

Questions on Notice During Hearing for Alcohol Beverages Australia

1.

Mr TAYLOR: Certainly if you take away choice it is a difficulty for the industry in that it is not able to compete. But you are also punishing the smaller end of the industry. We have a wealth of really exciting and interesting craft distillers and brewers and, of course, thousands of small vineyards operating right across the country—hundreds of them in New South Wales. If you take away the ability to advertise, those businesses wither up and die overnight because there is no way that they can establish themselves in the marketplace and gain a foothold. I think a lot of them would probably like, as a business model, to be bought by the major players, but they are going to get a much better price if they are able to establish their brands in the marketplace and create their own brands. If you take away their ability to advertise, you destroy that bottom end of the business. So you would actually be consolidating the power of the business at the very high end with the established brands.

The Hon. ADAM SEARLE: I am happy for you to take this question on notice. Are you able to give us more details about the economic situation of that part of the market you were just describing—how many people it employs, what its turnover is relative to the whole of the industry?

Mr TAYLOR: I could certainly pursue it, but I do not want to over-egg the likelihood that I am going to get an accurate—

The Hon. ADAM SEARLE: I can but ask the question and you can do your best and we will see what we end up with.

Mr TAYLOR: I will certainly do my best in the 21 days. I will take that on notice.

The NSW wine industry provides a good example of the contribution that smaller producers make to the industry as a whole. In NSW there are approximately 400 small wineries. These small wineries directly employ approximately 3,500 people.

Together, the small wineries in NSW account for 20% of the total crush. It should be noted that small wineries are more likely to produce a premium wine at a higher price point.

In addition to the wine industry, the craft beer industry also makes a significant contribution in NSW. It is estimated that the craft beer industry provides employment opportunities for 2,400 people.

It is important to note that the majority of small wine producers and many craft breweries are located in regional NSW, providing important economic and employment opportunities in these areas.

2.

Mr JUSTIN FIELD: Do you have statistics on the total levels of advertising within the industry and how that might be split between the different segments?

Mr TAYLOR: No, but I can certainly pursue it. Again, I do not want to overestimate my confidence in getting it within the 21 days, but I will certainly pursue it.

Total advertising expenditure for the industry as a whole, as well as between different industry sectors – Alcohol Beverages Australia does not have access to these figures and cannot get access to them with incurring significant cost (estimate \$25k).

Regardless of the actual figures I would refer the inquiry to my answer at the hearing about the monetary value of the industry's advertising no longer being the appropriate reckoner for assessing the amount of advertising done by the industry, due to the vastly reduced costs associated with online advertising, which has been and continues to be, an area of expansion for the industry.

3.

The CHAIR: In your submission you make a lot of references to Germany and the fact that there has been a reduction in alcohol consumption. Have you done any research as to the change in the population mix in Germany? I understand one million or two million people have come into Germany under its "open door" policy who are mostly Muslims who do not drink alcohol at all. Could that be skewing the results in Germany?

Mr TAYLOR: The numbers that I am quoting about the self-regulation have been based on numbers since the 1970s and to the best of my knowledge the "open door" policy has only been very recent. So I do not believe that would influence those figures.

The CHAIR: You do not have figures for Germany in the last two years?

Mr TAYLOR: Not to hand, but I could happily pursue them if the Committee would like me to?

The CHAIR: That would be good to give us a comparison.

Alcohol consumption figures for Germany in the last two years – Alcohol Beverages Australia has sourced its information regarding Germany's consumption from World Health Organisation (WHO) and is not aware of any updated WHO, or other more recent figures that might answer the question.

4. (This was not highlighted yellow in the transcript however, we have provided further details as undertaken at the inquiry)

Mr TAYLOR: The alcohol industry is growing and is sustainable. As I mentioned before, the industry is evolving and branching into a whole variety of new areas. It is becoming less of a "stand and deliver and knock back as many beers as you can" or "as many wines and spirits as you can" and has become a far more interesting and exciting experience-driven industry that is looking at mixing with foods, different venues, and also focusing on improved health outcomes and coexisting with what is essentially a healthier Australia. As that process unfolds, the industry experience is what is essentially a premiumisation. It is certainly not a concern for the industry that the consumption levels are continuing the way they are. There is plenty of scope for the industry to happily exist and continue to encourage responsible and moderate consumption.

The CHAIR: In spite of that decrease in consumption you are still producing as much alcohol?

Mr TAYLOR: I think you will find that the actual amount of alcohol that is produced varies. There are a lot of seasonal fluctuations—how the grape harvest goes and what the projected demand would be for individual products. So it is a huge collection of all those different estimates in terms of how much is actually produced. This is anecdotal but I would suggest that based on the expansion in the craft markets in brewing and distilling and the proliferation of small vineyards, I would say that our local production is probably increasing, but I would not like to give a definitive figure on that. Again I would be happy to pursue it.

Trend of alcohol production in NSW – There are myriad variable influences on the total production of alcohol in an area like NSW including historical sales, market estimates and demand, climate, bushfires and agricultural diseases.

In 2015-16 the NSW beer industry produced 275.4ML of beer, worth \$603 million. In NSW the total wine crush was 548,000 tonnes with the total area planted to vines in NSW at 34,018 hectares.

5.

Mr TAYLOR: Absolutely. The industry is doing an enormous amount when it comes to combating alcohol harms. Firstly, we are funding the DrinkWise initiatives. It is set up very independently, and there is a very good reason for that. You will find out more about Drink Wise when John Scott comes forward. But it is "practising what we preach". It is getting a group of people who we see are at risk—perhaps it is young people—and targeting them with a specific campaign that speaks their language, finds them where they are, be it on social media or advertising on music shows on the weekend. It talks to them in language that they understand. It warns them about the choices that they are going to be facing and the consequences of those choices.

Then we go to another part of the community: their parents. It is well-established in terms of research and experience that the strongest influences on young people with regard to drinking is parental behaviour and peer group pressure. We go to their parents and we warn them. We say, "Your kids are absorbing your drinking." It is a famous campaign and it had a fantastic impact on the community. Something like 30 per cent of people modified their drinking in front of their children. Another 25 per cent spoke to their children about alcohol consumption. I think another 30-odd per cent spoke to their partner about their own consumption. We are raising awareness of the responsibility. We are saying, "It is not the advertising, it is you".

The Hon. BEN FRANKLIN: Where does this come from?

Mr TAYLOR: Those figures come from research commissioned by DrinkWise, I believe.

The Hon. BEN FRANKLIN: You can take that on notice.

DrinkWise statistics on successful campaigns to modify drinking behaviour of parents and youth – The statistics quoted by Alcohol Beverages Australia were obtained from DrinkWise.

The figures reflect DrinkWise's campaign tracking results from March 2009, 8 months after the commencement of the *Kids Absorb Your Drinking Campaign*'.

The tracking was conducted by Quantum Market Research and reflects responses from a representative sample of 512 parents who completed an online survey.

6.

The Hon. SCOTT FARLOW: How much would your members spend on advertising per year?

Mr TAYLOR: Once again, I do not actually know the total sum. I have seen a relatively recent figure, somewhere of the order of \$222 million. I would prefer to take that on notice and try to find the Committee something accurate.

ABA's members' alcohol advertising expenditure per year – ABA does not have access to these figures and cannot get access to them because many ABA members view this as commercial in confidence information.

I would again refer the inquiry to my answer at the hearing about the monetary value of the industry's advertising no longer being the appropriate reckoner for assessing the amount of advertising done by the industry, due to the vastly reduced costs associated with online advertising, which has been and continues to be, an area of expansion for the industry.