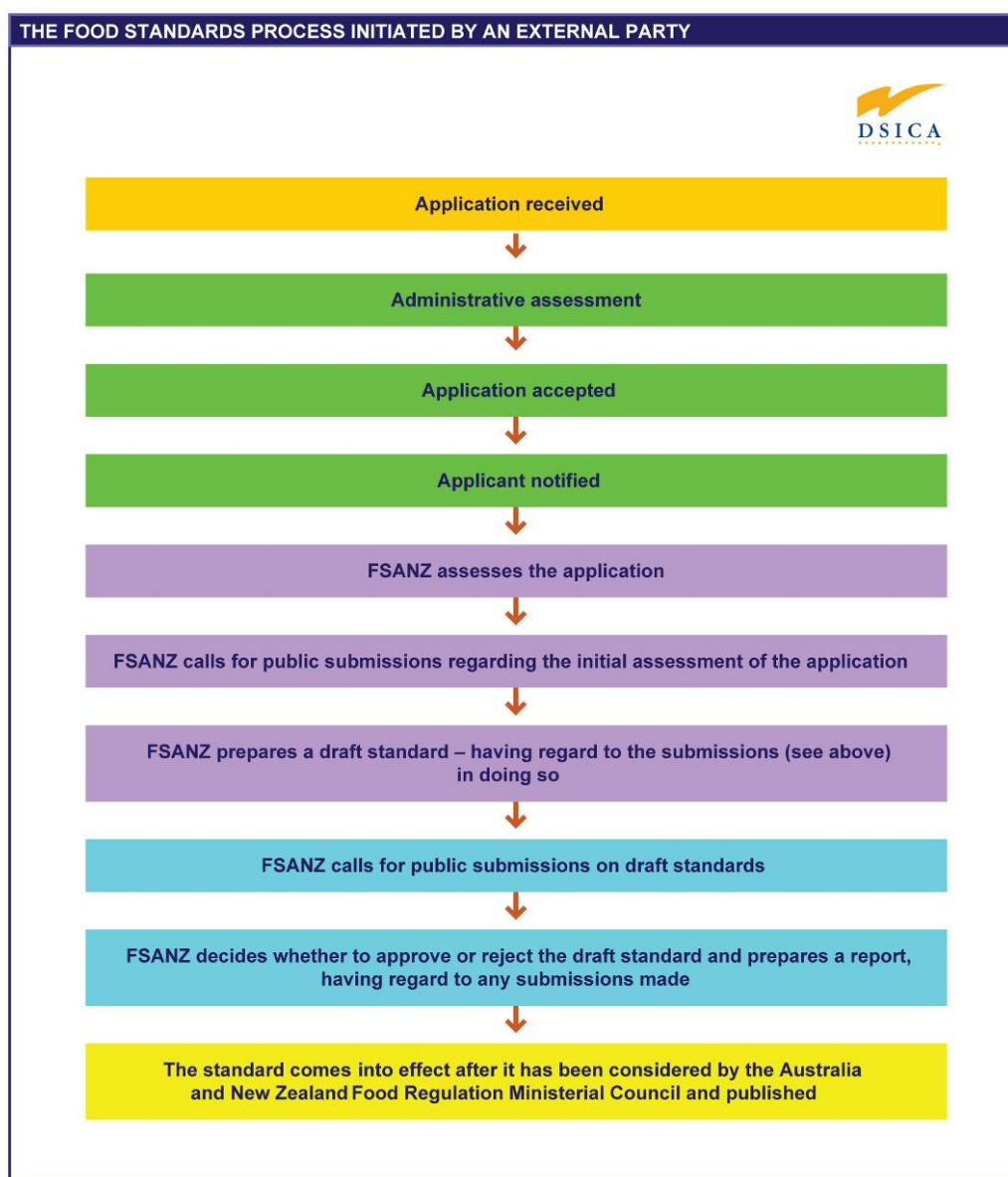
The functions of FSANZ include the development of standards and variations of standards, and the review of standards and variations of standards (s13(1)(a) *FSANZ Act*).

Under the *FSANZ Act*, matters that may be included in standards, or variations to standards' include 'any information about food including labelling, promotion and advertising' (s 16(1)(d) *FSANZ Act*).

Currently the Food Standards Code (the Code), made under the *FSANZ Act*, requires some labelling of alcohol content on alcohol beverages and food containing alcohol. The existing Food Standards Code also imposes compositional requirements on beer, fruit wine, vegetable wine, wine, wine products and some spirits. These standards do not require the health information labelling on alcohol packaging. The current labelling requirements under the Code are discussed in greater detail later in this chapter.

The development of a food standard can be initiated by an application to FSANZ or by an internal FSANZ proposal, whether subsequent to a direction by the Minister or otherwise. The rigorous procedure for the development of a food standard initiated by an external party is illustrated below. Please note that-although similar-where FSANZ prepares the proposal there is no equivalent of the steps of accepting/rejecting the application or notifying the applicant of acceptance.

Graphic 9 :The food standards process initiated by an external party



As the graphic above shows, the procedure for considering an application/proposal is extensive. If the application/proposal is for a new food regulatory measure or a major variation of a food regulatory



measure, FSANZ is required to call for public submissions prior to drafting the measure. Further, when drafting the measure FSANZ must have regard to the submissions received.

Public consultation provides an opportunity for stakeholders to voice their views on proposed food standards. Consideration of stakeholder submissions allows FSANZ to rigorously and thoroughly examine evidence and then draft informed standards that reflect the interests of Government, industry and the public.

The Bill states that a standard must be made in accordance with section 87 of the *FSANZ Act*. However, section 87 relates to the publication of standards, not the development process. It is therefore unclear whether the intention of the Bill is to circumvent the proper process of standards development ordinarily required under the *FSANZ Act*.

DSICA questions whether the Bill and its prescriptions are the most appropriate process to make a standard regarding alcohol labelling. The Bill prescribes a number of points that must be implemented in the proposed standard and in doing so by-passes the proper processes for food standards development. The Bill's prescribed approach stifles meaningful consultation with stakeholders to formulate standards that will best progress the goals of the Strategy.

In any case, the amendments proposed by the Bill premeditate the judgments of the Food Standards Authority and Council. The amendments undermine the Authority's ability to appropriately consider and respond to submissions received through the consultative process and to draft food regulatory measures that meet the purposes of the *FSANZ Act* and the food safety requirements of the Australian public.

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### **Conclusion 8:**

**While DSICA recommends that the measures in the Bill to mandate health information labels should not be supported, we note that the development of new food standards ought to occur through the full consultative procedures established under the *FSANZ Act* and carried out by FSANZ. DSICA believes that this cannot occur under amendments proposed by the Bill.**

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## **4.3 The Food Standards Code – relevant case studies and recent developments**

### **Application by Society Without Alcohol Trauma (SWAT) to ANZFA**

The issue of warning labels has in the past been resolved within the context of the Code. The Australia New Zealand Food Authority (ANZFA), the predecessor organisation to FSANZ, received an application from the Society Without Alcohol Trauma (SWAT) on 22 April 1998, (Application A359) requesting it to include in the Food Standards Code a requirement that all alcohol beverages be labelled with the statement "This product contains alcohol. Alcohol is a dangerous drug". The application was rejected on a number of grounds. This application and the ANZFA decision will be discussed in further below.

### **Application for Pregnancy health advisory labels on alcohol beverages**

More recently, on 17 February 2006, the Alcohol Advisory Council of New Zealand (ALAC) lodged an application (Application A576) with FSANZ to require a health advisory label on alcohol beverage containers advising of the risks of consuming alcohol when planning to become pregnant and during pregnancy. On 12 December 2007, FSANZ released the Initial Assessment Report for 'Labelling of Alcoholic Beverages with a Pregnancy Health Advisory Label' for a public consultation.

DSICA has indicated its willingness to support pregnancy health warning labels on two provisos: effective and ongoing enforcement of the labelling requirement, and that labelling is part of a widespread and ongoing public health campaign combating FAS/FASD.

DSICA has provided a submission to FSANZ outlining its views and supporting the reasoning of ANZFA/FSANZ in its earlier decision not to amend the Food Standards Code to mandate 'warning labelling' on alcohol beverage packaging.

#### Referral of alcohol labelling to FSANZ by the Council of Australian Governments (COAG)

DSICA notes that on 26 March 2008 COAG announced that it had asked the Australia New Zealand Food Regulation Ministerial Council to request FSANZ to consider mandatory health warnings on packaged alcohol (COAG 2008).

DSICA encourages COAG to ensure that any future consideration of alcohol labelling by FSANZ includes sufficient consultation with stakeholders and is conducted in a transparent and accountable manner.

#### 4.4 Labelling alone fails to alter drinking behaviour

Two goals are frequently cited as the rationale for the introduction of health information labelling on alcohol products:

- Increasing awareness of specific risks associated with alcohol consumption by some groups at certain levels of consumption; and
- To modify drinking behaviour to minimise harm, particularly among vulnerable groups.

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#### **Conclusion 9:**

**There is a strong consensus amongst researchers that while labelling may increase awareness of health issues, it does not contribute to moderating or reducing drinking behaviour amongst vulnerable groups.**

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There is a strong consensus amongst researchers that while labelling may increase awareness of health issues, it does not contribute to moderating or reducing drinking behaviour amongst vulnerable groups.

The World Health Organisation Expert Committee On Problems Related To Alcohol Consumption concluded in 2007 that:

Results of evaluation research on mandated health warnings on alcohol product containers do not demonstrate that exposure produces a change in drinking behaviour per se. (p 32 WHO 2007)

A global review of studies of health advisory labelling was conducted for Health Canada by Dr Tim Stockwell of the Centre for Addictions Research of British Columbia (Stockwell 2006). The review concluded that:

Reviews of the evidence supporting the full range of available alcohol policy strategies spanning legislative, regulatory and educational have mostly concluded that **there is little or no measurable change in drinking behaviour and related harms as a result of the introduction of alcohol warning labels** (p 4 Stockwell 2006) (our emphasis).

Reviews and primary studies concerning the impacts of the US alcohol warning label experience, whether written by independent researchers or those employed by the alcohol industry, agree fairly closely that

**impacts on drinking behaviour are either nonexistent or minimal.** All the reviews and most of the individual studies also indicate that the introduction of US warning labels in 1989 led to the unsurprising finding of greater awareness of the messages they contained (p 7 Stockwell 2006) (our emphasis).

Labelling may also have unintended consequences that produce negative health outcomes.

ANZFA, when rejecting Application A359 (described earlier) cautioned of the ‘considerable scientific evidence’ that warning statements may result in an increase in the undesirable behaviour in some ‘at risk’ groups who seek risk-taking behaviour (ANZFA 1998).

While having little effect on the consumption patterns of drinkers in higher risk groups, labels influence the consumption patterns of groups that accrue the most benefit from alcohol consumption, low-risk drinkers (Hankin 1994).

As a consequence, labelling implemented outside a comprehensive public health campaign may have a detrimental net cost, increasing the alcohol toll amongst vulnerable groups and limiting the health benefits of alcohol that save the lives of thousands of Australians each year.

#### **4.5 Labelling should be integrated into a comprehensive public health education campaign**

DSICA recognises the need to examine measures to increase awareness of harmful consumption of alcohol as part of a wider alcohol strategy. However, advocates of labelling must bear the burden of showing that labelling will be efficient and effective.

DSICA recommends that consideration of awareness measures take place as part of a review of the current *National Alcohol Strategy* (the Strategy) or as part of the formulation of a revised Strategy for 2009 onwards.

When considering labelling measures, whether as part of the Strategy or otherwise, labelling and other measures should be considered against a range of criteria. Measures need to be well targeted and underpinned by market research and tested with the target audience. Specifically, it must be ensured that any proposed measure does not increase harm in the community, particularly amongst vulnerable groups.

Other measures that may be considered include direct contact between ‘at-risk’ groups and medical professionals, Point-of-Sale (POS) material and use of new media such as social networking websites.

#### **Policing**

The proposals of the Bill relating to labelling will have a distorting effect in the alcohol industry in that larger multinational companies would comply with the standards through comprehensive internal control systems while, smaller and transient manufacturers may not. Products not carrying labels may mislead consumers to believe that they are less harmful than other labelled products.

Effective and enduring enforcement is required to avoid disadvantaging the responsible parts of the industry.

Substantial costs would be required for the monitoring and enforcement of the proposed standard to prevent this occurring. DSICA believes that any evaluation of proposals to implement alcohol labelling must take into account the cost of monitoring and enforcement that is required to ensure the proper function of those proposals.

#### **4.6 The labelling requirements imposed by the Bill are impractical and costly and ignore previous labelling reviews**

The Bill requires the publication of a standard that provides for the following:

- the consumption guidelines of the National Health and Medical Research Council (see **Section 4.6** below);
- the unsafe use of alcohol (see **Section 4.7** below);
- the impact of drinking on populations vulnerable to alcohol (see **Section 4.7** below);
- health advice about the medical side effects of alcohol (see **Section 4.8** below); and
- the manner in which the information may be provided (including provision in text or pictorial form).

DSICA believes that the first four requirements above ignore the outcomes of any FSANZ assessment of the labelling issue (see section 4.2 of this submission).

The labelling content proposed by the Bill will be difficult to implement, is in some cases unfeasible, and in others may lead to an increased incidence of alcohol consumption and harm among vulnerable groups. We outline the reasons why in the sections which follow.

#### 4.7 Including consumption guidelines of the NH&MRC on labels is impractical and costly

The Bill provides that labels must provide for ‘the consumption guidelines of the National Health and Medical Research Council’.

##### Current labelling requirements under the Food Standards Code

Currently, labelling requirements under Standard 2.7.1 of the *Food Standards* ensure consumers are informed of the alcohol strength of the product prior to purchase.

The Code provides a broad definition of label being ‘any tag, brand, mark or statement in writing or any representation or design or descriptive matter on or attached to or used in connection with or accompanying any food or package.’

Every alcohol beverage exceeding 0.5% abv is required to have an alcohol content statement included on the label. This means that alcohol beverages below 0.5% abv, and food containing alcohol at such a low level, are NOT required to have alcohol content labelling.

For alcohol beverages between 0.5% abv and 1.15% abv, the label is required to state ‘*contains not more than x% alcohol by volume*’ (or similar words). This requirement does NOT apply to food containing alcohol at such a low level.

For alcohol beverages **and food** exceeding 1.15% abv, the alcohol strength by volume must be printed on the label.

##### Industry led labelling developments

An innovation from one of DSICA’s member companies, Diageo, has been the development of a ‘standard drink’ logo. The logo clearly indicates to the consumer the number of standard drinks in the container in the most simple form (see *Graphic 10*). The size of the logo is significantly greater than the minimum font size currently required under the Code. The presence and size of the standard drinks logo readily identifies beverages as containing alcohol, differentiating alcohol beverages from non-alcohol beverages.

Graphic 10: Standard drinks logo being applied voluntarily by DSICA members to product labels



The logo has been adopted on a voluntary basis by all DSICA member companies. Significant progress has been made in this regard since the voluntary introduction of the logo, and almost all products of DSICA members now carry the logo.

Similar logos have now been developed by the wine industry and the beer industry and are being progressively implemented.

### Increasing the awareness of the NHMRC Alcohol Guidelines

DSICA believes that there is potential for further reductions in harmful consumption if consumers obtain a better understanding of how their individual consumption levels compare with the current NHMRC *Australian Alcohol Guidelines*.

A recent survey for the Australian National Council on Drugs' magazine *Of Substance* (Of Substance 2008) found that only 17% of Australians had any knowledge of the current guidelines. Awareness of the Guidelines was even lower among young people, with only 14% certain that they had heard about the Guidelines (Galaxy 2008).

The \$25m federally funded public education campaign: the *National Safe Use of Alcohol Campaign*, proposed to run in 2008 and 2009, will seek to change consumer behaviours in relation to alcohol consumption levels. This campaign is likely to further strengthen communication of the standard drink concept and guidelines for consumers

However, DSICA believes that it would be unfeasible to include the current consumption guidelines on alcohol labelling for the reasons outlined below.

### Current guidelines would not fit on alcohol labels

The current NHMRC Guidelines include three guidelines for the whole population and nine guidelines for particular groups. Guideline 1 provides levels of consumption that the NHMRC believes minimise the risk in the short and longer term, and gain any longer-term benefits (NHMRC 2001).

For both genders, Guideline 1 is divided into three sub-guidelines that provide:

- The average number of drinks that may be consumed per day and per week to stay within the guideline;

- The maximum number of standard drinks that may be consumed on any one day to stay within the guidelines; and
- That drinkers should have one or two alcohol-free days per week to stay within the guideline.

A summary of the guidelines for low risk drinking is included in the NHMRC Guidelines and is reproduced below.

Graphic 11: Summary of guidelines for low risk drinking

SUMMARY OF GUIDELINES FOR LOW RISK DRINKING						
1. Alcohol consumption at levels shown below is not recommended for people who: <ul style="list-style-type: none"> <li>• have a condition made worse by drinking</li> <li>• are on medication</li> <li>• are under 18 years of age</li> <li>• are pregnant</li> <li>• are about to engage in activities involving risk or a degree of skill (eg driving, flying, water sports, skiing, operating machinery).</li> </ul>						
2. Otherwise risk levels for the following patterns of drinking are as follows*:						
For risk of harm in the short-term: For risk of harm in the long-term:						
	Low risk (standard drinks)	Risky (standard drinks)	High risk (standard drinks)	Low risk (standard drinks)	Risky (standard drinks)	High risk (standard drinks)
<b>MALES</b>	up to 6	7 to 10	11 or more	<b>MALES</b>		
On any one day per week	on any one day, no more than 3 days	on any one day	on any one day	On an average day	up to 4 per day	5 to 6 per day
				Overall weekly level	up to 28 per week	29 to 42 per week
						43 or more per week
<b>FEMALES</b>	up to 4	5 to 6	7 or more	<b>FEMALES</b>		
On any one day per week	on any one day, no more than 3 days	on any one day	on any one day	On an average day	up to 2 per day	3 to 4 per day
				Overall weekly level	up to 14 per week	15 to 28 per week
						29 or more per week
* Note: 1. It is assumed that the drinks are consumed at a moderate rate to minimise intoxication, eg for men no more than 2 drinks in the first hour and 1 per hour thereafter, and for women, no more than 1 drink per hour. 2. These guidelines apply to persons of average or larger size, ie above about 60 kg for men and 50kg for women. Persons of smaller than average body size should drink within lower levels.						

As illustrated, even when summarised, the guidelines for low risk drinking are expansive and would be difficult to include on alcohol labels, particularly for the common 330-375ml cans and bottles generally used for beer and RTD products as well as smaller containers used for miniature sized spirits products and piccolo bottled wines.

Even a much reduced form, that included low risk drinking levels only, and not risky and high risk drinking, could not be condensed to a size that would convey the nuances of gender, average and maximum consumption and drink free days while remaining in a form that is easily readable to the public (ie. with text at an adequate size to be read).

### Consumption guidelines labelling would impose a significant and recurring cost

New labelling and re-labelling of existing stock will impose substantial costs for industry. DSICA estimates initial and on-going financial costs of new labels for the spirits industry at between \$2.1m and \$2.25m.

Advocates for labelling have in the past proposed multi-year transitional periods to mitigate the cost of re-labelling existing stock and that the introduction of labels change may coincide with the natural labelling change that most beverage companies undergo (ALAC 2007).

However, many products, particularly premium bottled spirits, do not change their labelling for long periods, if at all. In addition, some spirits and wine products are bottled years in advance



of their sale, and these products would need to be re-labelled, unless products were grandfathered on the basis of being within Australia prior to the implementation of the proposed standard.

Furthermore, all NHMRC guidelines are reviewed five years after publication to ensure that they remain current, relevant and accurate. DSICA is aware of a current NHMRC review of the Guidelines that propose draft Guidelines that are substantially different in both substance and design to the existing guidelines.

Changes to the guidelines, that may occur as frequently as every five years, would require the industry to replace printing dyes and other equipment so to produce labels for products that are as current as the Guidelines. At the same time, unless products were grandfathered, existing stock would need to be recalled and relabelled.

This would impose significant recurring financial costs on industry.

## Summary

DSICA believes that there is potential for further reductions in harmful consumption if consumers obtain a better understanding of how their individual consumption levels compare with the current Guidelines.

However, the size and complexity of the Guidelines strongly preclude their inclusion on alcohol labels as proposed in the Bill. As the Guidelines are periodically reviewed and updated, mandating Guidelines in alcohol labelling would also impose a significant recurring financial cost on industry.

Given these shortcomings, DSICA believes public education campaigns provide greater potential to improve awareness of the Guidelines.

## 4.8 Labelling is not the solution to unsafe use of alcohol by populations vulnerable to alcohol

The Bill provides that labels must provide for ‘the unsafe use of alcohol’ and ‘the impact of drinking on populations vulnerable to alcohol.’

DSICA must interpret the proposed section 87A(1)(b) not on its literal reading, that labels should ‘provide for the unsafe use of alcohol’ but infer that the Bill’s drafter seeks to incorporate possible detrimental outcomes of excessive consumption of alcohol into the standard.

### Unsafe use of alcohol

‘Unsafe use of alcohol’ consists of two elements – the health impact of high consumption levels over the short and long terms, and the short term injury risk (eg. assault, falls, motor accidents) from excessive consumption.

The health impact of high consumption levels over the short and long term is a complex issue that depends on the personal circumstances of the individual drinker. Factors that may influence the health impact include; gender, age, smoker/non-smoker, diet, mental health, social and economic concerns and other risk taking activities of the individual.

Similar factors also impact on the short term injury risk from excessive consumption.

Surprisingly, research has demonstrated that the injuries from excessive alcohol consumption is disproportionately incurred not by long term excessive drinkers but by moderate drinkers consuming more than their usual amount of alcohol (Single 1997).

The ANZFA decision to reject the SWAT application refers to the UK House of Lords rejection of legislation for health warning labels on alcoholic beverages in 1991. The then Parliamentary Secretary of Health argued that ‘...the problem of alcohol misuse is

complex. It would be rather difficult to devise a clear, non-misleading and concise message which would effectively inform consumers about all aspects of the alcohol-related harm' (Hansard Parliamentary Debates (Lords) 1991, quoted in ANZFA 1998, p13).

ANZFA concluded that 'in the case of alcoholic beverages, simple, accurate warning statements, which would effectively inform consumers about alcohol-related harm, would be difficult to devise given the complexity of issues surrounding alcohol use and misuse.'

DSICA concurs with the ANZFA reasoning on this point and believes the creation of a simple, accurate description of the 'unsafe use of alcohol' as proposed by the Bill is extremely difficult if not impossible.

### **Impact of drinking on populations vulnerable to alcohol**

Labelling has been shown by a large body of scientific evidence to be not effective in influencing the drinking behaviour of populations vulnerable to alcohol.

Studies on the impacts of alcohol labelling in the United States have suggested that although heavy drinkers are 1.25 more likely to be aware of the warnings since they see the label more frequently, the risk perception and drinking behaviours in this group have remained unchanged. In contrast, non-drinkers, or low-risk drinkers, respond to the labels with increased risk perception and decreased alcohol consumption (Capara 2004). As a consequence, labelling may have a detrimental net cost, increasing the alcohol toll amongst vulnerable groups and limiting the health benefits of alcohol that save the lives of thousands of Australians each year (DHA 2008).

#### ***Pregnant women***

DSICA recognises that consumption of heavy amounts of alcohol by pregnant women has unequivocally been associated with adverse effects on the developing foetus. However, foetal development and the development of Foetal Alcohol Syndrome Disorder (FASD) is dependent on a number of other factors, including the nutritional status of the mother, her ingestion of drugs including caffeine and nicotine, and her education, ethnicity, genetic, marital and socio-economic status.

Research into the relationship between the quantity of alcohol consumed and its contribution to adverse developmental impact is inconclusive. There is, however, evidence that moderate consumption of alcohol, defined as greater than two standard drinks of alcohol per week but less than two standard drinks per day in the first trimester, does not increase the risk of foetal abnormalities (Polygenis et al. 1998). A recent review on the effects of low to moderate prenatal alcohol consumption (up to eight standard drinks per week) on foetal and early infant development also concluded that there was no convincing evidence of adverse effects, although methodological weaknesses in the reviewed research precluded the conclusion that alcohol consumption at any level is safe during pregnancy (Henderson et al 2007).

Based on the state of evidence relating to the contribution of alcohol to abnormal foetal development, and the risk profile of consuming alcohol during pregnancy, devising a simple and accurate warning label targeting pregnant women considering alcohol consumption would be problematic.

There are other more effective methods of increasing awareness in 'at-risk' groups including pregnant women. Australian women's awareness of the risk of consuming alcohol during pregnancy is high. 63% of Australian women aged 14 years and over strongly agree that 'drinking alcohol during pregnancy is dangerous to a baby's health' (Roy Morgan Research 2005).

DSICA believes that the 'scatter-gun' approach of health advisory labels will not be effective in changing or altering the behaviours of 'at-risk' groups. Rather, more targeted approaches



should be considered, particularly those that include direct contact between ‘at-risk’ groups and medical professionals.

### *Alcohol consumption amongst young people*

Despite reliable evidence that consumption of alcohol amongst young people and related harm is in decline, DSICA acknowledges that Australia’s youth continue to constitute a vulnerable group in our community.

Due to legal restrictions on the consumption of alcohol by those under the legal drinking age of 18, DSICA believes it would be inappropriate for labels to directly target this group. Nevertheless, young people, both drinkers and abstainers, would be exposed to the labels proposed in the Bill.

Studies show that, as is the case amongst the general population, while health labels on alcohol may increase awareness amongst young people they do not affect consumption behaviour. One US study has shown that while the 32,000 students surveyed had significant increases in awareness of, exposure to, and memory of the required health labels this did not translate into a reduction in alcohol consumption or risk-taking behaviour (in this case driving under the influence) (MacKinnon 2000). In fact, over the period that the labels were introduced both alcohol consumption and risk taking increased.

DSICA believes that appropriate care must be exercised to ensure that alcohol labels do not result in increased undesirable behaviour amongst young people.

### **Summary**

DSICA believes that given the multitude of factors that may influence the health impact of alcohol consumption on individuals the creation of a simple, accurate description of the ‘unsafe use of alcohol’ as proposed by the Bill is extremely difficult if not impossible.

DSICA further believes that not only are labels ineffective in influencing the drinking behaviour of populations vulnerable to alcohol, they may in some cases increase levels of harm in some groups. More effective measures are available and should be considered that address the specific issues of distinct vulnerable groups.

### **4.9 Health advice about the side effects of alcohol should be balanced**

DSICA recognises that consumption of alcohol at risky and high-risk levels can have detrimental effects on a person’s health.

However, there is a substantial body of scientific evidence that demonstrates that when alcohol is consumed at low to moderate levels, it has significant health benefits. These benefits result in a lower overall mortality for those who drink alcohol in moderation as compared with those who abstain from alcohol or consume it at higher levels. These health benefits are mainly due to a reduction in the risk of coronary heart disease, a major cause of death in Australia and New Zealand in middle and old age (Collins & Lapsley 2002).

DSICA recognises that as alcohol consumption increases beyond low risk levels, these health benefits are countered by a sharp rise in alcohol-related harm. DSICA believes that there is a need to improve community awareness of the standard drinks measure and the Australian Alcohol Guidelines to encourage consumption at low-risk levels.

While the consumer has the right to be informed regarding the possible negative consequences of alcohol consumption, this right should also extend to the medical evidence suggesting that alcohol in moderation has health benefits. A label that only warns of risks would be unbalanced, and would decrease the number of Australians benefiting from low to moderate alcohol consumption.

## Summary

While the consumer has the right to be informed regarding the possible negative consequences of alcohol consumption, this right should also extend to the medical evidence suggesting that alcohol in moderation has health benefits.

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### *Conclusion 10:*

**The labelling measures proposed by the Bill are impractical, costly and fail to recognise the health benefits of moderate alcohol consumption.**

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## 5 Alcohol advertising

*Section Outline: In this section, DSICA responds to the three Measures proposed by the Bill in relation to advertising of alcohol.*

*The following issues are addressed:*

- *An outline of the current quasi-regulatory alcohol regime (Section 5.1);*
- *Evidence showing that there is no link between advertising spend and per capita consumption (Section 5.2); and*
- *DSICA's response to the three measures proposed by the Bill, including statistics which evidence the effectiveness of the current alcohol advertising regulatory regime (Sections 5.3-5.5).*

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### Key Recommendation

**THAT the Senate Community Affairs Committee (the Committee) recommends to the Senate that it not pass the *Alcohol Toll Reduction Bill 2007* (the Bill).**

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### Subsidiary Recommendations

**THAT the measures in the Bill to further regulate and restrict alcohol advertising should not be supported because of the ineffectiveness of the proposals and the unnecessary duplication and administrative requirements they would impose.**

**THAT further restrictions on alcohol advertising are an unjustifiable intrusion on consumers' ability to be informed of their range of choices in the alcohol beverage market. As a legally available product, companies have a right to advertise their products and consumers should be able to be informed of new or alternative products that are available.**

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### 5.1 The current regime for alcohol advertising is comprehensive and effective

One of the Strategic Initiatives outlined in *Priority Area 4 Cultural Place and Availability* of the Strategy is to:

#### **4C. Monitor and review alcohol promotions**

DSICA supports this Initiative and believes that the current quasi-regulatory framework continues to effectively meet the requirements of the two Responses as follows:

*Implement monitoring and annual reporting on the advertising and promotion of alcohol (p30).*

*Maintain prohibition of alcohol promotion that encourages rapid and/or high levels of alcohol consumption (p30).*

## Current quasi-regulatory scheme for alcohol advertising in Australia

The advertising of alcohol in Australia is already highly regulated. This regulation is proving to be effective in terms ensuring inappropriate advertising of alcohol does not make its way into the public domain.

Alcohol beverage advertising must be consistent with a number of applicable laws and codes, including:

- the Alcohol Beverage Advertising Code (the ABAC Code) including a Complaints Management System;
- Alcohol Advertising Pre-Vetting Scheme (AAPS);
- the Trade Practices Act and state fair trading legislation;
- the Australian Association of National Advertisers (AANA) Code of Ethics;
- the Commercial Television Industry Code of Practice;
- the Commercial Radio Codes of Practice; and
- the Outdoor Advertising Code of Ethics.

Both the ABAC Code and the AAPS (provided under the ABAC Scheme) require that advertisements for alcohol beverages must present a mature, balanced and responsible approach to the consumption of alcohol beverages and accordingly, must not encourage excessive consumption or abuse of alcohol. The nature and coverage of the ABAC Scheme is described below.

Currently, the ABAC Management Committee releases annual reports on a year-to-year basis that provide a summary of the performance of a number of the above Codes as they relate to alcohol advertising. Throughout the year, the final adjudication determinations of the ABAC Complaints Panel are published on the ABAC Scheme website at <http://www.abac.org.au> (a summary of recent statistics is outlined later in this Chapter). In this way, the advertisements under review and the adjudication process of the regime are transparent to those who are interested.

### The ABAC Scheme

The ABAC Code and Complaints Management Scheme provide the centrepiece of the regulation of Australia's alcohol advertising system.

The quasi-regulatory nature of the regime is reflected in its component structures:

- Government is represented on the ABAC management committee;
- guidelines for advertising (the code) have been negotiated with Government;
- consumer complaints are handled independently by the ABAC Complaints Adjudication Panel; and
- all costs are borne by industry.

The ABAC Code is attached as *Appendix 1*.

The ABAC Code aims to ensure that alcohol advertising will be conducted in a manner which neither conflicts with, nor distracts from, the need for responsibility and moderation in liquor merchandising and consumption and which does not encourage consumption by underage persons.

The ABAC Scheme complements the AANA Advertiser Code of Ethics and offers specific guidance in relation to the advertising standards for alcohol beverages.

The ABAC Scheme is composed of both the ABAC Code and a Complaints Management System. The Scheme is further regulated by the ABAC Rules and Procedures which outline the processes involved in the Scheme and establish the duties of both the Management Committee of the Scheme and also the independent ABAC Adjudication Panel.

DSICA believes that the ABAC Scheme has gained widespread acceptance and support among advertising researchers and advertising practitioners. Further, a number of safeguards have been put into place to ensure that the process remains fair and impartial, including Government representation on the ABAC Management Committee.

In 2004, following extensive negotiations after a government review of Australia's regulatory system for alcohol advertising (the 'government review'), agreement was reached between industry and Government regarding changes to the ABAC Scheme. Specific changes to the ABAC Code involved the inclusion of internet advertising and promotional advertising in support of events.

### *Management Committee*

The ABAC Scheme is managed and operated by a Management Committee that includes representatives of each of the national beer, wine and spirits associations as well as the Executive Director of the Advertising Federation of Australia (or their nominee) and a representative of Australian Governments with a nominee put forward by the relevant Federal Minister. The government review included the addition of a government representative for the Management Committee in 2004.

### *Monitoring of Alcohol Advertising Committee*

The Monitoring of Alcohol Advertising Committee (MAAC) was established in May 2006 by the Ministerial Council on Drug Strategy (MCDS) to ensure that the quasi-regulatory scheme complies with all of the recommendations and objectives of MCDS.

MAAC undertakes the following roles:

- monitoring the implementation and impact of reforms approved by MCDS;
- monitoring alcohol advertising and the quasi-regulatory system;
- reporting annually to MCDS on the operations of the system.

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## *Conclusion 11*

**There is already provision for effective Government review and oversight of alcohol advertising through its participation in ABAC.**

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### *Signatories to the ABAC Scheme*

All members of Australasian Associated Brewers, Distilled Spirits Industry Council of Australia and the Winemakers' Federation of Australia are signatories to the ABAC Code. New measures (as a result of the government review) also allow non-members of alcohol industry associations, such as Lion Nathan, to be signatories to the Code.

Signatories are required to abide by the provisions of the ABAC Code, the associated governing ABAC Rules and Procedures, and any decision handed down by the independent Adjudication Panel.

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## *Conclusion 12*

**The ABAC Scheme provides extensive coverage of the alcohol advertising field. An examination of the top 50 alcohol advertisers, representing the vast majority of all alcohol advertising, shows that more than 98 per cent of advertising spend is by alcohol advertisers that are signatories to the ABAC Scheme (ABAC 2007).**

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### *Complaints Management System*

The Complaints Management System for complaints against alcohol advertising as administered jointly under the Advertising Standards Board and the ABAC Code is comprehensive, and, as a result, somewhat complex. The graphic below (The ABAC Complaint Management System) illustrates the process and we seek to describe the process below.

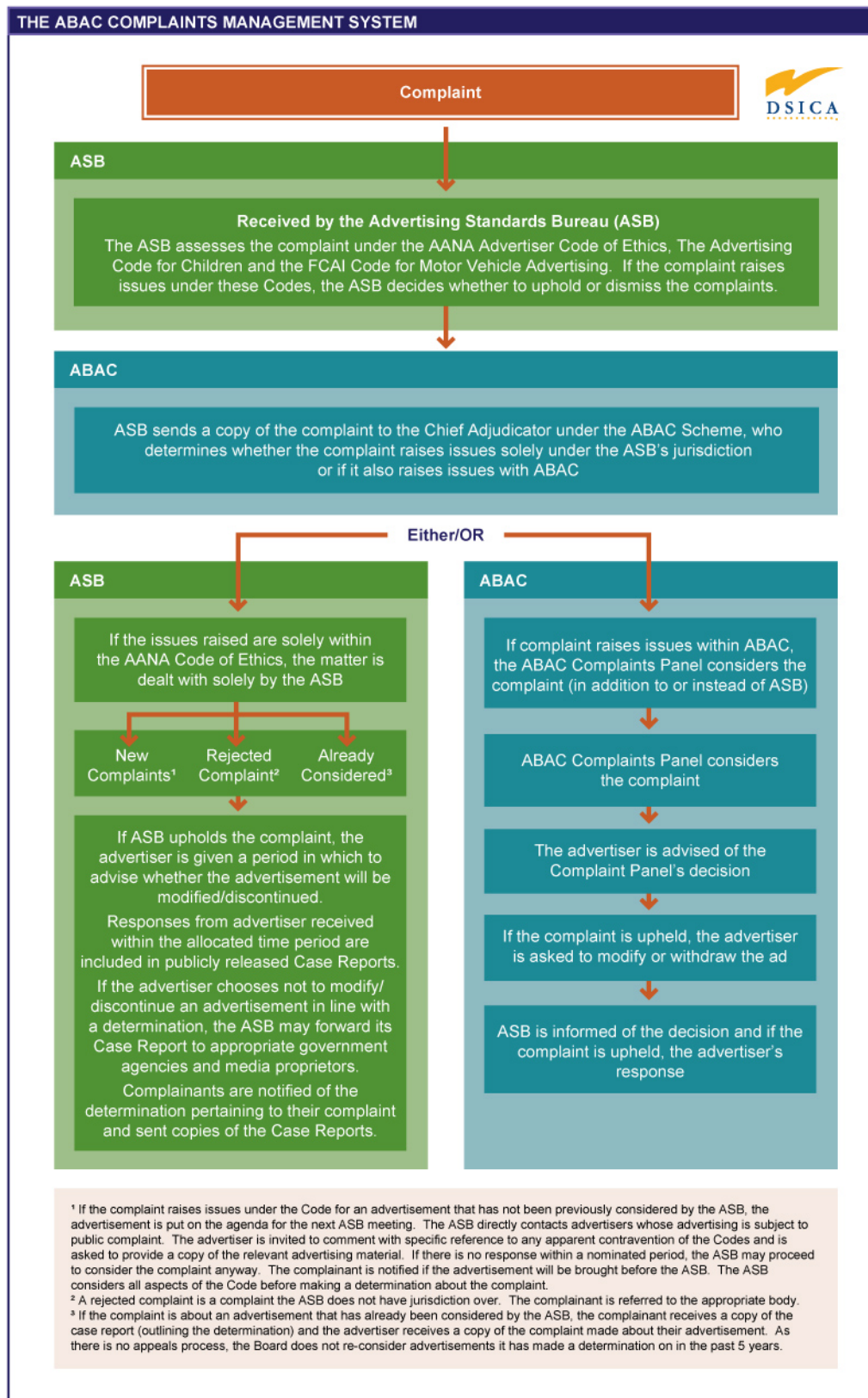
- The Advertising Standards Board (ASB) receives all complaints concerning alcohol beverage advertisements. The ASB determines if the complaint falls within its code.
- If the complaint falls within the ASB code, the Bureau undertakes its own adjudication processes.
- Copies of all alcohol advertisement complaints are also forwarded to the Chief Adjudicator of the ABAC Code. If the Chief Adjudicator determines that the complaint raises issues that fall either partially or wholly outside the scope of the Australian Association of National Advertisers (AANA) Code of Ethics, the complaint is forwarded to the ABAC Adjudication Panel (the Panel) for consideration.
- If a complaint is upheld, companies who are signatories to the Scheme are required to either suitably modify or remove the particular advertisement within five business days.

The role of the Panel is to assess complaints against the ABAC Code to ensure unbiased interpretation and independent adjudication on complaints. The government review resulted in an improvement to the Panel whereby an administrator was appointed to assist the Chief Adjudicator and complaints are to be processed within a target of 30 days.

Adjudication by the Panel is in addition to any other legal right or remedy which may exist.

In 2006, only two of the nine complaints considered by the Panel were upheld against the advertisement/advertisements (ABAC 2007). In 2007, only 8 of the 25 complaints considered by the Panel were upheld (Winemakers' Federation 2008). Graphic 12 outlines below the processes of the Panel.

Graphic 12: The ABAC Complaint Management System





### *Composition of the Adjudication Panel*

The independent adjudication panel consists of five regular members. **Two of the five members are nominated by the Commonwealth through the MCDS.**

The Panel is a separate and distinct body from the ABAC Management Committee and the respective members do not overlap.

Each complaint must be dealt with by three panel members. At least one of those panel members must have a public health background and be a member nominated by MCDS. At present, this will be either: Professor Fran Baum, Faculty of Health Sciences, School of Medicine, Flinders University; or Professor Richard Mattick, Director, National Drug and Alcohol Research Centre, of the University of NSW.

The Chief Adjudicator, Professor the Hon Michael Lavarch, oversees the complaints handling process. Professor Lavarch is the Professor of Law and Executive Dean of the Faculty of Law at the Queensland University of Technology and is a former Commonwealth Attorney-General. Professor Lavarch is assisted by an administrator, Ms Jayne Taylor.

The remaining two adjudicators are Ms Liz Dangar and Ms Jeanne Strachan. Liz Dangar is the founder and Chief Executive Officer of Dangar Research Group, a Fellow of the Australian Market and Social Research Society, and an Adjunct Professor of the Faculty of Business at UTS. Jeanne Strachan is the founder of Inview Pty Ltd (specialising in market research) with over 31 years experience in qualitative research.

The ABAC Rules and Procedures establish that no member of the Panel may, at the time of or during the term of his or her appointment: (a) be a current employee or member of the alcohol beverages industry; or (b) have been an employee or member of that industry during the period of five years prior to the date of his or her appointment.

### **Alcohol Advertising Pre-Vetting Scheme (AAPS)**

The ABAC Scheme rules and procedures also provide for a pre-vetting service through the AAPS that assesses whether proposed advertisements conform to the ABAC Code and the AANA Code of Ethics.

Alcohol beverage producers can use the AAPS pre-vetting service to assess whether proposals conform to the AANA Code of Ethics or the ABAC Scheme.

Pre-vetting under the Scheme is a confidential process to encourage the frank exchange of views within the Scheme.

AAPS panel membership is based on the same limitations as applied to the Complaints Panel, and the panel members have considerable expertise in marketing and cultural content issues.

AAPS is funded on a user-pays basis by those industry members seeking pre-vetting of advertisements.

The AAPS is another component of the complex, but effective, regime for alcohol advertising in Australia. Data from the 2006 Annual Report of the Alcohol Beverages Advertising Code (ABAC) Scheme supports the notion that the pre-vetting process is working efficiently, with the number of advertisements being filtered and rejected rising between the years 2005 and 2006.

(Please see section 5.4 below for further analysis of the AAPS).



## Alcohol advertising restrictions and the Commercial Television Industry Code of Practice

Currently, the *Commercial Television Industry Code of Practice* (the CTICP Code) regulates the placement of alcohol advertising on all free-to-air television broadcasts.

The *Broadcasting Services Act 1992* empowers the Australian Communications and Media Authority (ACMA) to enforce the CTCIP Code via a complaints-based scheme and penalties apply for breaches of industry codes of practice.

Clause 6.7 of the CTICP Code provides that ‘a commercial which is a “direct advertisement for alcoholic drinks” may be broadcast (1) only in M, MA or AV classification periods, (2) as an accompaniment to the live broadcast of a sporting event on weekends and public holidays’.

The classification zones and applicable time frames are tabulated below:

Zones	G	PG	M	MA	AV
<b>Weekdays</b>	6:00am-8:30am 4:00pm-7:00pm	5:00am-6:00am 8:30am-12:00pm 3:00pm-4:00pm 7:00pm-8:30pm <i>holidays only:</i> <i>12:00pm-3:00pm</i>	8:30pm-5:00am <i>school days only:</i> <i>12:00pm-3:00pm</i>	9:00pm-5:00am	9:30pm-5:00am
<b>Weekends</b>	6:00am-10:00am	10:00am-8:30pm	8:30pm-5:00am	9:00pm-5:00am	9:30pm-5:00am

Please see Appendix 2 for a diagrammatical representation of the television classification zones, the current commercial television program standards limiting the broadcast of advertising for alcohol products and those proposed by the Bill.

Clause 6.8 of the CTICP Code further provides for broadcast of a ‘direct advertisement for alcoholic drinks’ as an accompaniment to live broadcasts of sporting events, subject to licensing requirements.

The CTICP Code provides rules relating to the content and placement of advertisements designed to limit the exposure of young people to alcohol advertisements. Clause 2.9 of the CTICP Code provides that advertisements to children must not be related to alcohol drinks in any way, nor draw any association with companies that supply drinks.

Complaints relating to the CTICP Code can be communicated directly to the broadcaster who must then respond within 30 working days and inform the complainant of their right to forward the matter to ACMA for investigation.

Processes exist to ensure the ongoing efficiency of the CTICP Code; the CTICP Code is reviewed every three years. As the regulator, ACMA adopts an evidence-based approach to determine the adequacy of the Code. The process involves a comprehensive system of communication between the regulator, broadcasters, Free TV Australia (the free-to-air television broadcasters industry association) and the general public. Implicit within the review process for the CTICP Code is the requirement for ACMA to only register a Code if it is satisfied that it provides sufficient consumer safeguards, it receives endorsement by most commercial television stations, and sufficient opportunity was given to the public to comment.

## Children's Television Standard

The *Children's Television Standard 2005* (CTS), made by ACMA under s122(1) of the *Broadcasting Services Act 1992* (Cth), provides further regulation and restrictions for alcohol advertising. Advertisements for alcoholic drinks must not be broadcast during C or P periods, nor immediately before, during or after C or P programs (outside of C or P periods) (*The Children's Television Standards 2005*, CTS 23). C and P classified materials can be broadcast during G classification zones (see table above).

The CTICP has a transparent and accessible regulation scheme whereby complaints about advertising perceived to conflict with the CTS can be made directly to the regulator who can then investigate.

## International experience of self-regulation – the European Union

In a report entitled *Self-Regulation in the EU Advertising Sector: A report of some discussion among Interested parties* (Madelin Report), the European Advertising Standards Alliance (EASA) examined various approaches to self-regulation of advertising which have been adopted in the European Union. Legislation in Ireland, the Netherlands, Spain and the UK allows considerable capacity for self-regulation, with self-regulating organisations playing a significant role in regulating advertising. The Netherlands has a particularly successful self-regulation system.

Similar to these self-regulation systems that have found success overseas, DSICA believes that the regulatory regime for advertising in Australia (including the ABAC Code) is transparent, has a clearly defined separation of responsibilities between regulators, adjudicators and industry participants, and provides for an efficient method whereby signatories must abide by the provisions of the ABAC Scheme. Considering that over 98 per cent of advertising spend is by alcohol advertisers that are signatories to the ABAC Scheme (ABAC 2006), DSICA believes that alcohol advertising is particularly well regulated by the ABAC Scheme.

## The ABAC Scheme has been reviewed and improved

The ABAC regulatory framework has been subject to analysis by various reviews over recent years.

The National Committee for the Review of Alcohol Advertising (NCRAA) examined the regulation of Australian alcohol advertising and provided recommendations to improve the ABAC Scheme in 2003. The ABAC Management Committee and the Ministerial Council on Drug Strategy Ministers agreed to numerous improvements to the ABAC Scheme, which were all implemented as a result.

ABAC also implemented a recommendation by the 2003 NSW Alcohol Summit to align ABAC with the National Health and Medical Research Council (NHMRC) recommendations for responsible drinking.

Although improvements were suggested by these reviews, the ABAC Scheme was generally supported. The NCRAA stated that it believed that alcohol advertising should continue to be self-regulated in Australia (NCRAA 2003).

ABAC also developed a website ([www.abac.org.au](http://www.abac.org.au)) to provide access to the general public to ABAC determinations and other information as a result of a Victorian Parliamentary Inquiry by the Drugs and Crime Prevention Committee in 2006.

A summary of these recent reviews is outlined in the Graphic below.

Graphic 13: Recent reviews of ABAC


Review	Year	Recommendations Implemented
National Committee for the Review of Alcohol Advertising (NCRAA)	2003	All recommendations from the agreement between Ministerial Council on Drug Strategy and ABAC Management Committee
NSW Alcohol Summit	2003	Recommendation aligning ABAC with National Health and Medical Research Council guideline for responsible drinking
Drugs and Crime Prevention Committee Victorian Parliamentary Inquiry	2006	Recommendation that ABAC Scheme develop website to allow dissemination of ABAC determinations to general public

Source: Australasian Associated Brewers Submission to the Senate Community Affairs Committee: *Alcohol Toll Reduction Bill 2007*

### Alcohol advertisement complaints

The ABAC Scheme efficiently deals with complaints relating to alcohol advertisements. Figures from the 2006 Annual Report of the Alcohol Beverage Advertising Code (ABAC) Scheme illustrate the success of the system and are reproduced below.

Graphic 14: Advertisements Subject to complaints received and upheld in 2005, 2006 and 2007

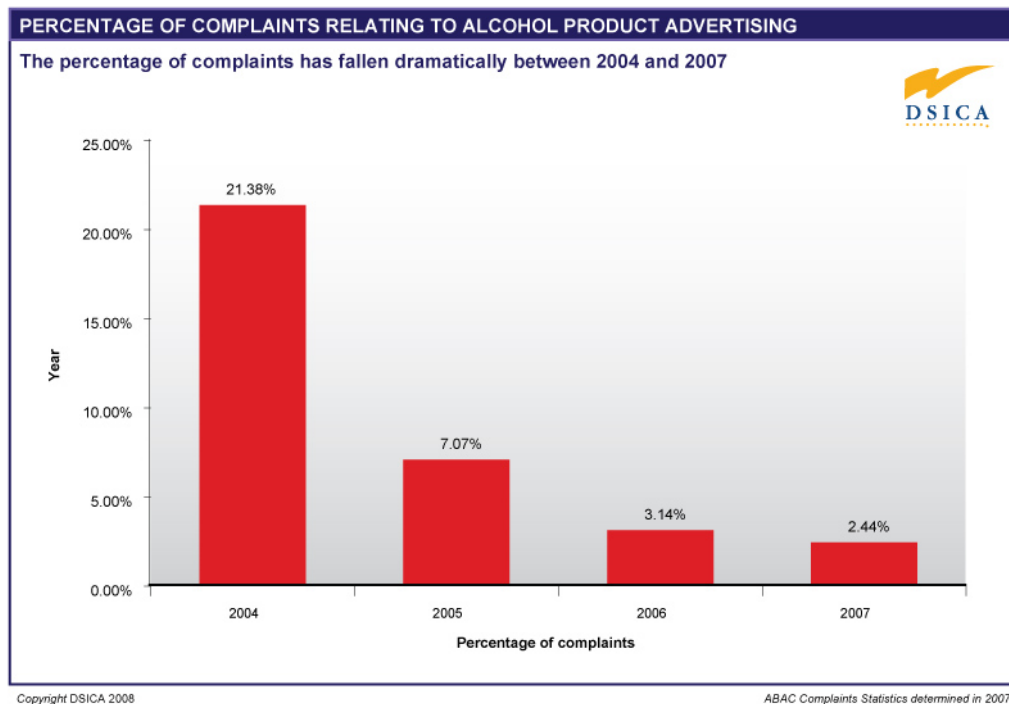
ADVERTISEMENT SUBJECT TO COMPLAINTS RECEIVED AND UPHeld IN 2005, 2006 AND 2007			
The number of complaints upheld is miniscule			
			
Complaints	2005	2006	2007
Number of complaints referred to ABAC by ASB	105 <sup>1</sup>	53	87
Number of Advertisements these complaints referred to	29	26	38
Number of complaints considered by the ABAC Adjudication Panel (ie. complaints falling within the code – all others fell solely within the AANA Code of Ethics covering general advertising issues)	17	9	25
Number of complaints upheld	2	2	8

<sup>1</sup> Note 54 complaints were received for one advertising campaign.

These figures demonstrate that the level of complaints in the years 2005 and 2006 have remained fairly static (when an adjustment is made for the 54 complaints received for one advertisement in 2005). In 2007, a mere eight complaints were upheld amongst 87 complaints referred to ABAC by ASB.

The percentage of complaints relating to alcohol advertising have reduced consistently over the past several years, as can be seen from the graphic below.

Graphic 15: Percentages of complaints relating to alcohol product advertising



## Summary

DSICA supports the Strategic Initiative outlined in *Priority Area 4 Cultural Place and Availability* to monitor and review alcohol promotions, but believes that the current framework continues to meet the aims of effective monitoring and reporting on the advertising and promotion of alcohol and maintaining prohibition of alcohol promotion that encourages high rates of alcohol consumption.

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### Conclusion 13

The current quasi-regulatory regime of the ABAC Code, the AAPS, the AANA Code of Ethics and other applicable laws and codes provides comprehensive and efficient regulation of alcohol advertising.

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## 5.2 There is no link between alcohol advertising and alcohol consumption

### Current misconceptions

There is a generally held misconception that the removal of all alcohol advertising will result in a reduction in alcohol consumption, and harmful consumption levels in particular. The reality is that research studies have produced mixed results regarding the effects of advertising on alcohol consumption.

A substantial number of studies have found no evidence to link levels of advertising to levels of drinking or drinking patterns.

An assessment of international research on the relationship between the effect of alcohol advertising on consumption and the impact of alcohol advertising bans indicate no substantive connection between alcohol advertising expenditure and per capita consumption.

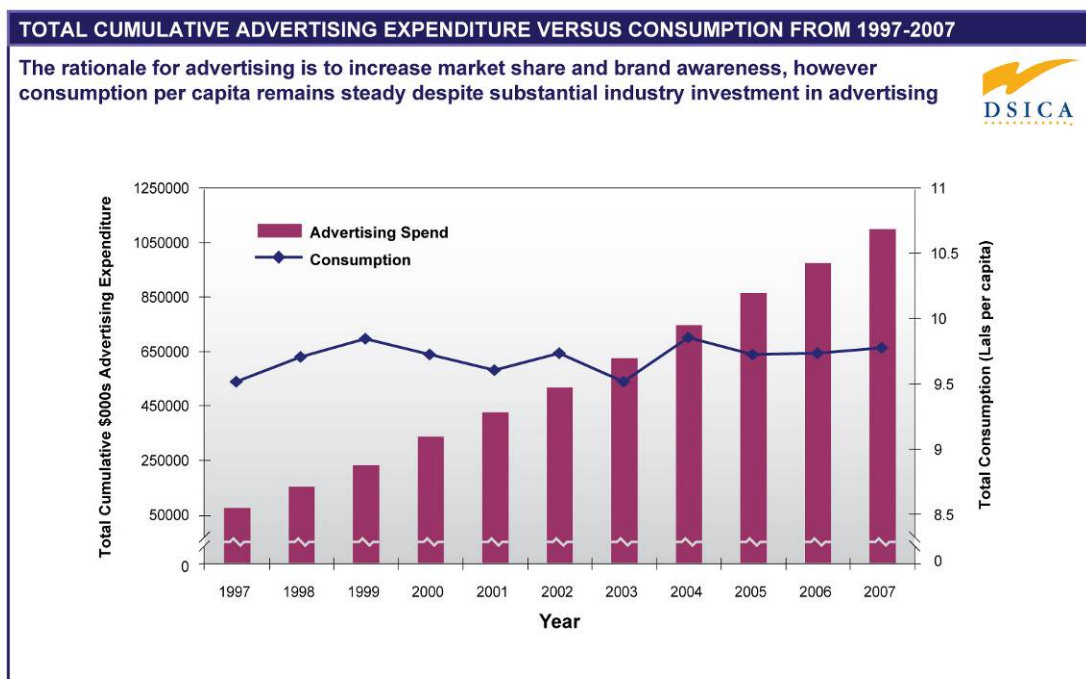
### The effects of alcohol advertising on consumption

Many critics of alcohol advertising have a misconception as to the intended impact of advertising. Manufacturers and importers advertise to a) increase their products' market share, and b) move consumers onto higher quality products with higher returns. Companies do not advertise to increase the overall level of consumption as the reward to an individual company is too small to make it commercially feasible.

Moreover, there is an argument that advertisements for alcohol products provide a benefit to consumers by informing them of different products and brands available in the market. Consumers can benefit by being informed of the similarities and differences between various available products in order to make an informed choice as to which they might select. The benefits to be gained from advertising can even extend to proper or more responsible use of alcohol – such as advertising of lower alcohol content beverages.

The graphic below demonstrates that despite significant investment spent on advertising over the past 10 years, consumption remains relatively stable.

Graphic 16: Total cumulative advertising expenditure versus consumption from 1997-2007



Research relating to the effects of advertising on alcohol consumption (and abuse of alcohol) are contentious and studies continue to produce no clear result.

A review of available data conducted by the International Center for Alcohol Policies for the World Health Organization found that there is insufficient evidence to support a relationship between advertising and either levels of drinking or patterns of drinking (ICAP 2002). The review found little conclusive evidence that alcohol advertising increases levels of aggregate consumption among adults or young people and that research demonstrates there is no causal link between alcohol advertising and particular drinking patterns and resulting problems. Rather, the review found that advertising affects the market share for brands and a substitution effect between brands.

International comparisons provide support for this notion. The ICAP review found that alcohol consumption has decreased in the Netherlands, Germany and the United Kingdom despite increases in advertising expenditure. The review found that despite significant increases in the volume of advertising for all beverage types in the United States over the past century, data reveals that beer, wine, and spirit consumption has remained relatively stable. Data from the U.S. Bureau of the Census further demonstrates that increased advertising within individual sectors of the beverage alcohol industry have no impact on consumption; the beer market has indeed remained stable despite dramatic increases in advertising spend over the period of 1974 to 1989 by the brewing industry (ICAP 2002).

### **The impact of alcohol advertising among young people**

There has been considerable research on assessing the impact of alcohol advertising on young people.

Substantial research has been conducted to examine the roles of family, friends, culture, social factors, media, and other contributors in determining the decision by young people whether or not to drink.

Studies have shown that the most influential factors in forming beliefs and attitudes about drinking are the influences of family and friends. Alcohol advertising has been seen to have much less impact than these influences. Moreover, there is no substantial evidence to support the notion that advertising affects drinking patterns amongst young people or abuse of alcohol (ICAP).

#### *International comparison – the United Kingdom*

The independent regulator and competition authority for the UK communications industries, Office of Communications (OfCom) and the Advertising Standards Authority (ASA), the UK's self-regulatory body for ensuring advertisements are legal, decent, honest and truthful, jointly published a research report in November 2007 on the impact of alcohol advertising on young people following the tightening of the Advertising Standards Code in October 2005. The new rules were designed with the intention to make alcohol advertisements less appealing to people under 18 years of age, and to prevent alcohol advertisements being associated with youth culture. The research aimed to evaluate the impact of the tightened Code and changes to the alcohol market over the previous two years.

The research results indicated the following:

- alcohol drink suppliers had shifted their advertising spend away from television by 26.2%, and by 2.9% from all media generally; and
- children and young adults were being exposed to less alcohol television advertisements, with advertising impacts falling between 2002 and 2006 by 31% for 16-24 year olds and 39% for 10-15 year olds.

Consequently, the tightening of the Code had already impacted marketing techniques.

### **Banning alcohol advertising**

Some countries have tested alcohol advertising bans in an attempt to avoid increases in alcohol consumption. While there have been differing results, many studies demonstrate that alcohol bans are ineffective in curbing alcohol consumption, as outlined below.

#### *No correlation between alcohol advertising bans and consumption*

Research examining cross-national studies of broadcasting bans in over 20 of the world's developed nations was conducted by Jon P. Nelson and Douglas J. Young of the Pennsylvania State University and Montana University respectively (Nelson, JP et al 2003). These researchers found that advertising bans have little or no effect on total alcohol consumption. In fact, the research demonstrated that while alcohol product advertising affects brand share (and



hence is a rational undertaking by individual firms), it has little or no effect on total demand for alcohol.

Data from a longitudinal study carried out in Dunedin, New Zealand (Connoly 1994) also found little to no correlation between exposure of 13 and 15 year olds to alcohol-related commercial advertising and alcohol consumption at age 18 years. This study found no relationship between commercial advertising and wine and spirits consumption among either men or women.

While the results for males demonstrated a consistent positive relationship between their recollection of alcohol advertisements at age 15 years and their predisposition to drink larger quantities of beer at age 18 years, the opposite was true for females. The study found a negative relationship for females between recollection of alcohol in the media and beer consumption.

### *Studies reveal that alcohol advertising bans are ineffective*

A study of broadcast advertising and per capita alcohol consumption in 17 OECD countries over the years 1977 to 1995 was conducted to test the effectiveness of advertising bans (Young & Nelson 2001). The results indicated that advertising bans can either increase or decrease alcohol consumption due to the effects on beverage choice, price competition, and substitution by producers towards advertising in non-banned media. **The overall results indicate that advertising bans in OECD countries have not resulted in decreased alcohol consumption or alcohol abuse.**

A study conducted by Henry Saffer concluded that bans on broadcast advertising for alcoholic beverages result in a reduction of total alcohol consumption (Saffer 1993). However, a re-examination of this work by Young DJ revealed numerous flaws in the data and procedures (Young 1993). In fact, estimates based on the individual components of consumption (that is, beer, wine and spirits) generally revealed that bans are associated with increased consumption. The resulting opinion is that bans on alcohol advertising have no effect on the abuse of alcohol.

The effects of advertising bans on overall alcohol consumption were analysed in a review of empirical studies by Smart RG (Smart 1988). The results indicated that bans on alcohol advertising did not reduce sales of alcohol, total advertising spend had no reliable connection with alcohol beverage sales, and experimental studies generally showed no effect of advertising on actual consumption. The evidence generally demonstrated little impact of alcohol advertising on alcohol sales or consumption. The results further indicated that more sophisticated studies were required to take into account a wider array of variables.

### *International experience – British Columbia*

The government of British Columbia in Canada (BC), is one of the few governments to have prohibited beverage advertising (for a period of 14 months between 1971 and 1972). A paper analysing the effects of the ban on the consumption of alcohol found little support for the view that the ban reduced alcohol consumption, with the yearly and monthly analysis of beer, wine and spirits demonstrating no substantial corresponding effect on consumption (Smart 1976). Furthermore, the ban by BC did not receive support from the general public.

The BC ban demonstrated that such bans are prone to numerous problems including:

- a lack of support by communities;
- lack of support by media (as their revenues are negatively affected);
- uncertainty of the continuation of the ban with a resulting change in government; and
- interference with effectiveness by non-banned media sources.

### *Conclusion 14*

As a result of inconclusive evidence, advertising cannot be substantively linked to levels of alcohol consumption or changes in drinking patterns.

## **5.3 Proposed restrictions on TV advertising (Measure A1) duplicate existing regulation and would seriously impact sporting organisations**

### **Proposal by the Bill: Restrict television advertisements of alcohol to 9pm - 5am**

The Bill seeks to amend the *Broadcasting Services Act 1992* to restrict commercial television advertisements for alcohol products to between 9pm and 5am (by inserting provision s 122A Program standards for alcohol advertising). A further implied and less transparent aspect of Measure A1 is the proposal to prevent advertising of alcohol during live sporting broadcasts on weekends and public holidays.

#### *Background*

The *Broadcasting Services Act 1992* currently provides that industry groups representing commercial and community broadcasting licenses develop codes of practice applicable to each section of the industry, in consultation with the Australian Communication and Media Authority (ACMA).

### **The current system is efficient**

#### *Current regulation*

The CTICP currently provides that alcohol advertisements cannot occur between 8.30pm and 5.00am. As such, the proposal by the Bill duplicates a measure that is already in place and is being adhered to and policed adequately (see statistics on compliance with CTICP below). Please see Appendix 2 for a diagrammatical representation of the television classification zones, the current commercial television program standards limiting the broadcast of advertising for alcohol products and those proposed by the Bill.

#### *Complaint levels in relation to broadcast of alcohol advertisements*

It can be observed from a lack of complaints to the CTICP review process that the CTICP Code is working effectively and there is no need for additional legislation concerning the scheduling of alcohol product advertising between certain hours of the day. Only four out of the 5,932 complaints against the CTICP Code to broadcasters between July 2000 to September 2007 related to alleged contraventions in the timing of alcohol advertisements. Moreover, no breach of the CTICP Code was deemed to have taken place in any of these four instances.

### **Impacts for sporting events**

The Bill also proposes a restriction to prevent alcohol advertising during live broadcasts of sporting events outside the 9pm to 5am period.

Currently, under the CTICP, an alcohol advertisement may be aired during a live broadcast of a sporting event on weekends and public holidays. Please see Appendix 2 for a diagrammatical representation of the proposed commercial television program standards limiting the broadcast of advertising for alcohol products by the Bill.

Accordingly, the implications of this restriction have drastic consequences for alcohol producers in relation to a large number of sporting events. It appears that this is not an unintended consequence of the Bill.



DSICA members sponsor a wide range of individual sportspeople, sporting teams, associations and leagues. Limiting the broadcasting of television advertisements for alcohol products to between 9pm and 5am would effectively exclude alcohol product advertising during most Australian sporting events, which are held outside of these hours.

The Bill would result in decreased commercial returns for existing sponsorship relationships on a case-by-case basis. Moreover, the viability of existing and future sponsorship relationships will be called into question if the Bill's proposal were to be implemented. Accordingly, sportspeople, sporting teams, associations or leagues may be deprived of essential financial support.

As demonstrated by the evidence presented in section 5.2 above, there is no evidence to establish any link between the removal of alcohol advertising from sporting events and reduced levels of alcohol-related harm in the community.

### **Ineffectiveness of partial media bans**

A case study conducted over the period of 1994 to 2004 tested the substitutability of advertising media using a sample of liquor brands in the United States of America (Frank 2008). The liquor industry in the United States has experienced substantial growth in sales and advertising expenditure since the 1990's. Various alcohol brands use combinations of advertising media, and the advertising media used by such brands has been found to be very substitutable. This indicates that bans on only some forms of media (for instance, television) would prove ineffective in reducing alcohol sales and consumption. Moreover, it would appear as a result that more specific bans (for instance, scheduling of television alcohol advertisements) would similarly prove ineffective in an objective to reduce alcohol consumption and interest among the general public.

Another study analysed the importance of multiple restrictive alcohol regulations, including bans for advertising billboards and price advertising (amongst other things) using a panel of 45 states over the period of 1982 to 1997 (Nelson 2003). The study found that restrictive laws applying only to one form of advertising could lead to substitution toward other non-banned media. This results in an uncertain net effect on total alcohol consumption, and is yet to be determined empirically.

### **Summary**

The ABAC Scheme already provides effective regulation of alcohol advertising, including those advertisements that might encourage irresponsible drinking behaviours or excessive alcohol consumption. The ABAC Scheme must properly be considered as one part of a broader regulation framework for all advertising. The ABAC Scheme is focused on the special nature of alcohol, whereas other elements of advertising, such as offensiveness or vilification is covered by the AANA Advertiser Code of Ethics.

The implementation of the amendments proposed by the Bill would result in serious negative consequences and implications for sporting events.

Moreover, DSICA does not believe that Measure A1 of the Bill will be effective in improving the culture of responsible drinking, and does not believe that it will facilitate a reduction in the alcohol toll resulting from excessive alcohol consumption in Australia. This is due to reliable evidence (as discussed above) which demonstrates that commercial alcohol advertising does not increase consumption of alcohol per capita nor does it encourage alcohol consumption amongst young people. Furthermore, partial media bans in particular have proven ineffective in reducing alcohol sales and consumption.

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### **Conclusion 15**

**The amendments proposed by the Bill to restrict commercial television advertisements for alcohol products to between 9pm and 5am would result in duplication of effective measures already in place and serious negative implications for sporting events.**

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## **5.4 The proposed pre-approval of alcohol advertising (Measure A2) duplicates existing effective processes and ignores commercial practicalities**

### **Proposal by the Bill – pre-approval of alcohol advertising by ACMA**

The Bill proposes a new provision be inserted into the *Australian Communications and Media Authority Act 2005*, Division 3A—Responsible Advertising of Alcohol Division, being now section 49A Responsible Advertising of Alcohol Division.

Measure A2 proposes that commercial and subscription television and commercial radio alcohol advertisements be pre-approved by a Division of the Australian Communications Media Authority (ACMA), which may include experts from the health industry, drug and alcohol support services and motor vehicle accident trauma support services. ACMA must establish this Division, to be known as the Responsible Advertising of Alcohol Division. The Division must deal with certain matters relating to the broadcasting of alcohol advertisements, including approving the content of all alcohol advertisements before they are broadcast, and advising broadcasters on the standards and control of alcohol advertising.

### **Current regulation – the alcohol advertising pre-vetting service**

As outlined earlier in the submission, a key feature of the existing regulatory regime through the ABAC Scheme is the Pre-vetting service of AAPS administered by the AAPS panel. The AAPS has wide coverage and is working effectively as outlined above.

A thorough analysis of the current Australian Beverage Advertising Code (the ABAC Code) above demonstrates that it provides an effective quasi-regulatory framework for alcohol advertising in Australia.

The ABAC Scheme provides a confidential pre-vetting service through the Alcohol Advertising Pre-vetting System (AAPS) that determines whether proposed advertisements conform to the ABAC Code and the AANA Code of Ethics. The costs of the scheme are borne by industry.

#### ***Pre-vetters – terms of appointment***

Pre-vetters are appointed by the Management Committee within the AAPS Scheme. Pre-vetters may not, at the time of or during their term of appointment to the Panel, be current employees or member of the alcohol beverages industry, nor have been during the last five years before their appointment.

In addition to the AAPS, any complaint relating to an alcohol advertisement will be assessed through the Complaints Management Process.

#### ***Final decisions***

The AAPS Pre-vetter is the final arbiter in the interpretation of the ABAC Code and its application at the pre-vetting stage. The initial AAPS Pre-vetter may seek guidance from a second or third pre-vetter in situations of uncertainty as to whether an advertisements breaches the code. Similarly, an advertiser may request an assessment or review by more than one AAPS Pre-vetter at the time of submitting the advertisement or upon the initial decision by the first pre-vetter.

Advertisers can present relevant materials in support of their applications for pre-vetting approval which will be given full consideration. However the decision of the ABAC Complaint Adjudication Panel is final.

### Possible legislative impediment to pre-vetting by ACMA

The *Broadcasting Standards Act* provides that ACMA must not determine a standard that requires programs to be approved by ACMA (or someone appointed by ACMA) before they are broadcast (s 129(1)). A possible interpretation of this provision is the principle that Government does not consider it appropriate that ACMA has as one of its activities the role of reviewing or assessing broadcast content. This could possibly extend to advertising. (We do however note an exception to this in section 129(2) of the Act that ACMA may determine such a standard in relation to programs for children).

DSICA believes that the Government must consider the implications of this provision very closely in examining whether ACMA has the legislative ability to pre-vet any advertisements.

### Implications of the Bill

The proposal for a new division of ACMA to pre-vet all alcohol advertising will impose severe practical difficulties on both the advertising and alcohol industry, and on ACMA itself.

The Bill would require that ACMA create a new Division within the Authority including a number of associate members (as allowed for under the *Australian Communications and Media Authority Act 2005*). The Bill's text states that the membership of this Division must comply with subsection 46(3) of the ACMA Act, which in turn requires that a Division must consist of three of the seven Authority members.

The creation of an ACMA Division to pre-vet alcohol advertising would impose a very high workload on the seven members of the Authority, only three of whom are full-time. Under the current quasi-regulatory scheme, advertisers can obtain guidance before production is started. This is an often laborious and time consuming process of discussion and negotiation.

The need to obtain pre-vetting approval from ACMA would severely restrict and complicate the advertising industry for several reasons:

- The timeframes for advertising conception, production and placement would lengthen, adding substantially to advertising costs. At present, the AAPS pre-vetters endeavour to provide feedback to advertisers within four days of receiving the creative material.
- Confidentiality about future advertising would be weakened. At present, advertisement scripts and visual mock-ups can be submitted for pre-vetting under the AAPS for guidance before the expense of production is incurred. Advertisers have confidence in the current system that their advertising will be kept confidential until broadcast or published.
- Given the seniority of the Division's membership and the volume of advertising, it is unlikely that it would be possible for ACMA to do more than simply reject or accept the fully developed and produced advertising. As such, the valuable function of providing pre-vetting early in the conceptual and designing phase (sometimes multiple times) would be lost.
- The lack of a timely and flexible pre-vetting system will restrict creativeness. Advertisers will stick to 'tried and tested' campaigns that had already gained approval.
- The pre-vetting of advertising by ACMA would politicise alcohol advertising, and campaigns would be designed with political acceptance in mind, rather than creativity and effectiveness.

### *Lack of balance in proposed composition in ACMA Division*

The composition of the ACMA Division as proposed by the Bill is notable for its narrow coverage.

As proposed, the Division ‘may include’ members ‘as chosen from time to time by ACMA provided that they are chosen from groups within the medical profession, the alcohol and drug support sector, motorist associations and motor accident trauma support groups, and the alcohol retail industry’. There is no mention of a member of the advertising or communication professions.

Additionally, representation of the alcohol industry would be more appropriate by an alcohol manufacturer, rather than a retailer.

This causes a concern as the Division will not have a representative to balance out practical concerns of the advertising industry. It is also unclear from the terms of the proposed Bill as to how the Division reaches a decision, including whether it must be unanimous or by majority.

In contrast, the AAPS pre-vetters have a broad range of experience in media / cultural issues, which is more relevant to the proper judgement of advertising against a set of standards.

### **The Current Framework**

#### *The current regulatory system is working well*

Figures from the 2006 Annual Report of the Alcohol Beverages Advertising Code (ABAC) Scheme indicate that the pre-vetting process is active and rigorous with the number of advertisements rejected rising from 13% in 2005 to 20% in 2006. Complete data for the 2007 calendar year is not yet available.

*Graphic 17: Alcohol advertisement pre-vetting in 2005 and 2006*

ALCOHOL ADVERTISEMENT PRE-VETTING IN 2005 AND 2006				
Pre-vetting continues to provide a rigorous screening process				
Pre-vetting	2005	%	2006	%
Number of alcohol advertisements pre-vetted	761		936	
Of the advertisements pre-vetted:				
Number that were accepted:	641	84%	701	75%
Number that were accepted subject to conditions:	34	4%	53	5%
Number that were rejected:	86	12%	182	20%

Copyright DSICA 2008

Source: Alcohol Beverages Advertising Code (ABAC) 2006 Annual Report

The ABAC Scheme provides an effective method to enforce standards in alcohol advertising and the proposed Responsible Advertising of Alcohol Division in the ACMA will result in duplication of administration.

### **Summary**

Due to the effectiveness of the current pre-vetting scheme for alcohol advertising in Australia, DSICA concludes that the amendments proposed by the Bill are administratively unnecessary, and would result in unnecessary costs and complexities for government and industry.

## Conclusion 16

The current pre-vetting scheme is working efficiently as a quasi-regulatory framework and the implementation of the amendments proposed by the Bill would result in severe practical difficulties for the advertising industry, the alcohol industry and ACMA.

### 5.5 Proposed restrictions on alcohol advertisement content (Measure A3) are unnecessary – the existing regime is more comprehensive

#### Proposal by the Bill – restrict content of alcohol product advertisements

This measure proposes a legislative ban on commercial television alcohol advertisements which are aimed at children or which link drinking to personal, business, social, sporting, sexual or other success (s. 122A Program standards for alcohol advertising, to be inserted into the *Broadcasting Services Act 1992*).

In his second reading speech for the Bill, Senator Fielding commented that, ‘Advertisers are being allowed to link alcohol with success and achievement. TV ads encourage under-age drinking and associate sporting or sexual success with drinking.’

As we explain below, the Bill would result in a significant weakening of the current regulation of alcohol advertising.

#### The current regulatory scheme – more comprehensive than the Bill’s proposal

The amendments to the *Broadcasting Services Act* proposed in this Bill seek to deal with content issues currently dealt with under sections (a), (b) and (c) of the ABAC Code. The proposed amendments hence create an unnecessary duplication of existing regulation.

In fact, the ABAC Code currently enforces stricter requirements than that proposed by the Bill. These include requirements that advertisements for alcohol beverages:

- Must not encourage excessive drinking or abuse of alcohol;
- Must not encourage under-age drinking;
- Must only depict the responsible and moderate consumption of alcohol beverages;
- Must not have a strong or evidence appeal to children or adolescents;
- Must not suggest that the consumption or presence of alcohol beverages may create or contribute to a significant change in mood or environment and accordingly –
  - Must not depict the consumption or presence of alcohol beverages as a cause of or contributing to the achievement of personal, business, social, sporting, sexual or other success;
  - If alcohol beverages are depicted as part of a celebration, must not imply or suggest that the beverage was a cause of or contributed to success or achievement; and
  - Must not suggest that the consumption of alcohol beverages offers any therapeutic benefit or is a necessary air to relaxation; and
- Must not depict any direct association between the consumption of alcohol beverages, other than low alcohol beverages, and the operation of a motor vehicle, boat or aircraft or the engagement in any sport or potentially hazardous activity.

In addition, the requirements listed above equally apply to internet sites primarily intended for advertising developed by or for producers or importers of alcohol products available in Australia and to banner advertising of such products on third party sites. Certain retail advertisements must also comply with the spirit and intent of the Code.

The Code also regulates the promotion of alcohol ad events. The Code provides that participating alcohol beverage companies must endeavour to ensure that promotional advertising in support of events does not clearly target underage persons, it complies with the ABAC standards, and materials given away in association with events do not connect the consumption of alcohol with sporting, financial, professions, personal or the achievement of sexual success.

In contrast, the Bill only relates to commercial television regulation (effectively excluding subscription television, commercial radio, billboard, newspaper, magazine, cinema and internet advertising from regulation). Consequently, the ABAC Code provides for a more stringent alcohol advertising regime than that proposed by the Bill.

The quasi-regulatory nature of the ABAC Code (as outlined above and in section 5.1) effectively regulates alcohol advertising. The proposed amendments are unnecessary as they simply duplicate existing restrictions enforced on alcohol product advertising. The proposed amendments would merely serve to complicate the process for those seeking to comply with their obligations.

The coverage, operations and policing of the ABAC Code are outlined earlier in this submission. The effectiveness of the existing regime in addressing Measure A3 of the Bill are demonstrated in the compliance statistics regarding the complaints management system and the pre-vetting service outlined above.

### Reviews conducted by AANA and ACMA

The AANA released a new voluntary code for advertisements aimed at children in April 2008. AANA had been working on the code for 12 months in consultation with marketing, media and advertising experts, health officials, lobbyists and bureaucrats. The new code will cover all forms of media.

In addition, ACMA has for approximately 10 months been reviewing the standards covering children's free-to-air television (beverage advertisements). ACMA expects to release a draft version of the new standards by the end of June 2008 which will call for public discussion, with the standards likely to come into effect in late 2008 or early 2009. Furthermore, ACMA chairman Chris Chapman has stated that ACMA will investigate online advertisements aimed at children at a later stage.

These ongoing reviews which are being carried on by multiple agencies and organisations demonstrates that advertising standards in Australia are constantly under review and scrutiny. There is very adequate scope in the current regime for the public to air concerns about advertising standards and to have them addressed.

### Summary

The regulation currently enforced by the ABAC Code sufficiently regulates alcohol advertising and are, in fact, stricter than those proposed under the Bill. Accordingly, implementation of the proposals of the Bill would be unnecessary regulation and duplicate that already existing in current codes.

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### *Conclusion 17*

**The ABAC Code sufficiently regulates the content of alcohol advertisements and provides a more comprehensive regulatory scheme than that proposed by the Bill.**

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## 6 Conclusion

DSICA believes that Australia currently has an appropriate and robust framework within which it can take progressive steps towards improving drinking cultures in our society - the National Alcohol Strategy.

In the specific areas of interest in the Bill, alcohol advertising and alcohol labelling, Australia has adequate regulatory frameworks and compliance measures. In relation to advertising, there is a comprehensive regulatory regime in place, including the ABAC scheme, which is regularly reviewed and improved, and has been shown to work efficiently and effectively. In relation to labelling, mandatory health labelling has been examined by the Australian regulators in contemporary times and it was concluded that it not be adopted.

DSICA commends and supports the objectives of the Bill – which reflect that of the goal of the Strategy, of preventing and minimising alcohol-related harm in the context of developing safer and healthy drinking cultures in Australia. However, DSICA believes that there is a strong body of evidence suggesting that the measures in the Bill are not appropriate to achieve these objectives.

DSICA believes that the amendments to the *FSANZ Act* proposed by the Bill circumvent the proper Food Standards development process. This process ordinarily provides a thorough and diligent procedure for the formulation of food standards. However, the proposals of the Bill impose four requirements on labelling that are impractical, costly and fail to recognise the health benefits of moderate alcohol consumption.

Initiatives of the Strategy relating to alcohol advertising and promotion continue to be met by the current comprehensive quasi-regulatory framework. The efficiency and effectiveness of this framework should not be endangered by further government regulation or duplication.

DSICA believes there is a misconception that the removal of alcohol advertising will reduce alcohol consumption and abuse. However, research demonstrates there is no link between alcohol advertising and consumption.

Moreover, the proposed amendments of the pre-vetting process for alcohol advertisements are impractical and unnecessary given the success of the working of the current pre-vetting scheme.

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*Given the compelling base of evidence DSICA must recommend that the Senate Standing Committee on Community Affairs recommend to the Senate that it not pass the Bill.*

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DSICA believes that the best approach to address the issues raised in the Bill is to allow the initiatives of the Strategy relating to labelling and advertisements to be implemented and reviewed. The development of a new Strategy after 2009 presents an ideal opportunity to develop and implement strategies to achieve the goals of harm minimisation and a responsible drinking culture.

April 2008





## Appendix 1 Alcohol Beverage Advertising Code

### ALCOHOL BEVERAGES ADVERTISING CODE

#### Preamble

Australasian Associated Brewers Inc, the Distilled Spirits Industry Council of Australia Inc and the Winemakers Federation of Australia are committed to the goal of all advertisements for alcohol beverages, other than point of sale material, produced for publication or broadcast in Australia complying with the spirit and intent of this Code.

The Code is designed to ensure that alcohol advertising will be conducted in a manner which neither conflicts with nor detracts from the need for responsibility and moderation in liquor merchandising and consumption, and which does not encourage consumption by underage persons.

The conformity of an advertisement with this Code is to be assessed in terms of its probable impact upon a reasonable person within the class of persons to whom the advertisement is directed and other persons to whom the advertisement may be communicated, and taking its content as a whole.

#### Definitions

For the purpose of this Code –

**adult** means a person who is at least 18 years of age;

**alcohol beverage** includes any particular brand of alcohol beverage;

**adolescent** means a person aged 14-17 years inclusive;

**Australian Alcohol Guidelines** means the electronic document ‘Guidelines for everyone (1-3)’ published by the National Health & Medical Research Council (NHMRC) as at 1st January 2004.

**child** means a person under 14 years of age; and

**low alcohol beverage** means an alcohol beverage which contains less than 3.8% alcohol/volume.

#### Advertisements for alcohol beverages must –

- a) present a mature, balanced and responsible approach to the consumption of alcohol beverages and, accordingly –
  - i) must not encourage excessive consumption or abuse of alcohol;
  - ii) must not encourage under-age drinking;
  - iii) must not promote offensive behaviour, or the excessive consumption, misuse or abuse of alcohol beverages;
  - iv) must only depict the responsible and moderate consumption of alcohol beverages;

- b) not have a strong or evident appeal to children or adolescents and, accordingly –
  - i) adults appearing in advertisements must be over 25 years of age and be clearly depicted as adults;
  - ii) children and adolescents may only appear in advertisements in natural situations (eg family barbecue, licensed family restaurant) and where there is no implication that the depicted children and adolescents will consume or serve alcohol beverages; and
  - iii) adults under the age of 25 years may only appear as part of a natural crowd or background scene;
- c) not suggest that the consumption or presence of alcohol beverages may create or contribute to a significant change in mood or environment and, accordingly –
  - i) must not depict the consumption or presence of alcohol beverages as a cause of or contributing to the achievement of personal, business, social, sporting, sexual or other success;
  - ii) if alcohol beverages are depicted as part of a celebration, must not imply or suggest that the beverage was a cause of or contributed to success or achievement; and
  - iii) must not suggest that the consumption of alcohol beverages offers any therapeutic benefit or is a necessary aid to relaxation;
- d) not depict any direct association between the consumption of alcohol beverages, other than low alcohol beverages, and the operation of a motor vehicle, boat or aircraft or the engagement in any sport (including swimming and water sports) or potentially hazardous activity and, accordingly –
  - i) any depiction of the consumption of alcohol beverages in connection with the above activities must not be represented as having taken place before or during engagement of the activity in question and must in all cases portray safe practices; and
  - ii) any claim concerning safe consumption of low alcohol beverages must be demonstrably accurate;
- e) not challenge or dare people to drink or sample a particular alcohol beverage, other than low alcohol beverages, and must not contain any inducement to prefer an alcohol beverage because of its higher alcohol content; and
- f) comply with the Advertiser Code of Ethics adopted by the Australian Association of National Advertisers.
- g) not encourage consumption that is in excess of, or inconsistent with the Australian Alcohol Guidelines issued by the NHMRC.
- h) not refer to The ABAC Scheme, in whole or in part, in a manner which may bring the scheme into disrepute.

### **Internet advertisements**

The required standard for advertisements outlined in (a) to (h) above applies to internet sites primarily intended for advertising developed by or for producers or importers of alcohol products available in Australia or that are reasonably expected to be made available in Australia, and to banner advertising of such products on third party sites.

## **Retail Advertisements**

Advertisements which contain the name of a retailer or retailers offering alcohol beverages for sale, contain information about the price or prices at which those beverages are offered for sale, and which contain no other material relating to or concerning the attributes or virtues of alcohol beverages except –

- i) the brand name or names of alcohol beverages offered for sale;
- ii) the type and/or style of the alcohol beverages offered for sale;
- iii) a photographic or other reproduction of any container or containers (or part thereof, including any label) in which the alcohol beverages offered for sale are packaged;
- iv) the location and/or times at which the alcohol beverages are offered for sale; and
- v) such other matter as is reasonably necessary to enable potential purchasers to identify the retailer or retailers on whose behalf the advertisement is published,

must comply with the spirit and intent of the Code but are not subject to any process of prior clearance.

## **Promotion of alcohol at events**

Alcohol beverage companies play a valuable role in supporting many community events and activities. It is acknowledged that they have the right to promote their products at events together with the right to promote their association with events and event participation. However, combined with these rights comes a range of responsibilities. Alcohol beverage companies do not seek to promote their products at events which are designed to clearly target people under the legal drinking age.

This protocol commits participating alcohol beverage companies to endeavour to ensure that:

- All promotional advertising in support of events does not clearly target underage persons and as such is consistent with the ABAC standard; and
- Alcohol beverages served at such events are served in keeping with guidelines, and where applicable legal requirements, for responsible serving of alcohol (which preclude the serving of alcohol to underage persons); and
- Promotional staff at events do not promote consumption patterns that are inconsistent with responsible consumption, as defined in the NHMRC Guidelines; and
- Promotional staff do not misstate the nature or alcohol content of a product; and
- Promotional staff at events are of legal drinking age; and
- Promotional materials distributed at events do not clearly target underage persons; and
- Promotional materials given away at or in association with events do not connect the consumption of alcohol with the achievement of sexual success; and
- Promotional materials given away at or in association with events do not link the consumption of alcohol with sporting, financial, professional or personal success; and
- Promotional materials given away at events do not encourage consumption patterns that are inconsistent with responsible consumption, as defined in the NHMRC Guidelines; and

- A condition of entry into giveaways promoted by alcohol companies at or in association with events is that participants must be over the legal drinking age; and Prizes given away in promotions associated with alcohol beverage companies will only be awarded to winners who are over the legal drinking age.

### **Third Parties**

At many events alcohol companies limit their promotional commitments to specified activities. This protocol only applies to such conduct, activities or materials associated with events that are also associated with alcohol beverage companies.

Alcohol beverage companies will use every reasonable endeavour to ensure that where other parties control and/or undertake events, including activities surrounding those events, they comply with this protocol. However non-compliance by third parties will not place alcohol beverage companies in breach of this protocol.

### **Public Education**

This protocol does not apply to or seek to restrict alcohol beverage companies from being associated with conduct, activity or materials that educate the public, including underage persons, about the consequences of alcohol consumption and the possible consequences of excessive or underage consumption.

## Appendix 2

# Commercial television program standards limiting the broadcast of advertising for alcohol products

COMMERCIAL TELEVISION PROGRAM STANDARDS LIMITING THE BROADCASTING OF ADVERTISEMENTS FOR ALCOHOL PRODUCTS																											
WEEKDAYS - TIMES IN EACH CLASSIFICATION ZONE SHADED																											
	AM												PM														
	5	6	7	8	8:30	9	10	11	12	1	2	3	4	5	6	7	8	8:30	9	9:30	10	11	12	1	2	3	4
General (G) Classification Zone only Children's (C), Parental Children's (P) and G classified materials may be broadcast																											
Parental guidance recommended (PG) Classification Zone																											
Major (M) Classification Zone																											
Major audience (MA) Classification Zone																											
Adult audience (AA) Classification Zone																											
<b>WEEKENDS - TIMES IN EACH CLASSIFICATION ZONE SHADED</b>																											
	AM												PM														
	5	6	7	8	8:30	9	10	11	12	1	2	3	4	5	6	7	8	8:30	9	9:30	10	11	12	1	2	3	4
General (G) Classification Zone only Children's (C), Parental Children's (P) and G classified materials may be broadcast																											
Parental guidance recommended (PG) Classification Zone																											
Major (M) Classification Zone																											
Major audience (MA) Classification Zone																											
Adult audience (AA) Classification Zone																											
<b>CURRENT AND PROPOSED LAW - TIMESLOT COLOUR KEY</b>																											
Currently "direct" advertisements for alcoholic drinks may be broadcast at these times												Standard proposed by the ATR Bill															



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*Broadcasting Services Act 1992 (Cth)*

*Australian Communications and Media Authority Act 2005 (Cth)*





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