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30 May 2013

Mr Stewart Smith
Director
NSW Legislative Council Standing Committee on Social Issues
By Email: socialissues@parliament.nsw.gov.au

Dear Mr Smith

The Brewers Association of Australia and New Zealand Inc (Brewers Association) seeks to provide answers to questions taken on notice during the hearing before the Standing Committee on Social Issues on Monday 6 May 2013.

All the questions raised, in essence, reflected the same question – what impact does advertising and sponsorship have on consumption of alcohol by young people?

To date, research findings are inconsistent but, in general, have found either no or minimal effects from advertising and sponsorship on consumption.

Further, studies identify that advertising impacts are negligible compared to other social and cultural factors.

The importance of family and peers in influencing consumption choices is a strong influence of decision making.

A detailed analysis of alcohol promotion and consumption including underage drinking is contained in the Brewers Association submission to the Australian National Preventative Health Agency review into alcohol advertising, as attached. We refer specifically to pages 13 to 22 inclusive.

We hope this information is of assistance.

Please note that the Brewers Association does not seek any amendment to transcript.

Yours sincerely

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Denita Wawn
Chief Executive Officer

Att.

Brewers Association of
Australia & New Zealand Inc

ABN 53 650 403 023



BREWERS
ASSOCIATION

Brewers Association of Australia & New Zealand Inc

SUBMISSION TO ANPHA ON
ALCOHOL ADVERTISING

28 FEBRUARY 2013

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EXECUTIVE SUMMARY

Beer is a legal product enjoyed responsibly by millions of Australian adults. The beer industry should have the capacity to market beer within that regulatory landscape.

Australian brewers ensure that marketing is directed only at those over the legal age and is carried out in a socially responsible manner.

Beer advertising and marketing informs consumers of the particular styles and attributes between available brands and builds brand equity and loyalty. It seeks to influence the brand choices of confirmed consumers of drinking age.

Beer advertising in Australia is tightly restricted through government and industry regulation that are not otherwise required of other products. Beer advertising is also highly scrutinised by the community.

Industry Codes are strict, comprehensive and are overseen by a robust and independent compliance system. Signatories to the Codes cover 95% of the alcohol industry in Australia.

Self-regulation does not mean that industry is left to regulate itself. Rather, it complements the existing legal framework to provide additional consumer protection. For ABAC, regulation goes beyond self-regulation and is actually quasi-regulated with government involvement in the management of the Code.

The small percentage of alcohol advertisements complained about each year – 3% of all advertising complaints relate to alcohol – reinforces the industry view that there is no widely held community concern about alcohol advertising, despite assertions to the contrary by a small number of alcohol alarmists.

Calls for further restrictions on alcohol advertising are misguided and wrong. Millions of Australians drink alcohol in a moderate and responsible way. This has remained largely unchanged in recent decades. Further, there is clear evidence to suggest that alcohol misuse by many high-risk groups, including young people, is on the decline.

Evidence indicates that banning or censorship of alcohol advertising is an ineffective tool to reduce alcohol misuse. There is not a direct causal relationship between drinking alcohol and promotion.

Studies show that advertising impacts on consumption is negligible compared to other social and cultural factors. The importance of family and peers in influencing consumption choices is a strong influence of decision making.

There is no evidence to justify further advertising constraints on the alcohol industry.

THE BREWERS ASSOCIATION

The Brewers Association represents the major brewers in Australia with the core purpose to celebrate beer, its contribution to the economy and to social wellbeing through responsible consumption.

Australian members of the Brewers Association comprise Carlton & United Breweries, Lion, and Coopers. Members of the Brewers Association produce and distribute around 95% of beer in Australia.

The Brewers Association is committed to the promotion of beer as an enjoyable and refreshing lower-alcohol alternative to other alcohol categories. Beer is a significant contributor to the economy and also provides a number of social benefits as an icon of Australian culture.

The Brewers Association is committed to the promotion of responsible consumption of alcohol. The Association believes in the need for targeted intervention that will successfully reduce harm for specific impact groups.

The Brewers Association encourages the moderate consumption of beer by informed adults. Many people enjoy drinking beer which can be part of a healthy lifestyle when consumed in moderation.

Our core principles are:

- drinking beer can add to peoples enjoyment of life, and as a lower alcohol and natural product, can be part of a healthy lifestyle if enjoyed in moderation;
- beer plays a positive role in our society and the economy due to its important role in the agricultural, brewing, tourism and hospitality sectors, as well as our culture and heritage;
- we encourage the moderate consumption of beer by informed adults; and
- we support targeted efforts by industry, government and the community to reduce the incidence of irresponsible and harmful consumption of beer.

THE AUSTRALIAN BEER INDUSTRY

The brewing industry makes a significant contribution to the Australian economy from the purchase of raw goods and inputs, through to an indirect contribution to the logistics and hospitality industries. 93% of beer available in Australia is brewed domestically.

Breweries directly employ thousands of Australians, and further contribute to the indirect employment of many staff across the industries of agriculture, hospitality, tourism, manufacturing and logistics.

At May 2012, the brewing and malt industries produced \$5.1 billion in revenue in Australia alone and generated \$458.1 million in exports.

Employment in 2010-11 accounted for approximately 4,345 jobs across Australia. This is an increase of approximately 800 jobs since 2006.¹

Total employee compensation for the same period (including wages, salaries, superannuation, allowances, penalties, bonuses, etc.) paid to Australian-based employees is estimated to have been \$393 million.

Job creation does not stop at these figures. The beer industry is a significant contributor to agriculture, tourism, hospitality, manufacturing and logistics. Employment of many hops and grain growers, transport operators and hotel staff is dependent on the viability of the brewing industry.

ACIL Tasman has estimated that the direct economic contribution of the Australian brewing industry to the Australian economy was approximately \$4.3 billion in the 2010-11 financial year. The direct contribution is made up of:

- compensation of Australian brewing industry employees of \$393 million;
- gross return on capital of \$1,367 million; and
- other taxes payable (including alcohol excise) of \$2,545 million.

To estimate indirect economic contribution, ACIL Tasman has taken the detailed input cost structure provided by the major brewers and allocated the Australian intermediate inputs to their ANSIC industries. In total, it is estimated that the Australian value added embodied in the Australian inputs used by the industry in 2010-11 was \$1,889 million.

¹ ACIL Tasman, Australian Brewing Industry, January 2013

ALCOHOL IN AUSTRALIA

The overwhelming majority of Australians consume beer in a positive and responsible way. Over recent decades, the consumption of beer has moderated in Australia. For the minority of people who misuse beer, we support greater education, and where necessary, targeted interventions to reduce the instances of misuse.

Recent figures on alcohol consumption indicate that there is no growing trend in alcohol misuse that suggests a crisis:

- per capita alcohol consumption in Australia sits at around 20% below the peak figures reported in the 1970s;
- the beer category has seen a significant decrease in consumption over the past 35 years with an increasing popularity in mid-strength products;²
- per capita consumption of alcohol in Australia is consistent with a number of OECD counterparts; and
- high risk groups, including the underage and pregnant, are consuming less alcohol and have improving rates of complete abstinence.

THE MAJORITY OF AUSTRALIANS DRINK RESPONSIBLY

Millions of Australians drink alcohol in a moderate and responsible way. This has remained largely unchanged in recent decades.

There is no evidence that alcohol consumption patterns have deteriorated to create a crisis.

The Federal Government's own Preventative Health Taskforce report noted that:

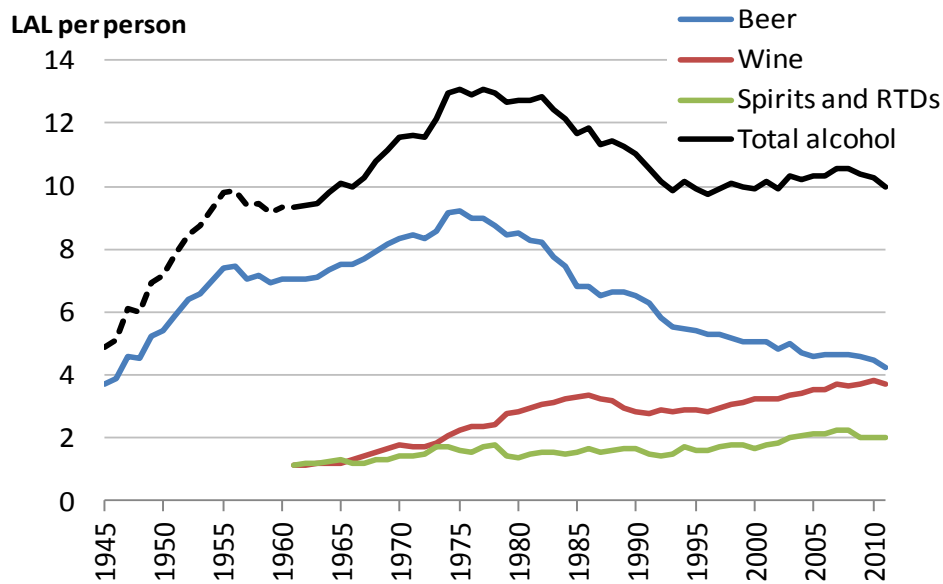
"... overall levels of alcohol consumption and drinking patterns have not changed markedly over the past decade".³

In May 2012, the Australian Bureau of Statistics reported that Australia's per capita consumption peaked at 13.1 litres of pure alcohol in 1974-75. This figure has remained relatively stable over the next 5-10 years and then declined over the following decade to 9.8 litres per capita. Consumption in 2010-11 sits at 10.0 litres per capita in 2010-11, 20% below the 1970s peak.

² ACIL Tasman Report for the Australian Brewing Industry 2013

³ National Preventative Health Taskforce (2008), Technical Report No 3: Preventing Alcohol-related Harm in Australia: A Window of Opportunity <http://www.health.vic.gov.au/vdapc/downloads/alcohol-report.pdf>

Per capita pure alcohol consumption in Australia

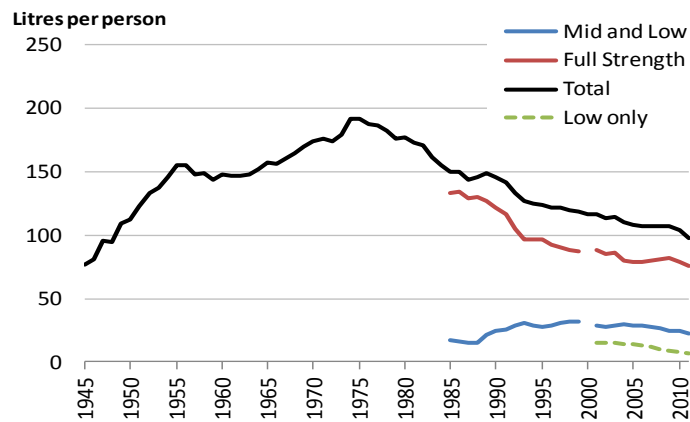


Note: Prior to 1961 only data on beer consumption is available. The total per capita alcohol consumption level has been projected backwards by holding constant the spirit and wine consumption shares at their 1961 levels.
Data source: ABS (2012) Apparent Consumption of Alcohol, Australia, 2010-11

There has been a decrease in beer consumption over the past 35 years. Per capita consumption of pure alcohol attributed to beer has continued to decrease in recent years with a reduction from 4.63 litres per person in 2007-08 to 4.23 litres in 2010-11.

Mid-strength and low-strength products have gained in popularity over the last 25 years as has the premium sector.

Per capita beer consumption by market segment



Data source: ABS (2012) Apparent Consumption of Alcohol, Australia, 2010-11

Australia's per capita consumption is similar to that of comparable OECD nations, and is considerably lower than a number of other European countries.

Alcohol consumption, per litres of alcohol, population 15+

Country	1961 ^a	1971 ^b	1981 ^c	1991	2001	2009 ^d
Australia	9.3	11.6	13.0	10.0	9.6	10.1
Austria	10.0	14.7	14.3	14.9	12.8	12.2
Belgium	9.0	12.0	13.1	11.5	10.3	9.7
Canada	7.1	9.4	10.8	7.3	7.6	8.2
Chile	11.0	11.0	10.3	7.3	6.6	8.6
Denmark	5.8	9.3	12.0	11.6	13.1	10.1
Finland	2.9	6.4	8.0	9.2	9.0	10.0
France	25.1	20.6	18.7	15.8	14.2	12.3
Germany	7.5	13.4	14.2	12.4	10.4	9.7
Greece	7.2	7.0	11.5	10.4	9.4	9.2
Hungary	8.1	11.9	14.8	13.3	13.2	11.8
Iceland	2.5	4.1	4.4	5.1	6.3	7.3
Ireland	5.0	7.3	9.1	11.2	14.4	11.3
Israel	4.2	4.4	2.7	1.7	2.6	2.5
Italy	19.2	19.6	15.1	10.8	8.6	8.0
Japan	5.0	6.1	7.2	8.9	8.6	7.4
Luxembourg	12.6	13.5	12.8	15.1	12.3	11.8
Mexico	2.8	4.1	3.6	4.8	4.8	5.9
Netherlands	3.7	8.5	11.3	10.0	9.9	9.4
New Zealand	5.3	10.4	11.7	10.3	8.8	9.3
Norway	3.5	4.9	5.3	4.9	5.5	6.7
Poland	6.3	8.0	8.7	8.8	7.8	10.2
Portugal	17.2	16.4	15.5	15.8	12.3	12.2
Slovak Republic	7.1	13.6	14.5	13.7	8.7	9.0
Spain	14.6	15.9	17.4	13.2	11.5	10.0
Sweden	5.1	7.0	6.3	6.3	6.5	7.4
Switzerland	12.7	14.2	13.7	12.9	11.1	10.1
Turkey	.9	1.2	1.6	1.4	1.4	1.5
United Kingdom	6.1	7.4	9.1	9.4	10.7	10.2
United States	7.8	9.5	10.4	9.3	8.3	8.8
Mean	8.2	10.1	10.7	9.9	9.2	9.0
Standard Deviation	5.3	4.6	4.3	3.8	3.1	2.5
Standard Deviation / Mean	.65	.46	.40	.38	.34	.28

Note: a Chile 1963, Germany 1960, Japan 1963, Luxembourg 1963, New Zealand 1960, Spain 1962, UK 1965; b Germany 1970, Portugal 1972; c Germany 1982; d Belgium 2006, France 2008, Greece 2008, Hungary 2008, Iceland 2008, Israel 2005, Italy 2006, Luxembourg 2005, Mexico 2008, Portugal 2005, Spain 2006, US 2008.

Source: OECD Health Data 2011 available [www.oecd.org/health/healthdata], accessed 12 March 2012, except France 1961, and Greece 1961 and 1971, which were sourced from AIHW (2003).

HIGH-RISK GROUPS ARE DRINKING LESS

The 2010 National Drug Strategy Household Survey Report revealed a number of positive changes in how Australians are consuming alcohol.

A higher proportion of 12-17 year olds abstained from alcohol (61.6%) than those who had consumed any within the last 12 months (38.4%). The proportion of 12-15 year olds who abstained from alcohol increased in 2010 (from 69.9% in 2007 to 77.2% in 2010). Similar increases occurred for 16-17 year olds, rising from 24.4% in 2007 to 31.6% in 2010.

The proportion of pregnant women who abstained from alcohol during pregnancy has also significantly increased from 40.0% in 2007 to 52.0% in 2010.

There was little overall change in the proportion of risky drinkers from 20.3% in 2007 to 20.1% in 2010. Although small, it does indicate a gradual change and dispels the myth surrounding the 'binge-drinking epidemic'. Likewise, the Roy Morgan Research Report on Alcohol Consumption has found Australians aged 18-24 years who drink alcohol in an average four weeks has progressively decreased each year for the last five years. In addition, it was found that the total volume of alcohol consumed by 18-24 year olds in an average seven days has decreased by 11% in five years.

The ANPHA Issues Paper refers⁴ to a recent report prepared for the Commonwealth Department of Health and Ageing, Drug Strategy Branch by The Cancer Council Victoria. ANPHA refers to underage drinking statistics but unfortunately did not identify the significant declines in alcohol consumption by Australian children over a period of six years.

The report found that the proportion of students who reported current use of alcohol (having consumed alcohol in the past seven days) had significantly decreased among students aged between 12 and 17 years.⁵

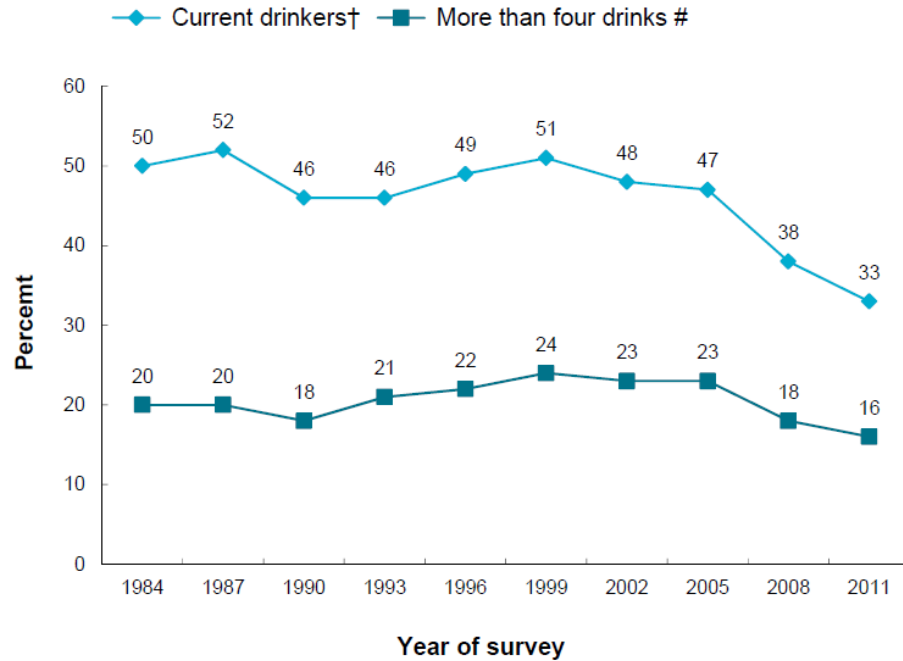
The proportion of younger students (12-15 year-olds) who reported drinking alcohol in the seven days prior to interview had decreased from 22% in 2005 down to 17% in 2008 and 11% by 2011. Similarly, older students (16-17 year-olds), who reported current use of alcohol decreased from 47% in 2005, to 38% in 2008 and 33% by 2011.

Binge drinking also decreased dramatically between both age cohorts (from 6% in 2005 to 3% in 2011 for 12-15 year-olds and 23% to 16% for 16-17 year-olds over the same period).

⁴ Paragraph 28, page 10, Alcohol Advertising: The effectiveness of current regulatory codes in addressing community concerns, Issues Paper, ANPHA, December 2012

⁵ Tobacco, alcohol, over-the-counter and illicit substance use among Australian secondary school students 2011, Australian Government Department of Health and Ageing (2012)

Proportion of 16-17 year-olds drinking in the seven days before the survey (current drinkers) and the proportion drinking more than four drinks on a single occasion in the past seven days, Australia, 1984-2011⁶



As these figures indicate, the behaviour of this high-risk group is improving. The Brewers Association is of the view that these figures are an important factor in the consideration of the impact of alcohol advertising on alcohol misuse in Australia.

⁶ ibid

ROLE OF GOVERNMENT IN ALCOHOL POLICY

The Brewers Association supports targeted efforts by industry, government and the community to reduce instances of alcohol misuse.

Government involvement in relation to alcohol policy should be focused on reducing alcohol misuse and harmful levels of consumption.

Alcohol policies that seek to reduce total alcohol consumption in Australia will not reduce misuse, but rather simply punish the majority of consumers who are already drinking responsibly in moderation.

Alcohol policy should be based on establishing a drinking culture that maximises enjoyment and benefits of moderate consumption while tackling the harms caused by alcohol abuse.

In selecting alcohol policies, government must decide how to encourage some behaviour and discourage others, while maintaining what government perceives as an appropriate balance between state and individual responsibility.

A number of policy measures, such as minimum pricing, take a “control of consumption” approach. The control of consumption theory contends that there is a link between per capita consumption and levels of abuse. This theory has been challenged in recent years as a result of evidence regarding the beneficial health effects of moderate consumption of alcohol and also the varying factors of what contributes towards harmful consumption.

There is a growing body of evidence that targeted interventions that focus on patterns of drinking rather than total consumption are a better means of addressing harmful consumption.

“One of the major conceptual shifts that has occurred in the alcohol field over the past decade has been the recognition (albeit reluctantly in some quarters) of the limitations and inaccuracies inherent within a single-distribution theory of alcohol consumption and all that such a position implies. While it played a valuable part in terms of heightening the profile of prevention issues and fuelling the debate about them, it nonetheless has done prevention a disservice through the long and protracted effort required to shift the focus of attention away from mean per-capita consumption to address more meaningful questions on patterns of consumption, such as occasions of drinking, frequency of episodes of intoxication, drinking setting and other associated factors”⁷

This is consistent with the provisions of the NHMRC Guidelines that harmful consumption is not just about levels of drinking.

Interventions cannot be implemented without knowing the drinking behaviour in some detail. Selecting the right interventions that are right for particular populations, contexts or

⁷ Roche, A.M, and Evans K.R, Drinking Patterns and their Consequences.” 1998

behaviours requires getting beneath data on overall population consumption and calls for assessment of drinking practices.

Targeted intervention, including a combination of education, strong enforcement of existing laws, and laws to reinforce the social norm of responsible and moderate consumption, is far more effective in resolving alcohol misuse without negatively impacting on the majority who already responsibly consume alcohol in moderation and enjoy a healthy lifestyle.

CONCLUSIONS

The Brewers Association contends that there is no evidence to suggest that alcohol problems are on the rise which could justify further regulatory constraints on the alcohol industry. In fact, many of the trends are positive.

In consideration of existing regulation which encompasses both population wide measures and targeted interventions, the most effective way to reduce harmful consumption of alcohol is a focus on targeted interventions as opposed to any further population wide restrictions that adversely affect the vast majority who drink in moderation.

ALCOHOL ADVERTISING

Promotion of a product plays a fundamental role in the success of businesses in healthy and competitive economies. It helps facilitate competition and allows for new products to be introduced to consumers.

Australian brewers ensure that marketing is directed only at those over the legal age and is carried out in a socially responsible manner.

Beer advertising and marketing informs consumers of the particular styles and attributes between available brands and builds brand equity and loyalty. It seeks to influence the brand choices of confirmed consumers of drinking age.

Members of the Brewers Association comply with a robust industry led advertising regulatory system in Australia.

Evidence indicates that banning or censorship of alcohol advertising is an ineffective tool to reduce alcohol misuse.

ALCOHOL IS A MATURE MARKET

In a mature and diversified market, such as that of beer and alcohol in general, promotion is crucial to encourage competition between brands. Businesses have a right to advertise and promote their products to those who may lawfully purchase them.

Advertising provides consumers with information to better assist with choices. Otherwise, an inability to promote or market alcohol would see inhibited product development, increased market barriers to new producers and overall free-market deterioration among brands and market participants.

In a mature and diversified market, such as that of alcoholic beverages, promotion simply encourages competition between brands and category rather than the consumption of alcohol by people who otherwise would not drink.

A mature market is a market that has reached a state of equilibrium marked by the absence of significant growth or innovation. The alcoholic beverages market has been considered a mature market for decades.

John E. Calfee, Resident Scholar of the American Enterprise Institute for Public Policy Research explains the effect and intention of advertising in a mature market:

"...[E]conomic theory, plus extensive scientific research, indicates that advertising in a mature market – such as that for alcoholic beverages, detergent soaps or toothpaste – does little or nothing to increase total demand. Rather, advertising serves to develop brand loyalty"⁸

⁸ Calfee, John E., "Comments on 'Youth and Alcohol: Controlling Alcohol Advertising That Appeals to Youth'", November 27, 1991

The purpose of promotion is to encourage competition between brands, not consumption of alcohol. Evidence indicates that while advertising does not increase overall consumption, it does have a measureable impact on market share for individual brands and substitution between brands.

For example, beer is by far the largest advertiser of alcohol in Australia yet beer consumption has decreased significantly in the past 30 years while popularity of styles and brands of beer have varied during the same period – in part due to advertising.

A review in 2003 of the large body of existing global social science research by Joel Grube does not support the existence of a causal relationship between alcohol misuse and promotion. Rather, it finds;

“In general, the findings from the ecological studies provide little consistent support for a relationship between alcohol advertising expenditures or advertising restrictions and aggregate alcohol sales, consumption or problems. They do provide stronger evidence that alcohol advertising may lead to changes in brand or beverage preferences without increasing total consumption”⁹

Therefore, advertising does not create consumption in a market as mature as the alcoholic beverages market. In general, it does not go beyond a mere correlation, and is not supported by the evidence of a causal link between advertising and subsequent increased consumption far less harmful consumption.

INFLUENCE OF ALCOHOL ADVERTISING

Advertising is not required to create or sustain demand for a product. If this was true the consumption of illegal drugs would not be so widespread and similarly the consumption of alcohol did not decrease substantially during the US prohibition.

Studies show that advertising impacts on consumption is negligible compared to other social and cultural factors. The importance of family and peers in influencing consumption choices is a strong influence of decision making.

Producers of alcohol are solely interested in targeting segments of the market that are lawfully able to purchase alcohol. This approach is consistent with individual efforts to promote brand differentiation and increase market share of their respective category.

For example, a US study in 2006 (Nelson) found that expenditure on magazine placements by the alcohol beverage industry was not targeted at adolescents as critics had alleged. Rather, results indicated that significant effects for price, audience size and adult demographics were the primary determinants for advertising placement and represented a

⁹ J W Grube, Alcohol in the Media: Drinking Portrayals, Alcohol Advertising, and Alcohol Consumption Among Youth. In Reducing Underage Drinking: A Collective Responsibility, National Research Council, Institute of Medicine of the National Academies, The National Academies Press, 2003

greater return on investment. Results failed to support claims that advertisers target youth.¹⁰

ALCOHOL ADVERTISING DOES NOT LEAD TO HARMFUL CONSUMPTION

A ban on the advertising and promotion of alcohol will not lead to a reduction in alcohol misuse including underage drinking. There is not a direct causal relationship between drinking alcohol and promotion.

To date, research findings are inconsistent but, in general, have found either no or minimal effects.

A review by the International Center for Alcohol Policies (ICAP) of the research undertaken as to whether alcohol advertising leads to harmful consumption lead to the conclusion that the balance of the evidence does not support a direct causal relationship between overall alcohol marketing and drinking levels or harmful drinking patterns.¹¹

Professor Joel Grube (2005) found that it is difficult to make statements about causality;

"In summary, survey studies generally find significant associations between reported exposure to, attention to, and recall of alcohol advertising, on the one hand, and drinking beliefs and behaviours among young people, on the other. These relationships, however, tend to be modest. Moreover, because of the cross-sectional designs of most of these studies and the failure to control for previous drinking in some longitudinal studies, it is difficult to make statements about causality".¹²

Research that measures positive association of alcohol as a correlation to alcohol promotion are limited by their lack of findings on causation and relationships. These studies are subject to criticism as many are cross-sectional and unable to measure whether the subjects associate positively with the advertisements because they already have positive associations towards alcohol, or whether the advertisements themselves cause the subjects to have positive associations with alcohol. Additionally, many do not eliminate other variables such as family alcohol behaviour and other societal influences.¹³

A study by Nelson and Young (2001) concludes that despite the longstanding use of advertising bans in many of the countries in their sample, other economic and cultural factors are apparently far more important as determinants of drinking patterns and consumption. The empirical results of their study are inconsistent with the social learning

¹⁰ Nelson, JP, Alcohol Advertising in Magazines: Do Beer, Wine, and Spirits Ads Target Youth?, Contemporary Economic Policy, Vol 24, No 3, July 2006, pp 357-369

¹¹ ICAP, Alcohol Marketing and Young People, Issues Briefing, Updated June 2012

¹² Grube, JW & Waiters, E, Alcohol in the Media: Content and Effects on Drinking Beliefs and Behaviours Among Youth", Adolescent Medicine Clinics, 16:327-343, 2005

¹³ Grube, J (2005)

theory that advertising creates positive images of alcohol consumption and thus increases demand for alcohol.¹⁴

A further study undertaken by Nelson (2010) assessed the methodology of longitudinal studies of advertising and youth drinking and smoking behaviours.¹⁵

Nelson specified that for longitudinal studies to be valid they must predict internal validity (confidence with which a causal relationship between two variables can be drawn) and the external validity (confidence with which a presumed causal relationship can be generalised beyond the specific sample, setting and time).

Nelson then reviewed a series of articles (including a number referred to in the ANPHA issues paper) that consider the impact of marketing on young people and listed shortcomings in these studies:

- Omission in variables is often present - parents and peers or risk-seeking are for example not taken into account despite being of high importance.
- Measurement errors often occur - for example, strong emphasis put on 'significant' figures although most of the figures are non-significant.
- Possible endogeneity of certain variables - for example, advertising receptivity and exposure as a choice by teenagers is the same as drinking is a choice by teenagers- is not taken into account.
- Sample selection bias.

Nelson concludes that almost all of the studies are lacking in methodology and thus in credibility and presents threats to both the internal and external validity. He calls for stricter research criteria.

It is also difficult to separate marketing impacts with other societal and regulatory impacts on alcohol consumption. As identified by ICAP:

“Drinking levels and patterns are also in part shaped by proper enforcement of various regulations around alcohol (such as drinking age laws and blood alcohol concentration limits for driving), as well as by societal changes (such as economic development and affordability of alcohol)

- *From 1980 to 2000, a 30% decrease in average consumption was observed in the Mediterranean wine drinking countries, despite few restrictions on alcohol marketing and distribution.*
- *Despite significant increases in advertising expenditure in France, the Netherlands and the UK between 1970 and 1990, alcohol consumption declined in all 3 countries over the same period.*

¹⁴ Nelson, JP & Young DJ, Do Advertising Bans Work? An International Comparison, International Journal of Advertising, 20:273-296, 2001

¹⁵ Nelson, JP, What is Learned from Longitudinal Studies of Advertising and Youth Drinking and Smoking? A critical assessment, International Journal of Environmental Research and Public Health, March 8, 2010

- *In many emerging markets, alcohol consumption remains high even though much of the alcohol consumed is not marketed but is largely unbranded or not commercially produced.*¹⁶

As highlighted earlier in this submission, the majority of Australians consume alcohol responsibly while abstinence levels of at-risk groups, including the underage and pregnant, are continually improving. These improvements have occurred despite increasing expenditures on advertising by alcohol producers.

ALCOHOL PROMOTION AND UNDERAGE DRINKING

Similar to harmful consumption, there is an absence of evidence that suggests a causal link between alcohol promotion and underage drinking. The methodologies of most studies are weakened by inconclusive results that merely suggest a correlation in behaviour. It is unproven that positive associations between adolescents and alcohol consumption are caused by an exposure to advertising when an abundance of external societal factors are at play, including culture and peer-influence.

In a multidisciplinary overview on alcohol and youth development, the U.S. National Institute on Alcohol Abuse and Alcoholism (NIAAA) state:

*“Although they are informative and interesting, these studies do not address the question of causality: Do alcohol advertisements cause youth to drink, or do youth who already drink pay more attention to alcohol advertising?”*¹⁷

Nelson concluded in his 2010 review of 20 longitudinal studies of youth drinking and 26 studies of youth smoking that substantial shortcomings are found which preclude a causal interpretation.¹⁸

The view that alcohol promotion is a likely factor in the initiation of alcohol consumption by youth fails to recognise a myriad of external influences.

A review into the risk factors for adolescent alcohol initiation by Donovan in 2004 concluded that:

*“the most consistent antecedent risk factors for starting to drink were parental and peer approval and models for drinking and drug use as well as adolescent’s own prior involvement in delinquent behaviour”.*¹⁹

A report on Australian secondary school students’ use of alcohol prepared for the Australian Department of Health in 2012 indicates that parents were the most common source of alcohol for youth who drink at 33%. The majority (64%) of current drinkers under the age

¹⁶ ICAP, Alcohol Marketing and Young People, Issues Briefing, Updated June 2012

¹⁷ NIAAA, “Alcohol and Development in Youth – A Multidisciplinary Overview,” Alcohol Research & Health, 28(3):155-162,2004-05

¹⁸ Nelson, 2010

¹⁹ Donovan, JE, Adolescent alcohol initiation, A review of psychosocial risk factors, Journal of Adolescent Health, Volume 35, Issue 6, December 2004

of 18 also reported that they had consumed their last drink under adult supervision.²⁰ Parental and peer influence plays a far more significant role in shaping perceptions of alcohol and the initiation of consumption.

It is important to note that beer advertising is not addressed to children. It is utilised to encourage the purchase of particular brands by people of legal drinking age. There are a series of safeguards in place to ensure that the content of promotions do not appeal to children.

ADVERTISING BANS DO NOT WORK

A wealth of research contradicts the claim that advertising bans are effective as a policy to reduce demand for alcohol and/or reduce harmful consumption of alcohol.

Nelson and Young conducted a study of bands on broadcast advertising in 17 OCED countries from 1977- 2000 in relation to per capita alcohol consumption, liver cirrhosis mortality and motor vehicle fatalities. The results indicate that advertising bans in OCED countries have not decreased alcohol consumption or alcohol misuse.

Their findings suggest that advertising bans do not have a large impact on drinking patterns, although bans may affect brand and beverage choices. Despite the longstanding use of advertising bans in some countries in the sample, other economic and cultural factors are far more important as determinants of drinking patterns and consumption such as unemployment rates, tourism and ageing population. In fact he concluded that advertising bans seem not to have any reduction on alcohol consumption rate but a relationship exists between employment rate and consumption - the higher the employment rate, the higher the consumption of alcohol.

Evidence specifically from France and New Zealand also suggests that the banning of alcohol advertising and sponsorships had no impact on reducing alcohol consumption and/or misuse. While France opted to ban alcohol advertisements in the early 1990s and New Zealand chose to allow television advertising, the per capita consumption of alcohol continued to fall at similar rates in both countries.

Another graphic illustration is provided by comparing Spain and Norway. There is no advertising of alcohol in Norway yet alcohol consumption steadily increased from 1970 to 2004. While Spain, that allows advertising, has experienced a steady decline in alcohol consumption.

The Loi Evin has banned alcohol advertising in France since 1991. The ANPHA Issues Paper noted that,

*“while the Loi Evin is highlighted as a successful regulation, the impact of the restrictions on reducing alcohol consumption and alcohol related harm is difficult to assess”.*²¹

²⁰ Australian Secondary School Students’ Use of Tobacco, Alcohol, and Over-The-Counter and Illicit Substances in 2011, Report prepared for Drug Strategy Branch - Australian Government Department of Health and Ageing, Cancer Council Victoria

The Brewers Association asserts that the evidence from France clearly identifies that the regulation has not been successful and that evidence highlights that harmful consumption has actually increased since its introduction. The Loi Evin is therefore a clear example of how advertising bans do not work.

The following references support that claim:

- The French Prime Minister's National Council for Evaluation's report in 1999 on the Loi Evin stated that since the start of the 1990s the strong tendencies for the 15 years previous to 1990, towards a reduction in average alcohol consumption had continued, but without there being any notable acceleration in the decrease.²²
- The French Committee for Health Education had noted that even though the percentage of 12-18 year olds consuming alcohol had decreased during the 1980s, since the start of the 1990s the percentage of 12-18 year olds consuming alcohol had increased from 47% in 1991 to 65% in 1995, accompanied by an equally important growth from 40% in 1991 to 60% in 1995, in the number of occasional consumers. There had also been an increase in the consumption of strong alcohol, consumed among youth on a Saturday night.²³
- The 2006 report of the Ministry of Health, Youth and Sports and the National Institute for Prevention and Health Education, shows that the trend of drunkenness and excessive consumption continued into the Loi Evin's second decade. From 2000 to 2005 average alcohol consumption continued to go down but neither the proportion of drunken occasions nor that of excessive drinkers decreased.²⁴
- The trend of increased consumption by adolescents has also continued with the 2009 European School Project on Alcohol and Other Drugs report showing that both lifetime alcohol consumption (from 85% in 1999 to 88% in 2007) and consumption in the past 30 days (from 60% in 1999 to 64% in 2007) amongst 16 year olds has increased.²⁵

Specific to beer, there have been a number of advertising bans that have not achieve their objectives:

- The banning of beer advertisements in 1974 in the Canadian province of Manitoba did not diminish consumption as to the relative consumption in the province of Alberta where advertising remained legal.²⁶

²¹ Paragraph 62, page 21, ANPHA Issues Paper

²² Rapport d'évaluation : La loi relative à la lutte contre le tabagisme et l'alcoolisme (1999) <http://lesrapports.ladocumentationfrancaise.fr/BRP/004000708/0000.pdf>, 85-86.

²³ Rapport d'évaluation, 1999

²⁴ Etats généraux de l'alcool - http://www.inpes.sante.fr/10000/themes/alcool/pdf/Rapport_EGA_tome1.pdf (2006), p.5.

²⁵ European School Project on Alcohol and other Drugs, 2009, - www.espad.org/keyresult-generator

²⁶ Ogborne, AC & Smart RG, 1980, Will restrictions on alcohol advertising reduce alcohol consumption? *British Journal of Addiction*, 75, 293-296

- In Poland, despite a ban on beer advertising, consumption doubled from just over 30 litres per capita per annum in 1992 to over 60 litres in 2001.²⁷
- In 2004 Russia introduced a ban on beer advertising on TV except between 10pm and 7am. According to statistics from the Russian Beer Union, the volume of beer ads decreased by 30% but beer sales surged, rising 15% alone in 2008.²⁸

TYPES OF ALCOHOL ADVERTISING

Advertising of alcohol occurs in many forms, as with the advertising of any other product.

Forms of advertising have changed and expanded particularly due to advances in technology. Likewise, self-regulatory codes have responded to the expansion of forms of advertising.

The ANPHA Issues Paper refers to the term, *“new media: internet advertising, sponsorship of sport and music events, social media, product placement and point-of-sales promotions”*²⁹

The Brewers Association disagrees with this definition of new media as it contains a range of promotional tools that have been utilised for a significant period of time including sponsorship, internet, product placement and point of sales promotions. It is our view that the only mechanism that can really be termed as “new media” is social media.

SPORTING AND COMMUNITY SPONSORSHIP

Sponsorship between an alcohol producer and another entity, sport or otherwise, is a commercial arrangement between those parties.

Any promotional activities that arise from the sponsorship arrangement are covered by regulation established by government and by industry.

Sponsorship is for many organisations, including sport, vital for its ongoing viability and to enable growth of the organisation that may not otherwise be realised.

Sports sponsorship is an important avenue for both brand promotion and differentiation.

The beer industry does not sponsor sport to promote its products to children. Sports sponsorship is used because the vast majority who watch sport, either on the ground or on television, are adult males. The vast majority of beer drinkers are adult males.

Sports sponsorship is simply an effective channel to reach the beer industry’s target audience, adults males, and encourage them to choose one brand over another.

²⁷ Brewers of Europe Factsheet on Alcohol Advertising

²⁸ Brewers of Europe Factsheet on Alcohol Advertising

²⁹ Defined at paragraph 29, page 10, ANPHA Issues Paper

Likewise, car brands heavily invest in sports sponsorship for the same reason as the alcohol industry – to target adult males. Yet there is no suggestion that doing so encourages young people to speed, as they often do.

Double standards seem to apply to those critical of the alcohol industry.

Like other forms of promotion, there is no firm evidence that suggests a ban on sports sponsorship would lead to a reduction in alcohol misuse or underage consumption. The significant expenditure on sponsorship, as highlighted by alarmist critics, is necessary for brand competition.

The market share of beer and alcohol consumption in general, continues to decline despite increasing costs of sports and event sponsorship.

In lacking substantial evidence that alcohol sponsorship leads to misuse, Kypri et al (2009) pushed for a shift of the burden of proof to fall upon the alcohol industry.³⁰ Co-author Dr Kerry O'Brien has more recently published an article on alcohol industry sponsorship and its relation to alcohol-related harms in Australian university athletes. The research is limited by its inability to control for other contextual, psychosocial and cultural factors.³¹

TV ADVERTISING

Television industry standards include no advertising of alcohol products before 8.30pm unless it is shown during live sport. This rule has come under some criticism on the basis that alcohol advertising during live sport equates to an appeal to children. The Brewers Association rejects that criticism.

Oztam audience figures reveal that the vast majority of live sports viewers are adults. For example, during the 2012 Melbourne Cup 89.8% of the viewing audience was 18 years old or over. The NRL season on Channel 9 averaged an adult viewing audience of 88.3%.

Viewing figures also indicate that the small numbers of children, watching live sport, predominantly do so with an adult.

Further, evidence clearly identifies that alcohol advertising does not create a causal link to alcohol consumption in children.

It is important to note that alcohol advertising that appears during live sport is still required to comply with all regulation including the provisions specifically prohibiting an appeal to children.

Reflecting a mature market, alcohol advertising during live sport is a consequence of the fact that the audience is a key target market, adult males, to promote a particular brand.

³⁰ http://www.ias.org.uk/resources/publications/alcoholalert/alert200903/al200903_p7.html

³¹ http://personalpages.manchester.ac.uk/mbs/dermot.lycott/publications_files/OBrien-Lynott-Miller-2013-AlcoholSponsorshipSportsPeople.pdf

DIGITAL MARKETING

Advertising can occur through a broad range of mediums, including new forms such as digital marketing, including social media.

Any new medium attracts some level of negative commentary about its impact without an understanding of how it works – the fear of the unknown. As such, criticisms of social media that are based on assumptions or bias should be ignored. Rather, robust evidence should be considered before any conclusions are drawn.

Contrary to some assertions, digital marketing is covered by industry codes and has been the subject of a number of decisions by the adjudication panels of the relevant codes including ABAC.

Digital marketing is an effective advertising tool as it can target the audience sought by the advertiser and as such limit the possibility it could be seen by someone under the age of 18.

Mechanisms such as age-gating are additional safeguards to minimise exposure to children.

For example, an underage registered user of Facebook cannot see alcohol brand pages, they cannot search for them and they cannot even see their friends who are 18 years old or over interacting with alcohol Facebook sites via their walls.

Likewise, YouTube can restrict content to users over 18 years of age.

Perceptions as to how some sites are used by children cloud reality. For example, YouTube's demographics are as follows:

- A [2009 Study](#) of Australian users found: 14-17 year olds only make up 7% of Australian YouTube users; 18-29 = 32%; 30-39 = 20%; 40-49 = 18%; 50-59 = 13%; and 60+ = 10%.
- A [2012 Global Study](#) found: 0-17 year olds make up approx. 9% of global YouTube users; 18-24 = 10%; 25-34 = 18%; 35-44 = 20%; 45-54 = 31%; 55-65+ = 12%.

COMMUNITY CONCERN ABOUT ALCOHOL ADVERTISING

The ANPHA issues paper cites a number of references identifying concern about the proliferation of alcohol marketing into new media and the promotion of alcohol consumption as part of everyday life.³²

It is noted by the Brewers Association that these references are not based on objective, evidence-based community research but rather reports by groups or individuals that arguably have a subjective bias against the alcohol industry.

The Brewers Association believes that for ANPHA to refer to an increasing concern about the proliferation of alcohol advertising then it requires objective evidence of community views before such conclusions can be drawn.

Further, the inference that there is something wrong *with "promotion of alcohol consumption as part of everyday life"*³³ is unacceptable and inconsistent with the fact that alcohol is a legal product for sale in Australia and advertising of alcohol in a mature market is about brand not consumption.

Alcohol consumed in moderation is, and always has been, a part of everyday life for the vast majority of adult Australians but what shouldn't be part everyday life is the misuse of alcohol. There is a distinct difference.

³² Paragraph 31, page 11, and again at paragraph 45, page 15, ANPHA Issues Paper

³³ Paragraph 31, page 11, ANPHA Issues Paper

SELF-REGULATION OF ALCOHOL ADVERTISING

Advertising self-regulation is an effective means to regulate beer advertising and strikes a balance among consumers' right to information, society's concerns about alcohol advertising and legitimate business interests to advertise products. It is also an efficient and cost-effective system for governments and the community.

Australia has a robust self-regulatory system for alcohol advertising with compliance with a range of legislative provisions.

The Brewers Association focuses its attention on the effective operation of the Alcohol Beverages Advertising (and Packaging) Code which considers the content of alcohol advertisements, as opposed to placement which is regulated by other Codes.

HOW DOES SELF-REGULATION WORK

Industry self-regulation of alcohol advertising is a system by which the industry actively polices itself, within a broader legal framework.

Self-regulation does not mean that industry is left to regulate itself. Rather, it complements the existing legal framework to provide additional consumer protection.

Governments historically have welcomed self-regulation as it conserves government resources and is more flexible than government regulation.

For ABAC, regulation goes beyond self-regulation and is actually quasi-regulated with government involvement in the management of the Code.

While self-regulation in alcohol advertising in Australia does not include penalties there are commercial consequences to breaching a code, from cost of withdrawing an advertisement through to reputation cost when a non-compliance decision is made public.

ALCOHOL ADVERTISING CODES IN AUSTRALIA

ABAC is not the only set of self-regulatory rules affecting alcohol advertising in Australia.

Alcohol advertisements must also comply with:

- the Australian Association of National Advertisers (AANA) Code of Ethics;
- the Outdoor Media Association (OMA) Code of Ethics;
- the Commercial Television Industry Code of Practice;
- the Australian Subscription Television and Radio Association Code of Practice;
- the Commercial Radio Code of Practice; and
- the Publishers' Advertising Advisory Bureau's Guiding Principle for Alcohol Beverage Advertising.

Further, alcohol producers have their own internal codes. Therefore, the codes need to be considered collectively in consideration of the self-regulation of alcohol advertising in Australia.

ABAC

The Alcohol Beverages Advertising (and Packaging) Code (ABAC) is a quasi-regulated Code that considers the content of any alcohol advertisement.

The Code, the Complaints Management System and the Pre-vetting Service form the quasi-regulatory³⁴ ABAC Scheme.

Recognising that alcohol is an adult product, the ABAC Scheme was developed in agreement with all major Australian alcohol beverages' manufacturing and marketing industry associations and key advertising, media and consumer bodies.

Federal and State Governments are also key stakeholders being represented on the Management Committee of the Scheme. Further, two public health specialists, approved by governments, are members of the adjudication panel.

Under The ABAC Scheme, guidelines for advertising have been negotiated with government, advertisers have access to the pre-vetting service, consumer complaints are handled independently, but all costs are borne by industry.

The Brewers Association rejects comments that alcohol advertising regulation has failed. Alcohol advertising represents less than 4% of all complaints submitted to the Advertising Standards Bureau and there is no evidence to suggest there is growing community concern about alcohol advertising.

HISTORY OF ABAC

The Code was first introduced in 1998 and was substantially updated in 2004 with expansion of the Code, along with reform of the adjudication process and the pre-vetting service.

Subject to regular reviews, the Code reflects community expectations and changes in the media and advertising industries.

BREWERS ASSOCIATION ROLE IN ABAC

The Brewers Association is a founding member of ABAC and provides a significant proportion of the funds required to finance the operations of ABAC.

The Chief Executive Officer of the Brewers Association is a Director of ABAC and is also the Association's representative on the ABAC Management Committee Meeting. The CEO of the Brewers Association currently holds the role of Chair of ABAC.

The Brewers Association is committed to the ongoing development of ABAC to ensure it continues to meet community expectations.

³⁴ Australian Government 2010, Best Practice Regulation Handbook, Canberra

SIGNATORIES TO THE CODE

Signatories of the Code are members of the Brewers Association, the Distilled Spirits Industry Council and the Winemaker's Federation of Australia. This group represents over 90% of alcohol advertising in Australia.

Members of the Brewers Association in Australia take their obligations to ABAC (and all Codes) very seriously to ensure compliance with the Code. Any upheld decision of the adjudication panel is accepted by our members and action taken immediately in accordance with the decision.

Throughout the history of ABAC all signatories have complied with a decision of the adjudication panel.

ABAC is currently in negotiations with other alcohol businesses that could become a signatory to ABAC. Nevertheless, it is noted that any complaint about alcohol advertising is considered by the adjudication panel, regardless of whether the advertiser is a signatory or not.

ROLE OF BOARD AND MANAGEMENT COMMITTEE

The role of the Board, comprising a representative from Brewers Association, the Distilled Spirits Industry Council and the Winemaker's Federation of Australia, is limited to the financial management and corporate compliance of ABAC. All other matters are dealt with by the Management Committee.

The Management Committee, comprising a representative from each of the three industry Associations, a governments' representative (representing the Commonwealth, State and Territory Governments) and a representative from the Communications Council (which represents advertising agencies), oversee the operations of ABAC including the appointment of adjudication panellists, pre-vetters, reviews of the Code and acceptance of applications to become a signatory.

At no time does the Board or Management Committee have any say, influence or involvement in the decisions by pre-vetters or the adjudication panel.

SCOPE OF CODE

The Code covers the content of alcohol advertising and packaging. It does not include placement which is covered by other Codes.

Alcohol advertising has a broad definition under the Code and has been interpreted as such in decisions of the adjudication panel.

Advertising and packaging covered under the Code includes the following:

- Television
- Radio
- Print
- Internet
- Billboard
- Cinema
- Social Media
- Packaging
- Promotion at events
- Naming of an alcohol product

ABAC creates very strict, high standards required of alcohol advertisers covering a broad range of matters that must be taken into consideration including responsibility, must not have a strong or evident appeal to children and no change in mood.

Those standards are as follows:

Part 1 – Standards to be applied to advertisements for alcohol beverages

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.*

The standards provide a series of checks and balances to ensure that products are advertised and represented in a responsible manner. These standards seek to address any concerns about marketing to underage or at-risk people, that marketing is misleading and marketing promotes alcohol misuse.

The Brewers Association seeks to constantly review and improve the ABAC system to address community expectations and respond to the changing media landscape.

PRE-VETTING SERVICE

The pre-vetting service provides alcohol advertisers the opportunity for independent assessment of advertisements before undertaking a significant financial commitment to running a campaign.

For signatories, the pre-vetting service is a compulsory requirement. Non-signatories are also encouraged to utilise the system and do so.

Internationally pre-vetting systems do exist in other countries but only on a voluntary basis, with the exception of Ireland that has a compulsory pre-vetting system for all alcohol advertisers.

The service provides confidential advice to advertisers on whether proposed alcohol advertisements comply with the Code. This service is offered on a 'user pays' basis.

While pre-vetting provides an independent assessment, it does not exclude any advertisement from being the subject of a complaint nor a complaint being upheld by the adjudication panel.

Brewers Association members are required to pre-vet all advertisements for alcohol beverages (excluding internet and point of sale advertisements and promotion of alcohol at events).

Pre-vetting adds an additional layer of regulation and cost to a company but ensures that a proactive, rather than reactive, process is in place that significantly reduces the likelihood of an advertisement that is likely to breach the Code being placed in the media.

In 2012, 1229 pre-vetting applications were received of which 978 were accepted, 59 received conditional acceptance and 192 were rejected. These statistics recognise the significant use of the system (of the 1229 pre-vetted advertisements, 47% were brewers advertisements) and also the vast majority of those pre-vetted advertisements were approved reflecting strong compliance from the outset by the alcohol industry.

Further, in 2012 not one approved pre-vetted advertisement was subsequently over-ruled by a decision of the adjudication panel.

Members of the ABAC Board and Management Committee have no role or say over decisions by pre-vetters.

ADJUDICATION PANEL

The ABAC Adjudication Panel, headed by Chief Adjudicator the Hon Michael Lavarch AO, considers public complaints about alcohol advertisements and packaging that falls within the scope of the Code.

The Advertising Standards Bureau (ASB) accepts all complaints in relation to all types of advertising, including alcohol advertisements. This avoids a duplication of entry points for advertising-related complaints and ensures that the public can have a one-stop-shop for all complaints about marketing communication. Any alcohol complaints are then forwarded to ABAC.

The Adjudication Panel and its deliberations are independent of the management committee and the broader alcohol and advertising industry.

Members of the Brewers Association are required to respond to any complaint considered by the ABAC Adjudication Panel and comply with a decision of the panel. In representing 95% of all beer consumed in Australia, the Brewers Association is proud of full compliance by its members with any decision of the adjudication panel.

The ABAC Adjudication Panel reports its decisions to the ASB, the ABAC Management Committee, the advertiser, and the complainant. Its decisions are also made publicly available through the website.

While ABAC Scheme does not include penalties if there are any breaches of the Code, there is a significant penalty in having to comply with a decision of the Adjudication Panel if a decision is upheld. As such, internal procedures and pre-vetting are a critical component in risk management for a company to ensure its maintaining its responsibility.

Reputational damage is another deterrent. The publication of decisions and possible media coverage can create brand and/or corporate reputational damage for a company.

EFFECTIVENESS OF ABAC

Since its introduction ABAC has been an effective tool to ensure that the content of advertising is appropriate and reflects community expectations of alcohol advertising.

Only a small number of advertising complaints each year relate to alcohol advertising, 3% in 2012 (a decline from 3.8% in the previous year which is a continuing trend) and of those considered by ABAC on average, around 20% of complaints are upheld.

Of upheld complaints, signatories of ABAC have complied with the decisions of the Adjudication Panel.

The Adjudication Panel also considers complaints of non-signatories and of the upheld complaints all but one non-signatory has complied with the decision of the Adjudication Panel.

Likewise the ongoing use and increasing use of pre-vetting services by signatories and non-signatories is another example of the effectiveness of ABAC.

The Brewers Association is mindful of always ensuring that ABAC is operating in line with community expectations and as such has provided significant funding to assist ABAC with community research to ensure its decision making is consistent with community expectations. The information obtained from this research will be provided to ANPHA as a supplementary submission to this review to provide evidence of the effectiveness of the Code from the community's viewpoint.

AWARENESS OF ABAC

As noted earlier, the route for a member of the public to complain about any alcohol advertisement is through ASB. There is considerable awareness of the complaints process through ASB.

To assist with increased awareness of ABAC, the Management Committee of ABAC has recently approved the upgrade of its website and will also rely on the community research that is currently being undertaken to determine whether any additional steps beyond the public awareness campaign of ASB is warranted.

INTERNATIONAL COMPARISONS

The Australian alcohol industry reflects best practice in industry self-regulation of alcohol marketing. In an assessment of international practices it is noted:

- Australia is the only one of two jurisdictions that we are aware of that requires compulsory pre-vetting by signatories;

- Australian standards for content are of a higher standards than most other jurisdictions; and
- Australia is the only jurisdiction to have a quasi-regulatory system as opposed to a self-regulatory system with government involvement including setting of the standards.