

REPORT ON PROCEEDINGS BEFORE

**PORTFOLIO COMMITTEE NO. 1 – PREMIER AND
FINANCE**

ALCOHOLIC BEVERAGES ADVERTISING PROHIBITION BILL 2015

CORRECTED

At Macquarie Room, Parliament House, Sydney on Tuesday, 5 December 2017

The Committee met at 10:40 am

PRESENT

Reverend the Hon. F. Nile (Chair)

The Hon. Scott Farlow

Mr Justin Field

The Hon. Ben Franklin (Deputy Chair)

The Hon. Taylor Martin

The Hon. Peter Primrose

The Hon. Adam Searle

The CHAIR: Welcome to the second hearing of the Portfolio Committee No. 1 inquiry into the Alcoholic Beverages Advertising Prohibition Bill 2015, which aims to prohibit alcohol advertising and other promotional activities across a range of platforms and consequently reduce the incentive for people to consume alcohol. The inquiry will also consider the bill's proposed declaration of local option areas within which the purchase, sale, delivery or consumption of alcoholic beverages in a public place will be an offence.

Before I commence, I acknowledge the Gadigal people, who are the traditional custodians of this land. I pay my respect to elders past and present of the Eora nation and extend that respect to other Aboriginals present. Today is the second and last hearing we plan to hold for this inquiry. We will hear today from the Burnet Institute and representatives from media and advertising. That will be followed by representatives from the alcohol industry as well as the Cancer Council NSW and the Public Health Association of Australia.

Today's hearing is open to the public and is being broadcast live via the Parliament's website. A transcript of today's hearing will be placed on the Committee's website when it becomes available. In accordance with the broadcasting guidelines, while members of the media may film or record Committee members and witnesses, people in the public gallery should not be the primary focus of any filming or photography. I remind media representatives that they must take responsibility for what they publish about the Committee's proceedings.

It is important for witnesses to remember that parliamentary privilege does not apply to what they may say outside of their evidence at the hearing. I urge witnesses to be careful about any comments they may make to the media or to others after they complete their evidence as such comments will not be protected by parliamentary privilege if another person decides to take action for defamation. The guidelines for the broadcast of proceedings are available from the secretariat.

There may be questions a witness could only answer if they had more time or certain documents to hand. In those circumstances witnesses are advised that they can take the question on notice and provide an answer within 21 days. Witnesses are advised that any messages should be delivered to Committee members through the Committee staff. To aid the audibility of this hearing, I remind Committee members and witnesses to speak into the microphones. Several seats have been reserved near the loudspeakers for persons in the public gallery who have hearing difficulties. Finally, I ask everyone to turn their mobile phones to silent for the duration of the hearing.

MEGAN LIM, Deputy Program Director, Behaviours and Health Risks, Head of Sexual Health and Young People's Health Research, Burnet Institute, before the Committee via teleconference, affirmed and examined

The CHAIR: Would you like to start by making a short statement of no more than a couple of minutes?

Dr LIM: Thank you for inviting me to speak today. I apologise I could not be there in person. I am a senior research fellow at the Burnet Institute, which is an Australian unaligned not-for-profit independent organisation located in Melbourne. My area of expertise is the role of new media and social media in young people's health and wellbeing. My submission relates primarily to my research into alcohol advertising on social media. In summary, this research shows that alcohol brands are highly successful in using social media to reach young people and that this advertising often does not comply with the Alcohol Beverages Advertising Code [ABAC].

It is also important to note that alcohol marketing on social media includes official paid advertisements, organic posts by companies and brands used to engage with their fan base and wider network, and unofficial promotion and support from individual users. I also note that there is a substantial body of evidence linking alcohol marketing with consumption and that various loopholes in current restrictions allow alcohol marketing to reach children and young people. I would be happy to discuss my research further and answer any questions you may have.

The Hon. ADAM SEARLE: Dr Lim, where does the funding for the Burnet Institute come from?

Dr LIM: It comes from a variety of sources, predominantly government based competitive research grants and philanthropic donations as well.

The Hon. ADAM SEARLE: State or Federal government, or both?

Dr LIM: State and Federal and also international funding bodies as well.

The Hon. ADAM SEARLE: I note your submission is that despite what ABAC intends to do and what people in the alcohol promotion sector claim, research of young people and their attitudes discloses that they are influenced to drink in greater numbers by advertising and that they associate advertising with matters that they are not supposed to such as social success, improvement in mood and the like. Is that a fair assessment of what you are submitting?

Dr LIM: Yes, that is correct.

The Hon. ADAM SEARLE: How is that disclosed? Your paper is quite brief. Can you unpack the research a little bit for us?

Dr LIM: In the study you are talking about we showed people some screenshots of different alcohol advertisements that had come from Facebook from several different brands and we asked them to write in their own words first of all what sort of message the advertisement was trying to convey. That is where you will see some of the quotes that I provided such as, "Drinking is a social event and aids in the betterment of your social status", "Party drink, fun and social", "Be young and party", "A drink that makes you feel happier, relaxed, and loving" and those sorts of things. Following that we also asked a series of questions where we asked people whether they thought that the advertisement implied that the drink could improve your mood or make you more fun. That was the other avenue.

The Hon. PETER PRIMROSE: Relating to the bill specifically, do you support the bill passing as presented to the Parliament or do you have concerns about any aspect of it and would like to see some amendments?

Dr LIM: My only area of research was in regard to alcohol advertising so I cannot comment on other aspects of the bill. There is good evidence to show that without alcohol advertising being available to people it would reduce the consumption, and the problematic consumption, particularly by young people.

Mr JUSTIN FIELD: I read with great interest your submission. I have asked questions of some of the other groups that have given evidence to this inquiry about social media, in particular about the use of social influencers. The Committee is awaiting replies to some questions taken on notice. At the beginning of your submission to this inquiry you state:

Alcohol companies have recognised these advantages and are encouraging interactions with their audiences to increase their exposure through user-generated content, incorporating their brands into the everyday lives of young people.

That statement is referenced but the reference is not a specific research piece; it seems to be a general paper on key issues. Could you talk to that statement? How do you see the alcohol industry incorporating its brands into the everyday lives of young people?

Dr LIM: I guess an example is something that came out through my research—namely, alcohol brands often use imagery and content that implies that a regular person is posting. They will do selfies and pictures of people in their backyards drinking. They try to make it look like its organic content. It could be by your friends or your peers. A lot of young people did comment that it sort of stood out to them—you could not tell if it was content from friends or from a brand.

Mr JUSTIN FIELD: I know a little bit about how Facebook works. You do not get stuff that you are not engaged with or if it is not your friends unless it is paid and sponsored.

Dr LIM: No, you can. If I like an alcohol brand post all my friends will see it as well.

Mr JUSTIN FIELD: That goes to the nub of the question—the Alcohol Beverages Advertising Code [ABAC] and industry statements about self-regulation say they do not market to young people. As we know, there are age gates on social media. Are you telling the Committee that young people can like an alcohol brand?

Dr LIM: They cannot like an official alcohol brand but, to give you an example of how age gates are easily breached, I can set-up an account that says I am a 16-year-old girl. I have used it to test whether I can like alcohol brands and usually I cannot, because I am under age according to the account, but I guess that just shows that you can easily make an account that says you are any age that you want to be.

The Hon. ADAM SEARLE: I have two teenage children. I know that a number of their peers have created social media frameworks with identities where they advance their age a bit. That means there is no restriction because when you set-up one of those accounts there is no independent vetting of your age, is there?

Dr LIM: No, there is not. There is no way of—

The Hon. ADAM SEARLE: So it is not a real gateway.

Mr JUSTIN FIELD: The only way they would have access is if they had an account where they had lied about their age. I am trying to understand how significant that access problem is. It would be really useful to the Committee—and I have asked this of other presenters—if you could send screenshots of the types of images and posts that are being used that you think are targeted at young people. In particular, the industry says that it tries not to use people who look under the age of 25 as a way of creating a buffer between their statement of intent and the material they produce. The Committee would be interested to see anything that you think would generally breach the code if it were to be used in another form.

Dr LIM: I can do that. In terms of other ways that people can access it, it depends on the platform. Some platforms do not have age gating—for instance, I believe on Instagram anyone of any age can follow an alcohol brand. There is also a lot of unofficial sharing. There are posts created by individuals who may or may not be officially associated with the brand.

Mr JUSTIN FIELD: Would they be paid social influencers or people who generally have just taken a photo of themselves having a drink?

Dr LIM: Both, I think. Probably the majority are just people doing it for their own interest. I am sure—well, I do not have evidence of this—that alcohol brands would be paying social influencers to promote their products.

Mr JUSTIN FIELD: They have said that they are. The Committee is trying to get to the bottom of what that process looks like. They have told the Committee that they use hashtags to clearly differentiate paid social media. Do you have any examples of where they do not differentiate between a paid post where you think a social influencer has been paid to do the post but they have not made it clear that it is an advertisement?

Dr LIM: No, I would not. You cannot really tell for sure. Unless you know something more than what you can see, there is not really any way to tell.

The CHAIR: In the covering letter to the Burnet Institute submission it states:

Prohibition of alcohol advertising is an evidence-based policy that will reduce harms from alcohol consumption.

That is a summary of your research. Would you like to amplify that?

Dr LIM: That statement comes not from my research specifically but from my reading of the broader literature. My research has only been specifically on social media so I cannot say from my own work, but from my reading of the literature that is available that is my conclusion.

The CHAIR: In your submission you also state:

Social media provides a powerful channel for alcohol brands to reach and engage with young people.

Would you like to amplify that? Obviously the alcohol companies have realised that this is a very valuable way to reach young people?

Dr LIM: Yes. First of all, young people are on social media so there are a lot of opportunities for advertisements and marketing in the traditional sense. We know that almost every young person is on social media of some form every day, so there are lots of avenues to reach them. But social media also provides additional layers of interaction between brands and individuals that is not possible through traditional media. It allows for two-way communication and also for individuals, young people to take-up the promotion of the brand themselves and share it with their friends and things go viral—for example, I often see my friends posting pictures of themselves drinking with particular brands. They will tag the brand, use hashtags and like that or share that, and it creates more and more engagement with people.

The CHAIR: In your submission you make two references to ABAC, which is the industry's self-regulation.

Dr LIM: Yes.

The CHAIR: On page 4 of your submission it states:

This research shows that young people themselves noted themes that are in conflict with ABAC on social media advertisements, such as success, particularly social success ...

Could you comment on that?

Dr LIM: That was the work that we did where we asked young people to look at the advertisements and then they commented on what sort of messages they thought the advertisements were portraying. The most common responses related to the brands that related to social success, fun and parties.

The CHAIR: Have you done some research on ABAC itself, on its policies and its method of operation?

Dr LIM: No.

The CHAIR: You seem to be critical of them.

Dr LIM: I think that they do very rarely reject advertisements that are reported to them and I think the concept of having the industry regulating their own content is very flawed and problematic.

The CHAIR: On page 5 of your submission you said that ABAC dismisses most complaints.

Dr LIM: Yes.

The CHAIR: Is there any justification in their policy for dismissing those complaints?

Dr LIM: They review each claim as it comes through and the usual decision is that the claim is invalid. For example, say I report something because I think that this ad promotes alcohol as a way of increasing your social success, they review it and they just say, "We don't think it does".

The CHAIR: What is the problem then with ABAC? Are they too close to the alcohol industry?

Dr LIM: I think so. It is all self-regulated. I think it is concerning that they definitely could be biased in that sense.

The CHAIR: Because you do state in your submission, "There was extensive international evidence showing that self-regulation is ineffective". Can you supply further information to support that claim?

Dr LIM: I could take that question on notice and provide more information at a later stage.

The CHAIR: Could you comment briefly on it now?

Dr LIM: Not really. I cannot really say much more than is in the submission.

The CHAIR: Have you given any consideration as to how social media could be regulated by the very nature of the way in which it operates?

Dr LIM: It would be very difficult because it is such a free-moving platform—it is international and it is constantly generating new content. I think it would have to involve working with the platforms themselves; for example, Facebook are pretty good at keeping nudity and violence out of their feeds and their content. So we know that it could work in theory.

The CHAIR: Could you take that question on notice and provide some more material to assist the Committee in how it might deal with the alcohol and social media issue?

Dr LIM: Yes.

The CHAIR: We will move on to Government members.

The Hon. TAYLOR MARTIN: Your submission states that liking or following alcoholic pages on social media was associated with increased alcohol consumption. Is there any empirical evidence to suggest that liking or following certain alcoholic pages on social media actually induced non-drinkers into alcohol consumption?

Dr LIM: No, not from social media specifically. I believe that there have been studies previously looking at other forms of alcohol advertising, but no, that is not what my research was able to look at.

The Hon. TAYLOR MARTIN: The ABS National Health Survey found that the number of 15 to 17-year-olds who had never consumed alcohol increased from 49.1 per cent to 66.2 per cent. So we have seen an increase in abstinence between 2011 and 2012 and 2014 and 2015. This is during a period where social media use has increased, so how does that relate into your findings?

Dr LIM: That trend is an ecological trend, so we cannot say that one is related to the other. We know that lots of young people still are drinking and that those who follow social media pages are more likely to be those that drink. I cannot say for sure that there is no relationship. We definitely need more research into this because we do not know why young people are drinking less now than they have been before.

The Hon. SCOTT FARLOW: Does it not follow basic logic that those who follow a page of a brand, such as an alcohol company, would be somebody who would be a consumer of that product?

Dr LIM: Yes, it does. We are planning to do some more research into changes over time to see if those who like pages then increase their drinking further.

The Hon. SCOTT FARLOW: With respect to that, is there any research that you conducted or are planning to conduct in terms of their use then as influences, among others, in terms of if they like a page or are sharing that page the impact on other people in their feed or the like who may not like or be a follower or a consumer of the product? Is that part of your research or something you are looking at?

Dr LIM: It is not something that we have done before, but it is something that we would be interested in looking at further.

The Hon. BEN FRANKLIN: Thank you very much for being here, Dr Lim. I would just like to ask about a few different things. The first is in terms of ABAC. You said that ABAC basically, in your mind, is controlled by the industry. But is it not the case that the body that actually adjudicates on any complaints or concerns consists of Michael Lavarch, a professor and a former Labor Attorney General; a health sector panellist—either Professor Richard Mattick or Professor Louisa Jorm; and a panellist with market research, media or advertising experience?

Dr LIM: Yes, that is true, but it is all funded by the alcohol industry and I think that if someone is being funded by the alcohol industry you would have to question their conflicts of interest and their bias.

The Hon. BEN FRANKLIN: I will respectfully disagree with you on that one. But I note in terms of ABAC that it is obviously voluntary whether organisations and businesses comply with their rulings or not. Do you think perhaps a recommendation out of this Committee could be that it should be compulsory that they must comply with whatever the recommendations are or do you believe that that is not really relevant because you do not believe that the system is of any value as it currently stands?

Dr LIM: No, I think that strengthening the system in any way would be a benefit. I think that there will always be issues with self-regulation and quasi-regulation, but at least if it is enforced it is a slight improvement.

The Hon. BEN FRANKLIN: We will agree to disagree on this matter. Can I go to your Instagram point? I did not know that and, of course, it makes perfect sense that it is much more difficult for something to be shared on Facebook than it is on Instagram because of the age limits, but do you think a recommendation out of this Committee could be—I am not sure how we would enforce it but, nonetheless, we could at least start the discussion—that you should be required to enter your age when you set up an Instagram account to stop this sort of thing happening?

Dr LIM: Yes that would help. As we know you can enter any age you want.

The Hon. BEN FRANKLIN: I am sure they still do get fake driver licences and so forth and fake identification in order to get into a pub. That is a perennial issue. Surely increasing the bar would be of assistance in solving the issue?

Dr LIM: Yes, it would help.

The Hon. SCOTT FARLOW: Is part of the concern you have regarding the unintended recipient of these messages those who are not drinkers, who do not intend to be drinkers or who are underage? There would not be too many people abstaining from drinking who then decided to create an Instagram account and give a fake age just so they could get the feed of alcohol advertising or the sharing of social media posts?

Mr JUSTIN FIELD: It is the fact that their friends and social networks get touched by it and they see it.

Dr LIM: There would be other reasons to lie about your age as well. There would be access to other content that is limited by age.

The Hon. BEN FRANKLIN: You made a comment earlier in your evidence that when there is less advertising of alcohol there will be less alcohol consumption. I was wondering whether you could point me to the evidence you have for that?

Dr LIM: I will take that question on notice and get back to you.

The Hon. BEN FRANKLIN: What do you think the State Government can do better in order to encourage responsible drinking?

Dr LIM: In social media particularly?

The Hon. BEN FRANKLIN: Yes.

Dr LIM: That is a good question and something that I am trying to work out through my research. Not having any alcohol advertising on social media would be a benefit. It would be difficult to regulate that at a State level and it would depend on the platform, but it is possible. For example, in India different states have different rules about alcohol advertising on Facebook. It can be done. Otherwise, I am interested in investigating ways of understanding why young people engage, share and promote alcohol brands on social media. That is something that might be exacerbating the impact of advertising.

The Hon. TAYLOR MARTIN: Dr Lim, further to my earlier questions relating to an increase in abstinence of consumption, in any of your surveys did you find that drinkers were likely to switch from one brand or product to another rather than going from teetotaler or non-drinker into drinker? Did that come up in any of your research at all?

Dr LIM: We did not specifically investigate that so I cannot answer that question.

The Hon. TAYLOR MARTIN: Do you believe that might be one of the main reasons that brands do spend on advertising—to find new customers from customers of their competitors rather than new customers from young people who do not drink?

Dr LIM: That is what they say they are advertising for. Even if that is the primary motivation you have the side effects of making alcohol look attractive to young people generally or a brand looking attractive to young people and promoting the uptake of drinking.

The CHAIR: Just to clarify one point, with your research you are examining increased alcohol consumption. Did you at any point focus on non-drinkers or total abstainers who commenced drinking as a result of advertising?

Dr LIM: No, we have not been able to do that yet because it would require longitudinal follow-up research and so far we have only been able to look at one point in time.

The CHAIR: You are looking at the issue of drinkers and increased consumption by drinkers?

Dr LIM: Yes.

Mr JUSTIN FIELD: Dr Lim, is it the age gateway that is the only tool through social media that can be used to identify a person's age? If I do a google search I get Facebook ads thrown at me. Facebook and Google know who I am and the algorithm clearly points out what I am interested in. Surely we can identify when someone is a high school student through other things that they post on their accounts or the friends that they have. Have any of the social media channels looked at other mechanisms to identify when a person might be underage in order to restrict content?

Dr LIM: That is a good question. I am sure they could technologically do that. I am not sure if any have tried. I have not heard of any trying to do that apart from targeting marketing. It is not something they share with the general public, that marketing algorithm.

Mr JUSTIN FIELD: The other question regards study three that identified the fact that research is showing themes around social success and improvements in mood, and the like, in alcohol advertising. That is a breach of the Alcohol Beverages Advertising Code scheme [ABAC]. I asked ABAC and they said they have done investigations into social media posts and the social influence of posts. I was wondering whether you can speak to whether or not ABAC have been taking those issues seriously. Are you aware of any complaints around that issue that have been dismissed? If that is happening why are there not more complaints going to ABAC about these behaviours?

Dr LIM: I am not sure. I have not followed all of their investigations. I cannot really comment on that.

The CHAIR: Dr Lim, you made a strong argument in your submission about the amount of alcohol advertising on public transport, which obviously involves a government department approving that or seeing it as a source of income. Could you comment on that? You say, for example, an audit of Perth bus stops found alcohol was the most commonly identified product category advertised. The alcohol companies obviously regard that form of advertising on public transport as very effective.

Dr LIM: They seem to. I am a regular public transport user, so I am exposed to a lot of public transport ads and I definitely see a lot of alcohol ads through that form. I think it is probably a very effective method of marketing.

The CHAIR: As a public transport traveller you have noticed it personally?

Dr LIM: Yes, definitely, particularly at this time of year in Melbourne with the spring racing carnival gambling and alcohol advertising. It seems like it is on every bus and tram that I take.

The CHAIR: As it is public transport that means it would be relatively easy for the Government to issue a retraction that there be no alcohol advertising on public transport?

Dr LIM: I think the Australian Capital Territory has done that recently, so there is precedent.

The CHAIR: In the last month or some time ago?

Dr LIM: Definitely within the last year. I remember reading about it in the newspaper. I cannot remember the specific details.

The CHAIR: Could you take that on notice if you have some information we do not have?

Dr LIM: Yes.

The CHAIR: Is there anything you would like to add to your submission?

Dr LIM: No, that is all from me.

The CHAIR: Thank you for appearing before the Committee and for the research you are conducting. Do you have any personal views about alcohol? Do you drink alcohol?

Dr LIM: I usually drink alcohol but I am currently pregnant.

The CHAIR: You are well aware of the dangers of pregnant women consuming alcohol. If members have any further questions on notice the secretariat will send them to you and you will have 21 days to answer the questions sent to you. Thank you for your research.

(The witness withdrew)

TESS PHILLIPS, General Manager, Outdoor Media Association, affirmed and examined

CHARMAINE MOLDRICH, Chief Executive Officer, Outdoor Media Association, affirmed and examined

SIMONE BRANDON, Director of Policy and Regulatory Affairs, Australian Association of National Advertisers affirmed and examined

BRUCE MEAGHER, Group Director, Corporate Affairs, Foxtel, affirmed and examined

The CHAIR: Thank you for agreeing to appear before our inquiry. We appreciate your attendance. Do any of the witnesses wish to make a brief opening statement?

Ms MOLDRICH: Yes. Good morning and thank you for the opportunity to provide evidence to this Committee. The Outdoor Media Association [OMA] is the peak industry body for out-of-home advertising in Australia. Our members display ads for a range of third parties, which include businesses, communities and governments and should not be confused with on-premise advertising, which is defined as a sign that is displayed to identify a business. It is also worth noting that our members do not create the ads that are posted; rather they sell the space to the advertiser.

The OMA is here to say that it does not support this bill because we believe that the measures proposed will not deliver the objectives, namely, to encourage a healthier lifestyle and to reduce alcohol consumption. It is also our assertion that this bill will negatively impact the economy, local infrastructure and threaten legitimate businesses. Furthermore, in this fast-moving digital world the bill is out of step with the times. I say this because nowhere does it capture online advertising in its definition of a telecommunications channel. The bill overlooks what is probably the most influential channel for today's youth. That means that digital media companies such as Google and Facebook stand to benefit as the bans shift advertising dollars from traditional channels to new media.

In this opening statement there are four points I would like to emphasise for your consideration. First, the bans are not an effective policy lever; secondly, the bill will adversely impact the New South Wales economy; thirdly, the industry takes its responsibility seriously and demonstrates this through its compliance with a robust system of co-regulation and self-regulation; and fourthly, the industry is committed to achieving better outcomes working in partnership with government. I will speak briefly on each of these points—first, that the bans are not an effective policy lever. As we know, prohibition is an ineffective measure. While some would argue that there is research to support alcohol advertising restrictions, there is an equal amount of research that supports the opposite point of view, that restrictions have no impact. Given the lack of cohesive evidence for ad bans, we recommend that the Committee focus on more effective measures.

Secondly, the bill will adversely impact the New South Wales economy. As outlined in our submission we believe that the bill could significantly reduce government revenue, for example, Roads and Maritime Services [RMS] and Sydney Trains. Trains collectively report \$47 million in advertising revenue for the financial year 2015-16. Additionally, in that year our industry paid \$16.5 million in tax in New South Wales. This bill could impact on the contracts that bill essential community infrastructure to the value of \$162.2 million. It could threaten the sustainability of existing and emerging businesses. It could reduce consumer choice. Advertising is a source of information and, as we all know, information gives you choice. It also stimulates the broader economy. It could also place a costly administrative burden on public service in order to ensure the compliance of the bill.

Thirdly, the industry takes its responsibility seriously and demonstrates this through its compliance with a robust system of co-regulation and self-regulation. The current co-regulatory and self-regulatory framework for alcohol advertising in Australia works. This is shown through a consistent decline in underage drinking and overall consumption. The OMA is a strong supporter of Australia's system of self-regulation. It is a mature and robust framework that ensures that the content of all advertising across all media, including outdoor, meets prevailing community standards and evolves to meet today's environment. Members of the OMA only display advertising that complies with the Australian Association of National Advertisers Code of Ethics, the Advertising Code for Children and other relevant codes and policies, including the Alcohol Beverages Advertising Code [ABAC] Responsible Alcohol Marketing Code.

Our members have a 100 per cent compliance rate with determinations made against these codes. It is mandatory for our members also to abide by the OMA's alcohol advertising guidelines which stipulate, first, that OMA members only accept alcohol copy from alcohol advertising that has been approved for display through the Alcohol Advertising Pre-vetting Service; and, secondly, that no alcohol advertising is displayed on a fixed sign within 150 metres sight-line of a primary or secondary school. In order to equip our members with the right

tools to comply with these mandatory guidelines we have invested in new technology that maps all primary and secondary schools in Australia. This tool works in concert with our audience measurement system, measurement of outdoor visibility and exposure [MOVE], which is used by both buyers and sellers.

In closing, I reiterate that the OMA does not support this bill. Instead in its place we propose that the New South Wales Government work with media organisations such as ours to deliver effective educational campaigns to encourage a healthier lifestyle for the people of New South Wales. I also quote Todd Samson from the *Gruen Transfer* on ABC television who once said, "We cannot childproof the world; we have to world-proof our children". This excellent point is also supported by the American Psychological Association. It acknowledges that, in fact, societal messages that impact on young people come not only from the media in merchandise but also through young people's interpersonal relationships. So while an alcohol advertising ban may feel like a neat solution, it is isolating only one part in a complex socio-cultural mix. I thank the Committee again for the opportunity to respond to this inquiry. We are happy to answer any questions you may have. Thank you.

The CHAIR: Do any other witnesses wish to make a statement?

Ms BRANDON: The Australian Association of National Advertisers [AANA] is the peak body for advertisers and has represented national advertisers for more than 85 years. It represents the common interests and obligations of companies across all business sectors involved in the advertising, marketing and media industry. The AANA also has a strong ongoing commitment to self-regulation, having designed and delivered the self-regulatory component of regulation controlling advertising and marketing communication in Australia.

The AANA's mandate is to maintain and evolve the advertising codes which underpin the system of self-regulation, protecting consumers by providing an ethical benchmark against which advertisers are held to account. The AANA, together with the Advertising Standards Bureau [ASB], represent two halves of Australia's system of advertising self-regulation. Complaints under the AANA codes are adjudicated by the independent Advertising Standards Board. The self-regulatory system operates at no cost to government or the consumer. The AANA is funded by its members and the ASB is funded by a levy on industry. The self-regulatory regime is a national system of restrictions which apply across State borders and to all media, including television, outdoor, company websites and the internet more broadly. This includes all social media and user-generated content over which the advertiser has reasonable control.

Simply put, the codes apply to any medium, including new and emerging technologies. The AANA codes apply to all advertisers whether or not they are members of the AANA. We continue to adopt and evolve the codes to ensure they align with community expectations. For example, recently we amended the codes to ensure consumer public relations material can be covered given public relations materials are now often communicated directly to consumers. Similarly, we have amended the codes to ensure that advertising must be clearly distinguishable as such to the relevant audience. In respect of the topics of key interest to this inquiry, the AANA code of ethics applies to all advertising, including alcohol advertising, and complaints are received by the ASB to ensure a simple complaint process for consumers. If the issue is specific to the Alcohol Beverages Advertising Code [ABAC], then the ABAC will make the determination and if it is a broader issue relating to health and safety, violence, or the use of sexual appeal, the Advertising Standards Board can also make a determination.

If an advertiser is found to be in breach of a code they must cease using the advertisement. This will often be at great expense to the advertiser. Determinations are also made public and code breaches are often reported in the press. The self-regulatory system is supported by media owners who act as a backstop, ensuring that advertising found in breach is removed from the relevant media channel. The key to the self-regulatory system is universality. It applies to all advertisers across traditional and new media, ensuring that consumers can expect the same standards in advertising regardless of the product, the medium or the location. Self-regulation avoids regulatory fragmentation that increases costs for advertisers and confusion for consumers. For this reason, the AANA cannot support the proposed bill in its current form. Thank you. I am happy to take questions.

Mr MEAGHER: Thank you for the opportunity to appear this morning. Foxtel also does not support the passage of this legislation, largely on the basis that we do not feel it is necessary. Secondly, it will potentially have or actually have unintended consequences. We believe the existing regulatory regime is sufficient and performing well. From our point of view, we adhere to the Australian Subscription Television and Radio Association [ASTRA] codes of practice which have specific provisions for the advertising of alcohol, particularly concerning children.

We also abide by the ABAC and the AANA codes of ethics. We are bound by Federal and State consumer affairs laws and our own internal guidelines. We believe all those things together create a safe environment and an appropriate one for the advertising of alcohol. That is borne out by the fact that we simply

do not receive complaints from our subscribers. We have an active relationship with our subscribers. Unlike other media, we have call centres taking thousands of phone calls every day. Going back to our records of 1 January 2016, we have had not one complaint relating to advertising from our subscribers. That appears to me to be evidence that it is working.

The other concern we have experienced has already been referred to, which is that the bill does not touch online advertising. We believe the necessary consequence of this sort of legislation is simply that the money would go elsewhere and those advertisements would continue to be placed in the online domain and not a platform such as ours. The final couple of points I make relate specifically to Foxtel in this environment. First, I point out that we are a discretionary service. We do not use the public spectrum. We are not ubiquitously available in everyone's homes. We are in the homes of people who choose to subscribe. They can choose different subscription packages depending on the people in their homes. For example, family homes can choose packages with children's content. In addition, we have a parental lock scheme. Parents can limit their children's access to content based on ratings or to particular channels. If they believe there is advertising they do not want their children to be exposed to, they have the capacity to control that in our system.

The last point I make is, given the nature of our service, most of our subscribers are on a national satellite platform. The effect of New South Wales legislating to prevent this form of advertising would create a national ban for us. We are not able to insert local advertisements, unlike other media. Therefore, we would be disproportionately affected by this bill. Our interaction at a regulatory level has been with the Commonwealth because it has always regulated media. If there are to be changes along these lines, it would be more appropriate it be done in that forum, with all due respect to the New South Wales Parliament. I am also happy to take questions.

The Hon. PETER PRIMROSE: Page 6 of the Outdoor Media Association submission makes reference to the fact that Roads and Maritime Services and Sydney Trains would have \$1.6 million worth of revenue jeopardised. Can you tell us what advertising you are referring to there? Is it the billboards as trains go past? What are we talking about?

Ms PHILLIPS: The New South Wales Government and Sydney Trains generate fairly significant advertising revenue from out-of-home advertising through partnerships in respect of a billboard, the side of a bus, or in various stations. What will happen is that there is a profit-share arrangement but there will often be a rental arrangement. For example, significant rent for a billboard is paid to the New South Wales Government in order to sell that advertising space. I have to say that \$1.6 million is essentially the back of an envelope calculation. We have said that out of the \$47 million in revenue that we know the New South Wales Government gets—although anecdotally it is a fair bit higher—if you apply that alcohol advertising makes up something in the order of 3.4 per cent of our revenue, then 3.4 per cent of \$47 million is \$1.6 million.

The Hon. PETER PRIMROSE: Thank you. I was wondering how that came about.

Ms MOLDRICH: The Government sells the concession on railway platforms, in trains, on trains. All of the public transport advertising is owned by the Government, as you know.

The Hon. ADAM SEARLE: Thank you for coming along today. While noting there are differences between the different products of alcohol and tobacco, nevertheless, governments have seen fit on public policy grounds to restrict tobacco advertising. Given the significant societal costs and impacts of alcohol in New South Wales, why should not similar restrictions to tobacco apply to the advertising of alcohol products in this State?

Ms PHILLIPS: I think the Committee has probably heard this before, but the first difference between alcohol and cigarettes is that every cigarette is doing you damage whereas you can safely consume alcohol in moderation. That is a big difference.

The Hon. ADAM SEARLE: I understand that is a key difference, but when you are looking at a societal level, there are significant impacts to the State budget and to New South Wales society from alcohol consumption. While things are trending in a good direction, there is still significant damage done in society.

Ms MOLDRICH: I agree to some extent. If government is looking at a ban, then it has to look at the evidence. What we are saying is that education works better than bans, so using the same medium that is quite powerful to run education messages. What we would also purport is that if you are going to impose a ban, you have to look at all media.

The Hon. ADAM SEARLE: I think we can agree with that.

Ms MOLDRICH: And it has to be looked at nationally.

The Hon. ADAM SEARLE: It is a terrible omission in the bill to not deal with social media.

Ms MOLDRICH: This is picking off different channels. I think you need a much larger evidence base to say how effective those bans will be and what prohibition will do. Is prohibition through advertising bans going to be effective?

Ms PHILLIPS: The other point that the Committee has probably also heard is that a prohibition targets the 80-odd per cent or more of people who consume alcohol in a healthy and safe manner while that 20 per cent is not necessarily going to be properly targeted by that blanket ban. I think that the Government could better spend its resources in properly targeting the people who really are at risk and those areas where the trajectory is not as positive and better target solutions to those at-risk groups.

The Hon. ADAM SEARLE: What particular measures did you have in mind?

Ms PHILLIPS: One of the measures that are talking about, because it actually applies to us rather than me just giving you my personal opinion, is to do targeted education campaigns to parents about their role in influencing their child's drinking behaviour and peers in their role. I think one thing that Mr John Scott from DrinkWise alerted the Committee to was that one of the really important areas they invest in is dealing with social media influences because they are much more influential and pervasive in the way that a young person is engaging with or conceiving of alcohol in today's society. Targeting some money on how to get social media influences to be pushing out positive messages I think would be much more influential than saying that there is going to be a blanket ban and you will not see an alcohol advertisement on a billboard.

Mr JUSTIN FIELD: You gave a statistic that 3.4 per cent of your revenue comes from alcohol. Is that across the board in your industry?

Ms MOLDRICH: Yes, nationally.

Mr JUSTIN FIELD: Would the rest of the panel agree that is where alcohol advertising as a percentage of all advertising sits within your network? Is it around less than 5 per cent?

Mr MEAGHER: Ours would be a little bit less than the 3.4 per cent.

Mr JUSTIN FIELD: You make some pretty significant claims about economic damage. Let us be honest. If you lose 3.4 per cent of your revenue someone else is going to buy that space. Right?

Ms PHILLIPS: Sure, but there is a really easy answer to that and that is the thin edge of the wedge argument.

Mr JUSTIN FIELD: Are we going to ban other things if we ban alcohol advertising?

Ms PHILLIPS: If you are banning alcohol advertising because you are concerned that if it is on a billboard a child might see it and therefore might want to consume alcohol, why would we allow—

Mr JUSTIN FIELD: I am not concerned that a child might see it; I am concerned that children do see it.

Ms PHILLIPS: Sure, but why do we allow car advertising? Why are we allowing advertising for devices and screens when we know that kids are increasingly having too much screen time? At what point will we determine that?

Mr JUSTIN FIELD: To be clear, your argument is the thin edge of the edge; we are worried about what else you will ban, not specifically this. This is not going to cause the economic disaster you speak of. Those spots will be bought by someone else.

Ms MOLDRICH: Not necessarily immediately. If you look at when cigarette advertising bans happened the industry went down and it took three to five years for that vacuum to be filled. So, yes, it will in the long term. But if you are looking at a ban in New South Wales, as Mr Meagher said, we sell campaigns nationally. This will have a knock-on effect to national campaigning because people are not going to say, "We aren't going to buy New South Wales." They are going to say, "We're not going to buy Australia."

Mr JUSTIN FIELD: But it is still less than 5 per cent whether it is statewide or nationwide.

Ms MOLDRICH: Yes, but it is still a significant amount in an \$800 million industry.

Mr JUSTIN FIELD: Even if the cost per spot is slightly reduced to attract more advertisers, at the end of the day we are talking about a loss of 3 per cent or 5 per cent revenue. We are talking on the margins here, right?

Ms PHILLIPS: We are saying that it is still significant though.

Mr JUSTIN FIELD: We heard about the 25 per cent rule or the target for advertising to not reach children. Foxtel is probably a little bit different. When you sell outdoor spots what do you say is the reach with regard to children?

Ms MOLDRICH: We do not measure children. Our audience measurement system, which I mentioned, is how advertising is bought and sold. It is bought and sold on something called reach and frequency: how many people do you reach and how often will you reach those people? In our measurement we do not measure children. We measure anyone 14 years and above in that reach and frequency.

Mr JUSTIN FIELD: ABAC told us that they use the advice coming from the advertisers to determine whether or not they are reaching within their target range. What are they basing their assumptions on for outdoor advertising?

Ms PHILLIPS: The next part to what Ms Moldrich was saying is that in other media channels it is possible to work out what is the percentage of children in the audience, but because there is no verified measurement of children in an outdoor audience we use a different system and the system is the placement rule. We have a 150 metre sight line restriction from any access gates of a school. Because you cannot actually say that there will be a greater than 25 per cent make-up of children in an audience we say that it is inappropriate for a child to be able to see alcohol advertising while they are inside their school.

Mr JUSTIN FIELD: Except all those kids have to get to school and they normally travel on public transport. In fact, they are more likely than adults to travel on public transport. You are pretty much saying the 25 per cent rule does not equate to outdoor advertising, it is not a valid measure, and so it is not valid for ABAC to base its 25 per cent rule for outdoor.

Ms PHILLIPS: ABAC does not base its 25 per cent rule for outdoor. ABAC corresponds to the Outdoor Media Association's Alcohol Advertising Guidelines, which provide the 150 metre distance restriction.

Mr JUSTIN FIELD: In effect, it is not valid when it comes to advertising on buses, trains or other public transport?

Ms PHILLIPS: It does not apply to public transport.

Mr JUSTIN FIELD: Foxtel does not have to comply with the same rules in limiting advertising of alcohol during children's viewing periods. Is that the case? You have different considerations.

Mr MEAGHER: We do by virtue of our own codes of practice. Sorry, do you mean viewing in children's hours?

Mr JUSTIN FIELD: Yes, in children's hours. Across the board you do not restrict that.

Mr MEAGHER: We do not have regulation in the same way that the free-to-air broadcasters do but we do have an internal system of regulation so you will not find advertising on children's channels or programs directed at children.

Mr JUSTIN FIELD: Are there any other restrictions on channels that are not specifically directed to children?

Mr MEAGHER: Not in a specific way. The codes provide two things relevantly. The first is that Foxtel will not advertise products or services or use advertising styles that could place children in physical, mental or moral jeopardy. The second is that it must take into account the intellectual and emotional maturity of the intended audience of the channel when scheduling advertising of alcoholic beverages. Those two overarching principles apply.

Mr JUSTIN FIELD: How does that work in practice? Can you give me an example of a channel or show during which you decide you are not going to advertise alcohol because there is a high chance kids will see it?

Mr MEAGHER: I can take that on notice and come back to you with some specific examples. There are clearly channels that are kids channels that will not have any. Then there will be other channels where it may be that in particular programming we would not put alcohol advertising but maybe in another block we would because the audience for that is intended to be older. I can go back and get some specifics on that, if you like.

Mr JUSTIN FIELD: It would be useful if you could. A couple of submissions mentioned the role of parents in this and in response to Labor's questions you spoke about having a multifaceted approach and it not just being about advertising. I get that, but would you not agree that the job of parents is made significantly harder when they have to counter messages that their kids see in advertising? It might be great for your business

to have DrinkWise messages also bidding for space, but does it not counter your argument when parents have to spend their time checking what their kids are doing and seeing and countering those messages?

Ms PHILLIPS: Sure, but I think that is part of what being a parent is in today's society. I really think that parents are much more worried about what is happening on their kids' social media channels and what their kids are accessing online than what they are seeing outside. But I will make one point which we neglected to make in our opening statement, which is that the OMA has formed a partnership with DrinkWise. In the first quarter of next year we intend to run a big nationwide education campaign in order to promote essentially responsible behaviour. That is on top of the other work that our members do, which is provided as an attachment to our submission. We are out there giving positive and important messages—for example, do not consume alcohol and then drive home. We realise that we have a big role to play in putting forward education messages to get the right message out there. In a pluralistic society you are going to see lots of different messages and there is a role for parents to say which ones are appropriate for their kids to be responding to.

Ms BRANDON: There is also a difference between children seeing an ad, as in walking past one on the way to getting a train, and actually absorbing what is in the ad or being targeted by that ad. That is what the codes are designed to do. They clearly say that alcohol advertising cannot be targeted at minors. So there is a difference between walking and seeing an ad and actually standing, watching, absorbing it and having the messages being targeted at you. I think a distinction should be made there.

The CHAIR: Ms Moldrich, you made a good point—namely, the bill does not refer to online advertising. Although the bill is presently before Parliament, it is yet to be passed. Would you support this Committee recommending an amendment to the bill to include online advertising?

Ms MOLDRICH: What I am talking about is natural justice. What is this bill trying to achieve? If it is trying to achieve harm minimisation and healthy lifestyles, then you have to consider a whole series of things in it, including being generalist about where you are going to put your bans. If bans is the way you are going to go, which I do not necessarily agree with, then those bans have to be fairly treated. Just as education has to follow that. You have to have some things that actually address that, for example, the messages that your child might get from you sitting around a table drinking and sharing a beer with your mates is probably more pervasive than walking past a billboard that is not really targeted at them.

What we are talking about is that if you are going to put up a bill then you need to use natural justice that covers all media, not just takes money from one media channel and puts it into the other. The very nature of what you want to achieve is not going to be achieved that way. That is why we, as an industry, keep saying to government, "Let's work in partnership." If harm minimisation is what we are looking for, then let's look at some ways in which we can actually do that. Rather than going for the neat solution of, "We will ban this and it will disappear." But the problem does not actually disappear.

The CHAIR: I do not want to put you on the spot, but will you take on notice advising the Committee as to how the bill could be improved by incorporating some of the things you have just mentioned? Without saying that you support the bill in total.

Ms MOLDRICH: We do not support the bill at all but we support an education campaign. If government is serious about harm minimisation then, working with industry, put forward some education campaigns. As we know, it is peers and parents who actually influence drinking behaviour.

The CHAIR: Ms Phillips in your earlier comments you recognised the harmfulness of tobacco on people's health. Could you remind the Committee of the attitude of the Outdoor Media Association and others to the introduction of that bill?

Ms PHILLIPS: To what bill?

The CHAIR: The bill to prohibit tobacco advertising. Did you support the bill?

Ms PHILLIPS: I am afraid I was not working with the Outdoor Media Association at that time. I think it was quite a while ago.

Ms MOLDRICH: I think the industry has moved a long way from where it was during tobacco bans. It took a while for those tobacco bans to work in the out-of-home industry. It really changed the nature of the industry. It went from small mum and dad companies in the 1980s to being the five major companies listed on the stock exchange now. So to compare what happened in the 1980s is like saying, "Here is my Bakelite phone and here is my smart phone. Can you tell me what the correlation is?" The correlation is that we have been educated and it has shifted dramatically in that time.

The CHAIR: I am trying to recollect what happened. I remember full page advertisements in all the newspapers attacking the legislation. That was financed by the industry. They did not seem to take much account of the health dangers of tobacco smoking.

Ms MOLDRICH: But not many people did at that stage, including the community. I am just saying that it is a moment in time that cannot be compared 50 years later with a different moment in time. If that is the bow you are drawing.

The CHAIR: So if the tobacco advertising bill were introduced today you would not oppose it?

Ms MOLDRICH: Not knowing the research that we know.

The CHAIR: You have mentioned your support for self-regulation. Other witnesses have claimed that the Alcohol Beverages Advertising Code [ABAC] self-regulation has been a failure.

Ms PHILLIPS: It is actually co-regulatory in that there is government representation on the panel—I think their independent chair or their independent advisor is always a government representative. That is to ensure that the content restrictions are appropriate so you cannot have any ads that appeal to minors or that promote unsafe drinking behaviours. It is mandatory that our members comply with that code and any determinations by that code. If something is ever found to be in breach, our members have to first seek pre-vetting from the ABAC before they put anything up on their signs. Finally, we have got this placement code—the 150 metre rule—and we have invested a fair bit of money in technology to map all Australian schools so that we can now actually look at a map of Australia and see whether or not a sign sits within 150 metres of a school to ensure that our members are complying with that aspect as well. We take self-regulation really seriously.

The CHAIR: The Committee has heard evidence from other witnesses that almost none of the complaints made to ABAC are upheld. Have you made any investigation into that proposition?

Ms MOLDRICH: It is not our job to look at the ABAC; our job is to comply with the codes that exist. I think if government feels that the ABAC codes are not strong enough, then it is a conversation between government and ABAC because it is a co-regulatory code. We educate our members. We make it mandatory for our members to follow the codes. If you are asking my opinion—do I think that the ABAC code is stringent enough? I do believe that it is stringent enough. Do community standards change over time? Yes, they do. Does government have a role in ensuring that those community standards and the codes correlate? Yes, it does. Our role is to then go, "They are the standards. We will educate our members and mandate that they follow those standards."

Ms PHILLIPS: Can I make one other point, which I think is of note here? I have not checked the numbers, but there probably is a smaller rate of breach of the code. The reason for that is because the ABAC is designed for people to succeed. You have to get your ad pre-vetted before you actually run it. They have checked before the ad goes up and is seen by the public whether or not it meets the ABAC code. Every now and then the independent judges will actually find, "That was pre-vetted but for this reason we got it wrong and it does breach." But in the majority of cases it will not breach because it has been pre-vetted. I know the Committee has heard from, or is about to hear from, other organisations that have set up their own system to determine whether or not an alcohol ad is in breach. They do not do any education to ensure that people know how to comply with their set of rules and, of course, no-one complies with them because we are not aware of them and they are not legitimate.

The CHAIR: There is a lot of advertising on the commercial channels outlining the code and how people can make complaints. You are saying there is not a similar process in your area.

Ms PHILLIPS: For the Alcohol Advertising Review Board [AARB], no.

Ms MOLDRICH: No, there is. We run the ASB, which is the compliance authority for ads, telling people how to comply. But I think the point that Tess is making—and this is where the industry has shifted; from the 1980s where people were fighting things, people are now looking at how can we actually comply with community standards. What has shifted is that the community has a stronger voice. So whereas in the eighties you could be quite cynical about the community because you were the advertiser and you had the message, now the backlash is massive. So that whole cynical notion that if I put something up then I get PR, if the community can see you doing that, it will stop buying your products.

So it is very important, I think, that the distinction between looking at the ad industry 50 years ago and that kind of *Mad Men* philosophy and where we are now, we are very aware that the community are our customers and that the community has many ways in which they can give us feedback. To Foxtel's, Bruce's point, they have got a call centre; so it is not like we do not have a Twitter channel, a Facebook channel or an

Instagram channel where our community is immediately telling us what it will accept and what it will not accept.

Ms BRANDON: I think Charmaine is right, advertisers are acutely aware that the right to advertise comes with the responsibility to do it properly, and that is why they have made these commitments through the code. The fact that there are very few breaches is a positive sign because there is a higher degree of compliance.

The CHAIR: So that vetting process obviously removes any potentially objectionable advertisements before they ever go to air.

Ms MOLDRICH: And education.

Ms BRANDON: And there is a check and balance because the adjudication board are not the people doing the pre-vetting; there are people doing pre-vetting and giving as much guidance as they can. But if a complaint comes in, it does not go back to the same person who then says, "I thought I was right then", it goes to a higher body, and that is why, as Tess says, you may sometimes get a small discrepancy. But I think that is a good thing in that it is not the same people checking their homework when the complaint comes in.

The Hon. ADAM SEARLE: We have had some evidence given to us by ABAC and others, which is that the standards that apply are meant to make sure that when viewing the advertising of alcoholic products you did not take away messages of social success, sexual attraction, social status being associated with certain products. We have had some evidence that that is, in fact, exactly the message that young people who are exposed to alcohol advertising are themselves taking away. When young people are exposed to these ads and are asked, "What messages do you derive?" it is exactly what the ABAC code and the promoters of alcohol tell us they are exactly trying to avoid. We have got the evidence about what you are trying to do and we are also getting the evidence that it seems to be having the reverse effect. So if we are not to adopt a sort of cynical attitude about the true intentions of the alcohol industry, what should we make of this evidence that we have got?

The Hon. BEN FRANKLIN: And that is pretty much entirely on social media, we should say.

Ms MOLDRICH: I would have to take that on notice. I have not seen that evidence and we have not done any testing on that ourselves.

The CHAIR: We will move on to Government members.

The Hon. BEN FRANKLIN: I would just like to pick up on the Chair's point about self-regulation. I would particularly like to direct this to Ms Brandon. The last witness—and Reverend the Hon. Fred Nile alluded to this—said that self-regulation fundamentally, particularly with regard to ABAC, does not work and they must necessarily be compromised because they are being funded by the industry. Could you respond to that contention?

Ms BRANDON: I think, as we were just explaining in terms of ABAC—that is not a system that I represent—the adjudication panel there and the resources that they draw on include representatives from government and include an independent adjudicator who does not come from the alcohol industry. Similarly with the Advertising Standards Board, who makes the determinations for the AANA codes, those people are all independent of the advertising industry; it is merely the secretariat that is funded by the industry, there is no input from industry into who sits on that community board or what their determinations are. So in that way there is clear independence.

The Hon. BEN FRANKLIN: Do you believe that their current standards are about right in regard to the restrictions they are placing on advertisers?

Ms BRANDON: In terms of the determinations that the Advertising Standards Board makes?

The Hon. BEN FRANKLIN: Yes.

Ms BRANDON: Yes, I do, and the ASB conducts research regularly to assess whether the determinations that are being made are in line with community standards. The answer is yes, that is what that research shows.

The Hon. BEN FRANKLIN: I note that that was your evidence as well. What do you say to that, Mr Meagher?

Mr MEAGHER: Our situation is slightly different in that under the ASTRA codes that apply to us, the actual content of the ad itself will go through the same process—it will go through to the Advertising Standards Board. But our code is about where we place the ads in the context of the programming. The system is, first of all, a complaint to us and then if we can resolve the complaint, okay; if we cannot, it goes to the

Communications and Media Authority. So depending on the nature of the complaint, it will either go that through that process or it will go to the Government's regulator as the final arbiter.

The Hon. BEN FRANKLIN: Just a question on ABAC specifically, and I understand that you do not have responsibility but I am interested in the views of everyone on the panel, I appreciate that you have made it mandatory for your members to comply. My question is, first, should all advertisers be mandatorily required to become members and, secondly, must they comply with their rulings, whereas at the moment it is optional, although most people do?

Ms BRANDON: My understanding of the way ABAC works is that even though they have signatories to their code, any complaint can still come in to the ASB about alcohol advertising and they are all sent to ABAC and ABAC makes a determination on all of them and will liaise with the advertiser. They do not look at the list and say, "You're not on the list. We're not looking at it"; they make a determination on all of them and they contact the advertiser and say, "You've not signed up to this system but here is our determination", and they still work with the advertiser to resolve the determination if it is in breach. They also, as the Advertising Standards Board do, have access to the media channels to inform them that that particular ad is in breach of the code and the media channel can then take the ad down regardless of whether or not the advertiser agrees with the determination or has actually put pen to paper to sign up to the ABAC code. So I do not believe that there is a gap there.

Ms MOLDRICH: It is my understanding that all of the industry associations, through their codes, manage that channel. If an advertiser says, "Sorry, I don't accept your determination", we get a phone call from either ABAC—this has never happened with ABAC but from the ASB it has—saying, "This advertiser is not complying", and we then take the ad down because that is our commitment and that is in all of our codes of ethics. I am not sure whether that is the same case for every channel, but I regularly meet with all the heads of the industry bodies and I would say that that is a hygiene issue.

Ms BRANDON: Free TV, for example, they issue advertisements with a number, which tells the free-to-air networks that that ad is okay to be broadcast.

The Hon. BEN FRANKLIN: That is the CAD number?

Ms BRANDON: The CAD number, yes. If there is a breach of one of these codes and the advertiser does not comply free TV will withdraw the CAD number and, therefore, the network will say they are not running the ad.

The Hon. SCOTT FARLOW: Mr Meagher, I am interested in particular in Foxtel's national footprint and the ramifications of this bill in that regard. When you broadcast Foxtel, do you have different broadcast feeds for different States?

Mr MEAGHER: No, we do not, on the satellite platform, and, as a practical matter, on the cable network we do not either because there is no need to, but on the satellite platform we cannot; there is one satellite up there and there is only so much capacity we can use.

The Hon. SCOTT FARLOW: If this legislation were put in place, how would you go about restricting advertisements for the whole network? Could you do it on a State-by-State basis or would you have to do it across the nation?

Mr MEAGHER: No. If there is regulation in a particular State it is de facto national regulation as far as we are concerned.

The Hon. SCOTT FARLOW: Referring to the Australian Subscription Television and Radio Association [ASTRA] code, are you aware of any States that have requirements that are different and therefore change the ASTRA code with which you comply?

Mr MEAGHER: I am not aware. I can take that on notice. There might be slight variations in some of the consumer protection type obligations, but I would have to ask the question specifically. Nothing that relates to advertising that I am aware of.

The Hon. SCOTT FARLOW: In regard to consumer codes or consumer protection would you take that on notice to establish whether there are any examples of that of which we should be aware when looking at this bill. You indicated that you had zero complaints when it came to alcohol advertising?

Mr MEAGHER: Yes.

The Hon. SCOTT FARLOW: Is it zero complaints because you do not get any complaints, or do you have a high number of complaints in other areas in which alcohol does not feature?

Mr MEAGHER: As I say, there is constant interaction. We have a couple of classes of complaint. We have complaints that come under the ASTRA codes and they are dealt with formally, and then we get complaints from a customer ringing up and saying, "There is something wrong with my bill", or whatever it might be, for example, "Why did you run a repeat of that terrible show?" All of that is logged and there is a system so we know what our customers are thinking and saying to us. We get a lot of things. Whether you regard them as a complaint or a comment they are in the system and we track them quite closely and there are lots of comments obviously.

The Hon. SCOTT FARLOW: None about alcohol advertising?

Mr MEAGHER: None that we recorded that can be found.

The Hon. SCOTT FARLOW: You have gone through and talked about the ASTRA code. What are the features of the ASTRA code in comparison to other codes and what makes it different? Are there any parts, such as timing which is one of the key issues? Is there anything else different in the ASTRA code?

Mr MEAGHER: It works in two ways: first, to incorporate the Australian Association of National Advertisers [AANA] code of ethics and, secondly, the Alcohol Beverages Advertising Code [ABAC]. They are brought into that scheme. Under the Broadcasting Services Act these codes are ultimately supervised by the Australian Communications and Media Authority [ACMA]. They have to sign off on the code, approve the code and there has to be public consultation before they do that. If we breach the codes in any way ultimately the ACMA can make findings. Those things are all incorporated by reference. The second thing is specific references to placement of advertising—not just alcohol advertising, all advertising—especially in relation to programming that might be directed at children or that might have children as an audience. We overlay that.

The point made before is important. We are conscious of the fact, being a discretionary service, that if we do things that offend our subscribers they can stop paying us and go away. For example, if you look at the recent controversy around gambling advertising, unfortunately there were some broadcasters that went beyond the pale, and we happily say that. We have always been very restrained and had quite strict internal rules, as has Fox Sports in relation to that, because we know that while there is a limited amount of gambling advertising that people accept there is a point at which people say, "That is too much; you have gone too far." There is a real world consequence for us in that. We are conscious of what is the appropriate ad for this audience. Where do you place it? How often do you repeat it?—all those considerations. It is not necessarily strictly within the code but within our internal guidelines as to how we operate these things.

The Hon. SCOTT FARLOW: I want to revisit the evidence of it constituting 3.5 per cent, in the outdoor advertising case, of your placements. Mr Meagher said it would probably be less when it comes to Foxtel. Ms Brandon, referring to the advertising industry, how much would it constitute in creative work or the like?

Ms BRANDON: I do not have that information but I could take that on notice.

The Hon. SCOTT FARLOW: That would be helpful. We look at things and say it is only 3.5 per cent. If we were suggesting a pay cut of 3.5 per cent or the government budget was reduced by 3.5 per cent, we would have concerns. Could you outline what you are facing in the market when it comes to advertising? I read about the difficulties that are faced in traditional media with the advent online media. What is the climate at the moment in the advertising market? Is it a market that is contracting and facing difficulties, or is it experiencing great times?

Mr MEAGHER: It varies depending on the media you are talking about. Certainly in the case of free-to-air television and the advertising on subscription television, it has been flat and going backwards and margins are very tight. We have already referred to the fact that there is significant growth in digital, online, Google, Facebook and the like. You may have seen that yesterday the Australian Competition and Consumer Commission [ACCC] was directed to do an inquiry into the impact of new digital platforms on traditional media and the economy. It is a rapidly changing space and not one which, for traditional media companies, is a particularly happy one. Outdoor might be an exception.

Ms MOLDRICH: Outdoor is an exception. What we are seeing is the pie growing marginally, at between 2 per cent and 5 per cent in the past five years. The pie is growing, but where the bigger slice of that is changing is online. Online is nearly 50 per cent of that pie. If you looked at that pie six years ago it would have been television and newspapers. It is rapid movement into a new area of advertising that is far more specific and targeted. In terms of out-of-home, we are getting our fair share of that growth—1 per cent of it.

But we are not going backwards. If you start banning categories what happens is you do have to work to find new customers. Just like if you took away government spending in a particular area that will have a

knock-on effect not just to us but, say, if you ban out-of-home advertising, to a small craft beer or cider company or gin maker like Archie Rose, who will not be able to afford television advertising but can buy an outdoor campaign. It is not as simple as saying that 3.5 per cent is going out of the outdoor industry; why are you bothered? Someone else will come in there. It is the people who do the creatives; it is the knock-on effect to that community. Archie Rose in New South Wales will not be able to be seen in the mass, there is no mass media channel. It is not as simplistic as saying take away 3.4 per cent and another 3.4 per cent will fill that gap. That 3.4 per cent will go to Google and Facebook. Do we want that?

The Hon. SCOTT FARLOW: The small craft brewers, distilleries or small vineyards that have come onto the scene, would those groups advertise with you in the outdoor space largely? Is that one of the key channels for building up their brand and product offering, and therefore their business?

Ms MOLDRICH: I would have to look at that in New South Wales. We run 30,000 campaigns in a year. What I know is that it gives people an opportunity. When you are brand marketing a new product what you want is exposure to lots of channels, because you want to bring up the brand image. It is not necessarily one channel that you choose. If you take away a channel like out-of-home you are restricting your mass being able to get to an audience.

The Hon. SCOTT FARLOW: Rather than a large television campaign it is an affordable channel of doing the creative—being able to purchase a series of outdoor advertisements rather than spending money on television advertising, production cost and placement?

Ms MOLDRICH: Yes.

The Hon. TAYLOR MARTIN: What happens when a member of the public complains about an alcohol advertisement linked to an Outdoor Media Association member?

Ms MOLDRICH: It depends on the complaint. The complaint handling body is the Advertising Standards Bureau [ASB]. If I get a phone call, which we rarely do, because most people know that the ASB is where you complain, the ASB would look at the ad and make a determination on that ad. As you know from the ASB, one complaint sets off the determination process. You do not have to get 10 complaints before the board will look at it; if you get one complaint the board will look at it.

Ms PHILLIPS: When there is a complaint about an alcohol ad specifically, the Advertising Standards Board [ASB] will refer that to the ABAC. So the ABAC will consider it against its code and, as of November this year, the ABAC's code has been updated to include placement. Whereas in the past, if one of the elements of the complaint was the placement of the ad, the ABAC would, in an informal way, say to the OMA, "Can you check with your member the placement of that ad?" We would do so and if the ad was placed within the vicinity of a school our member would take it down. However now, because placement is included in the ABAC code, that will become a formal process which they will report on and we will also report on.

The Hon. TAYLOR MARTIN: Your submission refers to seven advertisements between 2012 and 2016 that had complaints upheld by the Advertising Standards Board. Do you have information to hand as to how many complaints in total were made out of around the roughly 30,000 alcohol advertisements displayed each year?

Ms PHILLIPS: That is 30,000 total advertisements each year. I think Ms Brandon can provide you with information on the total number of alcohol ad complaints because most of them do not relate to outdoor campaigns.

Ms BRANDON: I have the figures here for the 2016 calendar year. The number of all complaints received was 5,529 which related to 595 advertisements. And then, in the alcohol category, the percentage of complaints that went to the board for determination that related to alcohol advertising was 1.75 per cent.

The Hon. TAYLOR MARTIN: That is 1.75 per cent of—?

Ms PHILLIPS: Of 500 different ads.

Ms BRANDON: There are 5,529 complaints and one ad may receive one complaint or a hundred, depending upon what it is. One complaint will initiate the process but not every complaint will end up with the board because the complaint may be about an ad that has already had a determination about it and the ad was found to be fine. If you then get a second complaint about it the board is not going to look at the same thing again. So you do get a small amount of attrition where the bureau secretariat assesses whether the ad should go to the board. Of those ads that went to the board, 1.75 per cent of the total related to alcohol advertising, which compares, for example, the top-rated category is food and beverage advertising and that is 26 per cent.

The CHAIR: We have a few minutes remaining. I will ask a general question. For some time people thought tobacco smoking was harmless but now, as you admitted, there is new knowledge that it is harmful. The view is that alcohol consumption is harmless, except excessive alcohol consumption. But now there is new evidence regarding the effect of alcohol consumption on a female, particularly a pregnant female, and the damage that is done to the baby she is carrying, the fetal damage they call it. Are you aware of that?

Ms MOLDRICH: Yes.

Ms PHILLIPS: Yes.

The CHAIR: Do you see any possibility of having warning labels on those products and warnings on the outdoor or television advertising? Have you considered that issue?

Ms MOLDRICH: Again I go back to the point of education. The thing you are talking about is that our knowledge has increased over that time. We know that, for example, there is research that says mobile phone coverage could be associated with brain tumours. There is a lot of information that we have and I think it falls back to making people much more aware of education and the role that that plays. So I think you are much better off having an ad campaign that says, "Do not drink while you are pregnant" and why rather than a warning label.

Ms PHILLIPS: John Scott from DrinkWise was talking about some specific pamphlets that they did in the right language, to target young expectant mothers and that they targeted that throughout different doctors' surgeries. Because the idea of speaking to people in the language that they will respond to and in the place that they are is really important. Whereas a broadcast or a label will not necessarily get through to the people who need to hear or see it.

The CHAIR: So you do not think it is important to have some sort of warning in advertisements?

Ms MOLDRICH: Our channel is a glance medium, out-of-home, you will see it at a glance, it is not a content channel. So people are not looking at the outdoor ad and saying, "What am I reading?" It is very much a quick message that is there and then gone. Where there is more dwell time, for example, when one is at a railway station and has more time to look at it, yes. I think blanket rules in a way can help one abdicate one's responsibility. If I was saying to you, "Yes, we will put in a warning on new ads rather than really look at this issue", it would be disingenuous because most people would not see that warning. You have to look at who your audience is, how you want to communicate with them and whether they will get the message. That would be my point of view.

The CHAIR: The women who are not aware of the warning and who are told later that their baby has been born with alcohol damage may not agree with you when they say, "I did not know."

Ms MOLDRICH: We are saying not a warning on a billboard. You might have the warning on the bottle or at point of sale. I think where you look at warnings relates to the language and the product rather than just the ad.

The Hon. SCOTT FARLOW: I suspect you would advocate a campaign using outdoor media on that issue as well rather than a small barline at the bottom.

The Hon. ADAM SEARLE: Where perhaps, if it is just a glance, it may not be useful.

The CHAIR: Which the health department should pay for.

Ms MOLDRICH: But if you have, at a glance, something that is a warning at the bottom of the ad—I am not being glib, I am being serious. We have all seen the Quit campaign that has really powerful messaging that works and we know that it works. An advocacy campaign has some merit, but you would not do one thing without the other. You would have it at point of sale, on the bottle, because that is what people are holding. At a glance, if you have a warning you are not going to get that powerful message across. That is all I am saying.

Mr JUSTIN FIELD: You referred to two things, "dwell" and "glance". I am trying to get to the bottom of why advertisers advertise outdoor? Whether it be the dwell or the glance, who are they trying to reach?

Ms MOLDRICH: That is a good question. Advertising has an art and science to it. The science says that in order for me to convert you to buying my product—it is the black car theory—I have to touch you 13 times, which is why you do not buy just one channel, you buy various channels. So what out-of-home does and does really well is a high-impact brand campaign. Foxtel advertises with us. Foxtel might advertise a program but what it is advertising is its channel. They are saying: Choose Foxtel over Stan. What actually happens with out-of-home alcohol advertising, it is not saying, "Go to wherever you go to buy your alcohol and

buy this cheap beer." It is talking about market share. It is saying, "My brand, Penfolds, is better than your brand from the Hunter." It is about brand differentiation. It is not as simple as asking, "Why do people buy?" They buy because you know ANZ is a big brand that advertises on out-of-home.

The Hon. SCOTT FARLOW: Is that your rationale for saying that the impact on children is less because they are not making that differentiation?

Ms MOLDRICH: Yes because they are not targeted. Advertising is about targeting your audience. It is about the money coming down from your bottom line, so you need to justify it. Where do you put your election ads? You put them on a street pole or in someone's window because you know that people will walk past it. As one of the people in the advertising industry says, everyone hates advertising until their cat goes missing, and then everyone loves it because they print a pamphlet and put it on every pole in their neighbourhood. It is about targeting, and children are not targeted in alcohol advertisements because they do not have the discretionary spend.

The CHAIR: But you target teenagers?

Ms MOLDRICH: No, absolutely not.

The CHAIR: Over the age of 18?

Ms MOLDRICH: Yes.

Mr JUSTIN FIELD: It is a fine line between targeting a 17-year-old and a 19-year-old, is it not?

Ms MOLDRICH: If a product is legal then you can advertise it to an audience.

Mr JUSTIN FIELD: I am not countering that, but it is a fine line creating an ad that will affect a 19-year-old but not influence a 17-year-old.

The Hon. SCOTT FARLOW: The difference is a 17-year-old cannot purchase the product legally; that is the law.

Ms BRANDON: To Ms Moldrich's point, you have your bottom line. You do not want an ad to be found in breach because all those decisions are made public. There is negative publicity and there is potential for consumer backlash. There is not a focus on "I cannot target 17-year-olds but can I target 18-year-olds." That is not the mindset. That is one of the reasons there is a restriction on the age of people appearing in the ads because there may be a 19-year-old who looks 16. So you say, right, people in the ad need to be 25, so you are making that distinction. The focus is not on targeting 18-year-olds. They do not want to play in that grey space because of the negative consequences.

Mr JUSTIN FIELD: Sure, just like Mr Foxtel is not advertising his show, he is advertising his brand. Using a 25-year-old does not necessarily mean it is not influencing a 17-year-old; people perceive what they are interested in.

Ms MOLDRICH: It is like if you are having a drink in a restaurant and there is—

The CHAIR: We have to conclude our questions. Thank you for appearing. I know you probably feel you are under threat by this inquiry.

Ms MOLDRICH: I appreciate living in a democratic society where we can have these conversations.

The CHAIR: You have 21 days to answer questions on notice. The secretariat may forward follow-up questions to you.

(The witnesses withdrew)

(Luncheon adjournment)

BRETT HEFFERNAN, Chief Executive Officer, Brewers Association Australia, affirmed and examined

JULIAN SHEEZEL, Corporate Affairs Director, Carlton and United Brewers, sworn and examined

DAN HOLLAND, External Relations Director, Lion Beer Australia, affirmed and examined

JULES NORTON SELZER, Public Policy Manager, Diageo, affirmed and examined

The CHAIR: Do any of you wish to make an opening statement?

Mr HEFFERNAN: I believe we all do.

The CHAIR: We will take you one at a time.

Mr HEFFERNAN: We thank the Committee for the opportunity to appear before you today. Beer in New South Wales and the Australian Capital Territory generates more than \$3.8 billion in gross state product a year and underpins more than 27,000 jobs across this State, of which more than 900 direct jobs are in breweries. Nationally, \$15.3 billion is generated in economic activity, which is almost 1 per cent gross domestic product while supporting more than 120,000 jobs and some 89,000 full-time equivalent positions. Beer makes a significant contribution to the economy from manufacturing, hospitality and transport through to our farmers who produce one billion tonnes of barley every year for domestic beer production.

Underage drinking is of most concern to this inquiry. The experience in Australia is one of constant improvement. The Australian Institute of Health and Welfare [AIHW] reports that young people are drinking less alcohol than ever before. The AIHW notes a dramatic improvement with 82 per cent of teens abstaining, which is up from 54 per cent in 2004. While we naturally focus on the 18 per cent who have tried alcohol, there can be no doubt that the improvement is stark. Also, teens drinking at life-time risky patterns has plummeted from 6.4 per cent in 2004 to 1.3 per cent today. The Australian Bureau of Statistics has charted a dramatic decline in consumption per capita, which has fallen decade on decade for more than 40 years. Since peak alcohol consumption of 12.9 litres per head of population in the mid 1970s, consumption has fallen by 25 per cent. Consumption of beer over the same period has fallen from 9.5 litres per capita to 3.9 litres today.

Today's drinkers are more discerning, better informed and better equipped socially about responsible alcohol consumption than ever before. The message of moderation has sunk in overwhelmingly and beer is the drink of moderation. Typically, full strength beer of between 4.2 per cent and 5 per cent of alcohol is many times lower in concentration than other alcohol products. Over the past 10 years, our members have invested significantly in low-strength and mid-strength options. Today, these products account for one quarter of all beer sales in Australia. These substantial gains have occurred over a period when alcohol advertising has increased in volume and expanded its reach through digital and online media. If there were a correlation between advertising and uptake, the findings from Australia's most authoritative national alcohol surveys would be tracking in a different direction.

Among the submissions the inquiry has received, it is clear that no research has been undertaken that establishes a causal link between alcohol advertising and alcohol uptake. In fact, the significant body of evidence demonstrates the polar opposite. The experience from 17 OECD countries, most including longstanding bans on alcohol advertising, reveals that bans did not result in either a reduction in the number of new drinkers, a reduction in alcohol consumption overall, or a reduction in the rates of alcohol misuse. Australian research demonstrates that alcohol advertising is not a driver for uptake or drinking behaviour, rather that the predictors of frequent alcohol consumption among adolescents denotes drinking behaviours and attitudes of parents, friends and/or siblings.

Therefore, banning alcohol advertising is not effective in addressing the issues raised by the inquiry. Worse, it sends the wrong messages—namely, that government considers that alcohol is fundamentally bad and does not recognise significant improvements in Australian drinking trends. It would be wrong for the Government not to recognise the positive contribution that alcohol and hospitality make in creating jobs and a vibrant State. By misdiagnosing the issues, the bill risks perpetuating societal problems by masking the real drivers of harmful drinking and antisocial behaviour.

On sports sponsorship, the claim is that alcohol must be banned because it targets youth and correlates with underage drinking. Again, the facts belie such claims. If this were true in an age when sports sponsorship is the life blood of many major codes, regional competitions and local club survival, the trends in underage drinking would be the opposite of what they are today. Across live free-to-air sport in 2014, adults accounted for a minimum of 87 per cent of audiences. This reality dispels the myth that sports sponsorship and/or advertising during sporting events targets youth.

The bill provides for the prohibition of alcohol advertising in New South Wales and the prohibition of alcohol across the New South Wales suburbs based on 10 per cent of the local population seeking an effective dry zone. We respectfully submit that either of these measures would irreparably damage the reputation of New South Wales and impinge on the liberty of adults who drink responsibly and that it would constitute an unjustified overreaction at a time when Australians are demonstrably moderating their drinking behaviour. In conclusion, alcohol advertising and/or sports sponsorship do not target nor do they influence young people in their attitudes to drinking and drinking behaviour. We thank you for your time and are happy to take questions.

Mr HOLLAND: Thank you Chair and honourable members for the opportunity to give evidence to the Committee today. I represent Lion Beer Australia, which is known primarily in New South Wales for our Toohey's brewery which started production in 1869 in Darling Harbour. We now operate nine breweries around Australia, including four in New South Wales. Our corporate headquarters are in York Street. We have more than 1,000 employees across the State which represents two-thirds of the total Australian workforce. Our company's core values are "be social" and "live well". These are built from the fact that the moderate consumption of alcohol can be and is part of a healthy lifestyle for millions of Australians. However, we recognise that some in our community consume alcohol in a way that places them at risk of short-term harm. For others, sustained drinking causes real damage to their health and pain to their family and friends. These are real and complex problems that need serious attention. We are committed to playing a major role in reducing harmful alcohol consumption.

Lion, along with its industry colleagues, has focused significantly on researching the true drivers of Australia's drinking culture. The resounding evidence is that peer group norms and parental influence are the core drivers of people's attitudes and behaviours when it comes to alcohol. These insights have enabled our education efforts to be targeted very effectively. From an industry perspective, we have chiefly done this through DrinkWise Australia. Its work has had great impact on improving Australians attitude to alcohol over the past decade. With that said, we recognise more needs to be done. In 2015, Lion also commissioned leading global anthropologist Dr Anne Fox to examine the underlying causes of violence in Australia's night-time economy. Her work highlights many of the key insights around Australian culture and its links to drinking. It also includes a number of recommendations for consideration in developing policy responses, including the most effective ways to encourage a culture of moderation. I recommend reading this as part of the Committee's and I have brought copies to distribute.

In respect of alcohol advertising and the proposed bill, I close with one comment. Those advocating for further restrictions appear to centre their arguments on the belief that the mere exposure to alcohol branding could lead to harmful drinking or drinking by minors. I would make the point that this is not supported by the evidence. A thorough review of the available literature can only return the view that the case cannot be made for further restrictions on advertising or sponsorship. There are also many overseas examples—some of which are cited in our submission and the submissions of others—that practically demonstrate that there is no link between the advertising of alcohol brands and either per capita consumption or patterns of consumption.

On the other hand, we have the long-term Australian Government data that demonstrates that we are headed in the right direction. I think this is in part because we are building a culture that is much less accepting of harmful behaviour. That said, we know that there is more to do. We remain committed to DrinkWise and working with all stakeholders, governments and parliamentarians on effective, targeted solutions.

Mr NORTON SELZER: On behalf of Diageo Australia I thank you for inviting us to give evidence to this inquiry. We take our responsibility as a producer and marketer of alcohol seriously and we are committed to working with governments, non-government organisations and all stakeholders to implement targeted policies to reduce alcohol-related harm not just as Diageo but also alongside our colleagues in the industry. We have 450 employees across nine sites in Australia. Of those, about 150 work at our manufacturing hub in Huntingwood in Western Sydney, which has been a fixture of the community for over 25 years, and about 120 work at our head office in North Sydney.

We are active contributors to the New South Wales economy. Just a few years ago we invested \$20 million in a new warehousing facility at Huntingwood where over 80 per cent of the products we sell in Australia are manufactured. Our ability to continue to invest in New South Wales relies on a freedom to operate commercially, of which advertising is a key component. We also contribute more than \$1 billion in taxes per annum through our goods being sold, so our business works with and supports thousands of local industries—car manufacturers in Smithfield, glassware suppliers in Penrith, creative marketing agencies in Darlinghurst, small bars in the central business district, restaurants in Newcastle, et cetera.

We also contribute to our local communities. We have a charity program which encourages employees to donate through cash and in-kind donations, but we know that none of this matters if we do not ensure that our

core business is done properly—and advertising is a key part of that. Globally we aim to lead in reducing alcohol-related harm and we provide our consumers with the information and tools they need to make informed choices about drinking or not drinking. We are a signatory to the Alcohol Beverages Advertising Code, which is a robust, world-leading, independent framework. We are also looking to evolve the code and to keep up to date and ahead of community expectations. Hence, the recent decision to include placement of advertising in the code. We are proud that since 2013 no complaints have been upheld against Diageo advertisements.

We also operate our own marketing code, which outlines the key principles of how we market responsibly. That also includes new social media guidelines. While we do not want to make mistakes, when those occasions do occur we are responsive and transparent. We publish any complaints we receive in our global annual report and if a complaint is upheld it is removed within 48 hours, although we aim for 24. Diageo is a founding member and main contributor to DrinkWise too, which aims to bring a healthier and safer drinking culture in Australia. Diageo's DRINKiQ program explains the impact of alcohol consumption and is delivered face to face to all of our 33,000 employees globally, as well as to other corporates and stakeholders including local regulators. Last year we reached 5,000 people across the country and we are aiming for 10,000 this year. But we acknowledge there are issues with alcohol abuse in our society and we are committed to working with all stakeholders on targeted measures.

You have heard some of the statistics from colleagues on the panel. The Australian Institute of Health and Welfare study is the most extensive and recent dataset that we have and it shows drinking trends are moving in a positive direction, particularly amongst under-age people. I think someone cited the statistic that about 82 per cent of under 18s now abstain from alcohol completely, which is a jump of almost 30 per cent in 10 years. Whilst almost all age groups show a decline in the longer-term trend in the proportion exceeding lifetime risk guidelines, the sharpest declines in binge drinking are amongst young people. Evidence shows that the focus on blanket restrictions on alcohol marketing are ineffective in addressing harmful drinking. It also has major economic repercussions and inhibits consumers' ability to make legitimate choices between brands.

In conclusion, we want to work with the Government and all stakeholders to meet the stated objectives of this bill, which is to continue the positive trends and further minimise binge drinking amongst young people. There are a number of effective, targeted measures that industry and many other stakeholders are driving. However, we also appreciate—particularly as advertising and technology evolve—that there are areas where we can further improve. We look forward to discussing this with the Committee.

The Hon. PETER PRIMROSE: I do not think it is an unreasonable assumption that you all oppose the bill. That is correct, is it not?

Mr SHEEZEL: That is correct.

Mr HOLLAND: Yes.

The Hon. PETER PRIMROSE: We have heard that alcohol advertising does not increase the amount of alcohol that is drunk; the issue is market share and brand share. Is that a fair statement?

Mr SHEEZEL: Broadly, if you have a look at the Australian Government numbers over the last 40 years we have seen a significant decline in alcohol consumption at a time that advertising expenditure by the alcohol industry has increased. We undertake advertising clearly to encourage people to consume our product responsibly and also to provide differentiation of products between our competitors.

The Hon. PETER PRIMROSE: Therein lies part of my problem. If the issue is not to increase the amount that is drunk by people, if the point of advertising is market share, how would a reduction or abolition of advertising affect employment? I just do not understand. It may affect an individual company but it would mean presumably you would have to find other ways, such as lowering your price or improving the quality of your product. If advertising does not lead to an overall increase in the amount of the good or service how does taking advertising away affect employment and your industry? It may affect individual companies who cannot keep up, but that is capitalism.

Mr SHEEZEL: Perhaps if I could clarify. There were two strings to my argument. One is to encourage people to consume our product responsibly and therefore, of course, we seek to sell a good quantity of our product responsibly. That is set against the backdrop of an overall decline in the consumption of alcohol. The second string is, as you say, to provide product differentiation with our competitors.

The Hon. PETER PRIMROSE: Let me just get this clear. We have heard from numerous people that advertising is not directed at increasing the total amount of the good consumed; the issue is brand substitution and market share. Are you saying that in fact one of the aims of advertising, whether it is consumed responsibly or not, is to increase the total amount that is consumed?

Mr SHEEZEL: We encourage people to consume our product responsibly, yes.

The Hon. PETER PRIMROSE: Are you aiming to have consumers consume an ever increasing amount of your product responsibly?

Mr SHEEZEL: Perhaps we can refer back to the numbers. I think there is very good evidence that there has been a 25 per cent drop in alcohol consumption over the past 40 years. Clearly for CUB and the beer industry, we want people to enjoy our product in moderation. We are seeking to engage with people over the age of 18. We sell a product that when consumed responsibly and in moderation can be an effective part of the way one goes about living the life that they choose.

The Hon. PETER PRIMROSE: Let us assume that the advertising seeks to have consumers consume alcohol responsibly, and the advertising seems to be ineffective because the total amount that people are consuming is going down. Is it the case that one of the goals of your advertising is also to increase the number of people who are drinking? We keep being told that is not the case.

Mr HOLLAND: I think that would be a fair assumption because there are two elements to the argument. We are seeking consumers who are adults to consume our products responsibly. A great example of that in the beer category is what Mr Heffernan referred to with less than full strength beers or mid-strength beers. The ability to market and to build brands has enabled that category to become a dominant category in the beer market over the past 15 years. That is very much to your point, in an effort to encourage the consumption of particular types of alcohol, of particular types of beer—it is both. But primarily in the macro trends of the category we are seeing a decline in overall alcohol consumption. The primary effort of brand marketing is to make sure as people go to choose a product, they will choose one of our beers versus one of our competitors.

The Hon. PETER PRIMROSE: I go back, and I do not want to dwell on it too much, but if advertising was stopped altogether, while it may affect individual firms, how will it affect overall the amount of alcohol that is consumed and therefore how will that affect employment? I do not understand if advertising ceases, on the basis of what you have outlined, how that would be an economic detriment to the country?

Mr SHEEZEL: We are comfortable in making the point, as my colleague from Lion has said, that this is also about ensuring that when people are considering a beverage they have a look at consuming a beer or an alcoholic beverage. There is a direct relationship there. In being allowed to advertise, we are able to advertise various types of beer that are important for our access to those markets.

Mr NORTON SELZER: If I could add something? It comes into the supply chain of the individual business—I think we have all kind of listed our economic contribution to the State—and if, for example, a consumer through advertising chooses to drink a Johnnie Walker whiskey over a beer, that correspondingly may affect our businesses directly but also the supply chain where we source from in terms of media agencies we work with. I can only speak from a Diageo perspective, but the advertising is to encourage that switch and that has a knock-on effect in our business and our supply chain.

The Hon. PETER PRIMROSE: So it improves your business but it negatively affects someone else's business?

Mr NORTON SELZER: The idea of the advertising is for a consumer to choose—in our example, a Diageo product—possibly a spirit over a beer. If that happened over time you would see a corresponding shift in this example between different categories of alcohol. I cannot speak for the supply chain of other businesses but that would be the logic.

Mr JUSTIN FIELD: My first question is primarily directed to the beer representatives, what percentage of your marketing, advertising and sponsorship is directed to sport?

Mr HOLLAND: In terms of the specific breakdown of our marketing spend—

Mr JUSTIN FIELD: I am happy for you to take the question on notice but can you give the Committee a general ballpark figure today?

Mr SHEEZEL: We do not provide specific information with respect to our advertising spend. Obviously we have competitors in the room and that is market-sensitive information, which we do not share.

Mr JUSTIN FIELD: Fifty per cent?

Mr HOLLAND: The things you are referring to are commercial investments, so the figures that attain to those commercial investments are commercial-in-confidence.

Mr JUSTIN FIELD: Why do you focus on sport? I do not think that anyone could deny that sport is a big part of your brand image, particularly for Tooheys, XXXX, VB and Carlton.

Mr SHEEZEL: Our approach is to advertise to adults and to advertise our products at a time when adults are likely to be watching coverage. It is not a preference for sport necessarily; it is where people who maybe likely to buy the product or are interested in buying the product are going to be watching a program.

Mr JUSTIN FIELD: Do you use the pre-vetting system that ABAC provides?

Mr SHEEZEL: Yes.

Mr JUSTIN FIELD: For all of your marketing?

Mr SHEEZEL: Yes.

Mr JUSTIN FIELD: Including online marketing?

Mr HOLLAND: We pre-vet the vast majority but we have our own checks and balances that apply to the same sort of process of pre-vetting.

Mr JUSTIN FIELD: One of the aspects of the code is "the marketing communication must not show the consumption or presence of an alcohol beverage as a cause of or contributing to the achievement, and that includes of sporting success." I am trying to work out how you can associate your brand with sport when it is always linked to our sporting heroes and what they are doing is all about achievement—winning the game, winning that year's premiership. How do you draw a line between marketing and communication that is about suggesting a contribution to the success of a team or an individual in your product?

Mr HOLLAND: This is where the code is very clear and we are very focused on making sure that the delineation between the consumption of alcohol and any sort of sporting activity is very clear. You will never see in any of our advertisements the consumption of alcohol before or during performing any sport. The presence of the brand is merely there in terms of something people would consume while they are actually watching the sport.

Mr JUSTIN FIELD: You have guys have got it stitched up—you have got the Blues back and you have the Maroons.

Mr HOLLAND: It was a proud day for our company.

Mr JUSTIN FIELD: I bet it was. In the promotion on your Facebook page on 12 September, in a throwback to the glory days of the New South Wales Blues, the entire team is there with their premiership trophy and they are all holding a can of Tooheys, was that pre-vetted?

Mr HOLLAND: That definitely went through our internal checks and we felt that was code compliant.

Mr JUSTIN FIELD: That would not be linked to sporting success?

Mr HOLLAND: In terms of the consumption—they are not playing sport; they have completed their sporting match and they are having a beer. We would argue that is quite common in terms of sporting teams through the country.

Mr JUSTIN FIELD: On the field? It looks like they are on the field.

Mr HOLLAND: We feel that is well in line with the code and also well in line with community standards.

Mr JUSTIN FIELD: So we are getting a sense of where you guys draw the line—and it is a pretty murky line—after the game, they are still in their uniforms, they are holding the premiership trophy with one arm in the air and their other hand on a can of Tooheys. That is okay?

Mr HOLLAND: We would say that the code is very clear around the role of alcohol—it plays no part in sporting success or any other types of success. That image is in line with the code because that is post-match.

Mr JUSTIN FIELD: What about the freebies? One of the more recent examples is if you buy a couple of cartons, you get a Tooheys t-shirt and a can promotion. How do you make a call about when a freebie is not an inducement? I know there are some code rules around that.

Mr HOLLAND: It is very clear about the amount of beer that needs to be purchased, where it is purchased and making sure there are proper checks and balances around age, and also any gift with purchase is completely responsible and in line with the code as well.

Mr JUSTIN FIELD: I just went to the Diageo website. Interestingly, I was required me to enter my date of birth to enter the website. I have not seen that on many websites before. However, that is not the case with Lion or Carlton and United Brewers [CUB] websites.

Mr SHEEZEL: It is certainly the case with CUB's website.

Mr HOLLAND: It is certainly the case with our website.

Mr JUSTIN FIELD: I just went on to CUB's website and it did not ask me that.

Mr HOLLAND: Are you talking about our corporate website?

Mr JUSTIN FIELD: Where you go to check out brands and things like that. Diageo's front-page has a gateway; yours does not. How do you make sure that young people are not accessing information about your brands?

Mr HOLLAND: All of our brand marketing websites and all our brand pages have age gating restrictions. In terms of our corporate website, our corporate name is Lion Beer Australia. That is not actually well-known in this country. There is no actual beer brand market in this country with the brand name Lion. That is the website for our corporate entity.

Mr JUSTIN FIELD: If I were to look at the website of Tooheys or Carlton's brand page I would get a gateway request asking me to enter my date of birth?

Mr HOLLAND: Absolutely, yes.

The Hon. SCOTT FARLOW: I am doing that right now. When you go to the Carlton site and click beer it asks for the age and if you click cider it asks for the age.

Mr JUSTIN FIELD: I cannot imagine that too many people will be looking for Diageo's website either, they will probably be looking for Johnnie Walker.

Mr NORTON SELZER: The same rule applies in that forward advice notice—whether it is our brand websites individually or the corporate website it has age gating. It is also putting in your date of birth as well as "I am over 18". So there is an extra layer.

Mr JUSTIN FIELD: My question is directed to the three representatives of the big brands we have been talking about today. Do you use social influences in on-line marketing?

Mr NORTON SELZER: I will go first. We do use them for some brands. The same rules apply on digital and specifically on social influences that apply across our Diageo marketing code, and sort of the second lock of that is around the ABAC code—for example, not being under 25 or appearing under 25 goes through our own Diageo marketing pre-vetting. So any social influence goes through all this process before it even gets an internal decision, let alone being pre-vetted by ABAC.

We are quite comfortable there are a number of checks and balances. As I have alluded to in our opening statement, like with other industries, advertising and technology is evolving quickly and we are conscious that we need to not just keep up but try and stay ahead of community expectations. That is why everything around our marketing code applies to digital and we are reviewing it and we are interested to hear views.

Mr JUSTIN FIELD: The others, social influences?

Mr HOLLAND: We have exactly the same process but internally in terms of our code compliance. We also go so far as any influence program that we have we make sure that there is clear indication that this is a paid post or a paid advertisement, so there is no allure or a mistake; they understand it is a commercial relationship.

Mr JUSTIN FIELD: How do you do that?

Mr HOLLAND: There are a number of hashtags that are available that are commonplace in social media channels that indicate that the post that has been put up is paid.

Mr JUSTIN FIELD: And the same for you, Mr Sheezel?

Mr SHEEZEL: Yes, correct.

Mr JUSTIN FIELD: Do you vet all social influence posts before they go out?

Mr HOLLAND: Yes. Every single post that comes from our company is vetted.

Mr JUSTIN FIELD: And do they go through the ABAC pre-vetting as well?

Mr HOLLAND: We have our own internal vetting processes that are identical to the pre-vetting process.

Mr JUSTIN FIELD: Do you use ABAC as well or have you just got your internal process?

Mr HOLLAND: ABAC is the solid code by which we base our marketing practices, but in many cases we will go over and above. We have our own internal marketing code as well that has a number of key areas where we extend certain things to give us a different level of comfort.

Mr JUSTIN FIELD: But if ABAC was to get a complaint about an advertisement you put up you would be responsive to ABAC's concerns about that?

Mr HOLLAND: Absolutely. We respond through their entire claims process. We have 100 per cent compliance. If they have found against us we will remove that within ideally 24 hours, but 48 hours is the commitment.

Mr NORTON SELZER: Just to give an example of that: you have an Instagram or Twitter page, a Diageo brand or a Johnny Walker page, for example; that is monitored every working day, and not just on the information that we as Diageo put in for the brand, but to the level of the user-generated comments—basically, comments on the bottom of pages; we review that as well because that will reflect that that can be perceived as being a Diageo brand even if it is just an individual. So there is another layer there in terms of how we work with Instagram, Twitter, all these other social media platforms, and we expect them to adhere to these standard requirements, and if they do not we do not work with them.

The CHAIR: Thank you very much for your evidence. Just some general questions. You all agree that there has been a 25 per cent drop in alcohol consumption for over 18-year-olds. What is your explanation for such a massive drop of 25 per cent, in spite of all your advertising?

Mr SHEEZEL: Exactly. I think we all probably will want to have something to say here in terms of what the influences are. Clearly, Australians have a much better idea and sense on how to live a healthy lifestyle than perhaps they did 40 years ago. I think government and industry have played an important part there in ensuring that people lead a more balanced lifestyle. One of the reasons arguably that DrinkWise was founded in 2005 with a significant financial contribution from the Commonwealth Government and industry was to encourage—and it still works on campaigns to change drinking culture in Australia. People are looking at living in a healthier way, enjoying beers and other alcoholic products but in greater moderation. I think one of the most telling statistics is that only 6 per cent of Australians now drink daily—down very significantly from 10 per cent in 1991. That is a significant fall over that period of time, with Australians heeding the messages with respect to how they can consume the product moderately and sensibly.

Mr NORTON SELZER: Just to add to that. Talking about 18-year-olds to 24-year-olds as young people specifically, not underage, of course, to reinforce that there are two key things that we see come through in terms of our own research: one is around moderation, particularly amongst that young age cohort; and healthier lifestyles. That then influences their decision to drink or not to drink; and not only that, but when they do choose to drink they are often choosing lower alcohol, lower sugar content—a healthier option. What we are seeing is a very interesting cultural trend: alcohol is becoming less the focal point of their social experience and it is more about the experiential type of opportunities. An example of that is if you look at the growth of what we have done as a business over the last few years in terms of innovation, all our innovations, our pre-mix drinks will be lower alcohol, lower ABV, and that is a response to the consumer trend, and particularly amongst that age bracket.

Mr HOLLAND: I would just reinforce Jules' point in terms of the beer category, which is still the largest category in alcohol in Australia. As we have spoken to, the biggest brands or the brands that are growing, are largely these days mid-strength brands which have less alcohol than the classic full-strength beers that were popular 30, 40 years ago. XXXX Gold is still the biggest beer brand in Australia—that is 3.5 per cent. Our company just launched a new brand called Iron Jack—it is the single biggest brand launch that we have ever done as a company, and that is a mid-strength beer; it is at 3.5 per cent. So our company is putting effort into brands that have less alcohol, and that is flowing through in the statistics.

The CHAIR: Do you see any link with that decrease in alcohol consumption to the ban on tobacco advertising and so on about that same period, 1991? Did it make young people more health conscious in regard to not just tobacco but also alcohol consumption?

Mr SHEEZEL: I have got no expertise in that area with respect to that link. I could not comment, sorry.

Mr HOLLAND: No, I would not profess to know any research that would reinforce that point.

The CHAIR: As you know, there has been education in schools on the harmfulness of alcohol. You have stated in your submission that currently alcohol education is included in 12 broad focus areas but it should be a standalone topic. What is your reason for saying that?

Mr NORTON SELZER: I guess to go to first principles, as I tried to outline at the beginning, our focus is on a targeted reduction in alcohol-related harm, and all the evidence we have seen for a number of decades is to focus on preventative, where possible. That is why we believe that focus around particularly education at an early age before you get to that decision—I think the average age is just over 16 where someone makes a decision about they might have a drink—so going in earlier. In terms of that specific suggestion, it is something that we have seen in other markets as being a way to focus on alcohol education more specifically rather than sort of lumped in with a range of other factors that you will be educated about as a young person. We have worked in other markets with State governments on almost supporting that curriculum and we would be happy to do so in this case.

Having said that, we are always looking for suggestions to evolve. As I said at the beginning, it is not perfect; it is going all in the right way, but we want to work with all stakeholders to continue to target those specific at-risk groups. The way you get through to a 15 to 16-year-old who might be considering drinking an alcoholic drink is very, very different to middle-class, middle-aged drinkers who drink at home. So you have to be constantly focusing on those different at-risk groups, and the way you target them is in different ways. Something we are looking at doing over the next year specifically on this is rolling out a program that is a theatre workshop, sponsoring a theatre workshop that targets that group. So we would be supporting that recommendation we have put in the submission.

The CHAIR: Are you working with education departments in each of the States, or how do you intend to do that or get them to use your resource?

Mr NORTON SELZER: For example, currently in other States, not here, with the example of alcohol education for underage, we support and fund in other markets a theatre production workshop that goes into schools. Clearly no Diageo alcohol branding for obvious reasons. They go in and have hard-hitting interactive plays that are about recalling the key message around peer pressure and what to do with that influence of drinking. We do assessments in effectiveness and recalling that key message. We would like to introduce a similar program in New South Wales because it has been proven to work. We have experience in a number of markets and it has reached hundreds of thousands of people around the world. We would like to partner with government to do something similar here.

The CHAIR: Very good. I assume you have educational experts helping you draft that educational material?

Mr NORTON SELZER: Absolutely. It is run independently. We are a sponsor but these programs are designed by experts in education who do a range of other programs, not necessarily about alcohol, but other issues to educate people at school. They are the experts. They drive this. As I say, it is effective and it works and people recall the messages and we have had fantastic feedback in other markets from the students, teachers and parents.

The CHAIR: In your submission you recommend that there be targeted programs addressing the root issues of alcohol-related harm. What do you see as alcohol-related harm?

Mr NORTON SELZER: It depends on which cohort you are talking about. There are a range of alcohol-related harms where they are talking about underage consumption. I mentioned that example of people, a certain age cohort, who may not consider themselves as having a problem but they drink beyond the guidelines at home. There will be six, seven, eight different areas you can focus on, such as binge drinking or alcohol-related violence. The message is that the factors that lead to alcohol-related harm in different areas have different responses and we want to work with all stakeholders to target those rather than impose blanket restrictions.

The CHAIR: You talk about the impact on alcohol and pregnancy. Have you come up with any labelling or educational material to warn women about the dangers of alcohol consumption if and when they are pregnant?

Mr NORTON SELZER: Yes. Alongside everyone here we have the voluntary pregnancy icon on the labels specifically and we also go beyond that on our Diageo consumer information standards. It covers pregnancy, the number of standard drinks, and nutrition and calorie information. We voluntarily introduced this

on the labels in response to consumer feedback and demand. Whether we are talking about alcohol or other products people want to know what is in the drink and how many calories, and we are responding to that.

The CHAIR: It is good that you are doing it as a voluntary code. Do you think it should be legislated for other less well informed alcohol suppliers?

Mr NORTON SELZER: What we put in the submission is what we stand by, and that is having a flexible approach. As a company we made a decision to put it on the labels, because of the feedback we have had from our consumers. However, as this technological evolution happens how people want to receive that information will change. A lot of people nowadays are using bar codes and going online. We would encourage a degree of flexibility from State and Federal governments about how to provide that information.

The Hon. SCOTT FARLOW: You have all come in here today and said, "Good news, Committee, sales are down, people are turning against our product."

Mr JUSTIN FIELD: Advertising costs are up.

The Hon. SCOTT FARLOW: As Mr Primrose said before, this is capitalism. How do you guys make a buck?

Mr SHEEZEL: Good question.

The CHAIR: Charitable organisation.

The Hon. ADAM SEARLE: We have not had any evidence about that.

The CHAIR: I was joking.

Mr SHEEZEL: While overall alcohol sales are down there is a good business market for alcohol. Beer, as my colleague from the Brewers Association indicated, supports 1 per cent of national gross domestic product or contributes \$15 billion to the national economy. There are some great products out there. Some terrific new products that do sell well in their price points and some good international beers. We manage even with the decline in the volume of sale.

Mr NORTON SELZER: I will add to that. That point around value versus volume is important. What we are seeing in our business is an increasing interest in the low to mid strength as a subcategory of what we sell and the higher end premiumisation. That corresponds with the statistics we mentioned earlier. People are drinking less but drinking better. Johnny Walker is a good example. You move up through the echelons of better quality. It is not an absolute thing if you are trying to sell volume. Particularly as our business evolves we are seeing that portfolio of premium; small bars are doing well and craft is doing well and people are making the decision to choose a higher priced product but drink less of it.

Mr JUSTIN FIELD: Sales are up but volume is down?

Mr NORTON SELZER: In this case our sales are consistent over the past year or two but moving into those types of premium products.

The Hon. ADAM SEARLE: Is that absolute volumes or volumes per head of population?

Mr NORTON SELZER: I think that is absolute. Can I take it on notice?

The Hon. ADAM SEARLE: It is not a trick question.

Mr NORTON SELZER: That is fine; let me take that one on notice. The trend across the brands and our portfolio is that higher end whiskeys and rums are doing better versus what we mentioned earlier.

The Hon. ADAM SEARLE: Rocket fuel.

The Hon. SCOTT FARLOW: Further to that point, in an environment where you have consumers that are more health conscious and limiting their alcohol consumption, how important is advertising for you in being able to market those higher end products and moving consumers along that chain to keep businesses profitable to keep employing people and the like?

Mr HOLLAND: It is critical. To reiterate the point around mid-strength beer, the growth in that category was supported by the effort and ability to build brands that are new and introduce new concepts and brand propositions and products to new consumers. To clarify the point around the market share, the decline in total volumes is gradual and we are managing that. The sales volume is stable due to those premiumisation trends. The ability to shift people from having one or two of a particular product to having one of a more expensive product, that hinges on the ability to communicate and to present your brands to consumers.

The Hon. SCOTT FARLOW: Is that a substitution of a drinker going from a VB, just to pick a brand, to a craft beer and the resultant higher profit margin on those products?

Mr HOLLAND: Craft is a good example where 15 years ago there were about 40 breweries in Australia and now there are 477. Every week you hear a story of a new brewery opening. A lot are in regional Australia.

The Hon. SCOTT FARLOW: Any in Byron or Ballina?

Mr HOLLAND: Funny that you mention that. We are the proud owners of the Byron Bay Brewery. There is a lot in craft as well.

The Hon. SCOTT FARLOW: What is that transition doing for employment in the sector? Over the years you have had, like all industries, more mechanisation so perhaps a less manual workforce, but with the rise of craft breweries is that creating more employment comparatively to where you might have been 10 years ago?

Mr HOLLAND: The trend is exciting in regard to locations outside capital cities. We have nine breweries in Australia. We are the largest owner of breweries in Australia. We have built a brewery in Geelong, on the outskirts of Melbourne, where we have 100 employees. That was an abandoned carpet factory. In New South Wales we have our largest brewing site at Lidcombe in the outer suburbs of Sydney. But we have breweries in Jindabyne, Byron Bay and we have a brewery in the inner suburb of Camperdown. What you are seeing with the shift to craft is an understanding that there is a provenance that comes with beer, as with wine, and great job opportunities are appearing around the country.

Mr NORTON SELZER: There is a similar trend with spirits. It has gone from I think 30 or so craft distillers a few years ago to 132. Reiterating the points around the direct economic employment at those distilleries and the supply chain in rural communities, Bundaberg Rum is one of our brands and we are a significant employer in that local community. But it is also about the onwards process into the types of venues that serve them. I mentioned earlier the growth of small bars. That is a clear indicator of this premiumisation trend. The type of experience people are having is—and obviously I am talking about spirits—that lower tempo, moderate culture. We are seeing a growth correspondingly of these types of venues in Sydney and in other cities in the State.

The Hon. SCOTT FARLOW: I asked this question last week. You represent the big players. Would a bill like this not help you in a sense? If it is all about market share would it not just cement your market share as it is and you could carry on and save the advertising costs you have?

Mr SHEEZEL: The beer market is diverse and we are introducing new products all the time. As Mr Holland alluded to earlier, there are some good quality mid-strength beer options and also the premium international brands of which we have many. That gives us the opportunity to create a premium market in Australia. People are drinking less and if they are drinking less they are looking at some premium options. Being able to promote those international beers or those craft beers is important for our business model.

The Hon. SCOTT FARLOW: I wish to revisit the questions of Mr Primrose—which I thought were quite reasonable—with respect to the economic contribution and how this bill could have an economic detriment. I can see it in the advertising industry and the marketing industry, but to pick up on that point, how could it have a detriment when it comes to the craft breweries and the like and perhaps those small distilleries if a bill like this was introduced? Would it stop them from coming into the market? Is advertising a key component of how they have been able to establish themselves in the market?

Mr HOLLAND: The ability of a new brewery or a new spirits brand to communicate with potential customers to explain its business and its product to consumers is integral to any business being able to be built. If that were not available to new businesses entering the market or to existing players who introduce new brands, I think that would have an impact. In regard to the specific number, I would not be able to formulate that but there is definitely an impact that would occur.

The Hon. SCOTT FARLOW: I want to pick up on your point before, Mr Norton Selzer, with respect to Diageo's interest in reducing alcohol-related harm. Aside from government introducing regulations to prohibit your product, why is it in your interest to reduce alcohol-related harm?

Mr NORTON SELZER: There are two parts to that. First, it is the right thing to do. As I said at the beginning, we do not market to people under 18; we take the responsibility around our marketing codes extremely seriously. Then there is also a point around the longevity and sustainability of our business model. From a brand perspective it does not help us if people misuse our products and it does not help us in the perception of the industry. Those two are the most important elements as to why we want to do this.

We have talked a little about DrinkWise and we are all members of DrinkWise but from the Diageo perspective there is also a lot we do as a company to focus on these areas. We run something called DRINKiQ which is an online tool that we roll out to all our employees and to other stakeholders. These are all mechanisms to make sure our products are drunk responsibly. That flows through to advertising also in the way we market our products. I have given the example of Johnny Walker. The image and perception of how that shows up in our own advertising and then onwards into venues is around moderation. We would like that to continue. People drinking our products moderately is the way forward; not in misusing it.

The CHAIR: You seem to have a high level of concern about consumers. Do the other companies have the same level of concern?

Mr HOLLAND: We definitely do.

Mr SHEEZEL: Yes.

The CHAIR: You have not mentioned the same education programs, et cetera.

Mr HOLLAND: We have an equivalent program called Alcohol and Me that we roll out to all employees. We also make it available to partner organisations and bodies that we sponsor, both for their employees and any players of that code. We have a raft of measures. We support our own research in and above the DrinkWise effort. We are fully committed to the same effort to make our industry sustainable.

The CHAIR: So each company has a parallel type education program around customer concern?

Mr SHEEZEL: Yes, we invest heavily in DrinkWise. Carlton and United Brewers [CUB] is the largest financial contributor to DrinkWise. We fully support their campaigns to promote healthy drinking practices. As a company globally as well this is an incredibly important part of the way we do business to ensure that people are consuming our products responsibly. Our company internationally announced last year our commitment to invest US\$1 billion between now and 2025 to reduce harmful drinking practices, which is a substantial contribution around the globe to addressing harmful drinking practices.

The Hon. BEN FRANKLIN: There are two fundamental issues of concern here which the bill is considering addressing, without putting words into the Chair's mouth. The first is obviously misuse of alcohol, binge drinking and so forth and the second is underage drinking. I appreciate what you have just said about the specifics of some of the programs you run. I might put a question on notice asking for more details of what you do in that area. But I am particularly interested in the programs and policies you have in place to ensure that you are minimising the impact or targeting of young people and influencing of young people with advertising.

Mr HEFFERNAN: The ABAC, as you know, is a co-regulatory system between government and industry and it is very much arms-length from industry. But the considerations that ABAC would have in place around the code are important for the industry to establish itself as being part of the solution in regard to those issues. So with advertising targeting people inappropriately, or underage drinkers, or depicting alcohol in a way that is inappropriate, all those aspects are covered by the code and all the rulings of ABAC are 100 per cent complied with by industry.

The Hon. BEN FRANKLIN: We received evidence before about some of your marketing, particularly social media and social influences marketing that goes through not ABAC but your own internal processes and procedures. Do you look through the prism of ensuring that young people are not targeted?

Mr HOLLAND: Yes, completely. The ABAC code is extended throughout all our promotional activities—so anything from paid advertising in traditional channels through to social media channels to branded merchandise that might appear in a pub or bottle shop. Everything passes through that prism to make sure that it does not appeal to minors. This is a code that has been around for more than two decades but, to Mr Norton Selzer's point previously, it is constantly evolving to keep up with new types of marketing. Probably the best way to describe ABAC and its consideration for minors is that no-one can appear in an advertisement who is under the age of 25 or who looks to be under the age of 25.

The Hon. BEN FRANKLIN: Do the three of you adhere to that in your social media marketing as well?

Mr NORTON SELZER: Absolutely.

Mr HOLLAND: Yes.

Mr SHEEZEL: Yes.

Mr HEFFERNAN: The ABAC code is applicable across all those streams. Anywhere where there is a reasonable expectation that an alcohol company would have control over that product, the ABAC code applies.

Mr SHEEZEL: We go further than the ABAC code with respect to the age restriction controls. The ABAC code requires that adults are expected to comprise at least 75 per cent of the audience. We apply an 80 per cent test.

Mr HOLLAND: We do as well.

The Hon. BEN FRANKLIN: What can the Government do to work more effectively with industry to drive responsible alcohol consumption messages? Let us assume that we are looking at a range of options here. Obviously banning advertising is one option. What other options can we look at in the recommendations of this Committee in order to drive this message? I am happy for you to take that on notice as well.

Mr HEFFERNAN: I think we would reiterate what we have put in our submission that we think there is an opportunity for the Committee to address this and for the Government to look at ways in which it can partner with industry but also the community. Certainly the statistical information and research we have provided indicates that one of the key drivers for underage people who are considering drinking or their attitudes towards drinking is very much derived from social influences such as their parents, peers and others. As part of our submission, we have pointed out that there is a capacity and an opportunity for government to partner with schools to create new programs through its education programs that target parents. It can inform and arm them so that they can have suitable conversations with their children ahead of the time when they are considering those sorts of options and head it off at the pass.

The Hon. BEN FRANKLIN: From a Government's perspective how can we ensure that alcohol advertising standards remain in line with community expectations?

Mr HEFFERNAN: Again the ABAC monitors its own performance on a regular basis. Earlier this year it undertook social marketing research from Colmar Brunton. It looked at its deliberations over 12 particular advertisements, seven of which the ABAC knocked back and assessed considering the community attitudes and standards. In each case, it discovered that the ABAC's rulings were conservative in relation to the expectations and attitudes of the community in respect of its unprompted response to the ad. But also after they were advised of the code and its requirements, those rulings were conservative compared to what the punters were thinking.

The Hon. BEN FRANKLIN: From memory, there was one that the punters would have banned.

Mr HEFFERNAN: That is right.

Mr NORTON SELZER: The advantage of the ABAC and the way it is structured, it allows this process to happen pretty quickly. I mentioned in my opening statement that as of 1 November we extended the code to include placement of advertisement. It is a quick responsive system that we can be ahead of the community expectations that Mr Heffernan has outlined. Another piece of evidence underlying this is that in the past three years complaints received by the Advertising Standards Bureau relating to alcohol was less than 2 per cent of all complaints—it was 1.5 per cent. When you look at that compared to similar industries, it is lower than average. It is good evidence that we are not only meeting but going beyond community expectation and we want to continue doing that. That is what is good about being here today, we can get feedback on how to continue that process.

The CHAIR: In your submissions you use language that your aim is to reduce alcohol-related harm. We will be hearing from witnesses today from the Cancer Council NSW. In its submission it says:

... there is no "safe" level of alcohol consumption when it comes to cancer risk .

It quotes research after 2007 as a basis for that. Are you aware of that claim?

Mr HEFFERNAN: I am aware of a claim that has been made in the past 12 months. I am not aware of that particular research. My understanding is that the desire to conflate alcohol and tobacco is a dangerous area. There have been claims about tobacco in the past that every cigarette is doing you harm. My understanding is that there is no evidence to support the idea that every drink is doing you harm. In terms of being a carcinogen, my understanding is that the risk factors associated with some cancers come into play at the higher end use or misuse of alcohol but at moderate consumption levels, alcohol is a normal part of a healthy lifestyle.

The CHAIR: It claims in its submission that 3,208 cancers—nearly 2,000 in men and 1,200 in women—in Australia in 2010 were estimated to be attributable to alcohol consumption.

Mr HEFFERNAN: I am not familiar with those numbers. I am happy to take it on notice and have a closer look at it.

The CHAIR: I would appreciate that. I was not aware of the strong link between alcohol consumption and cancer.

Mr HEFFERNAN: There has been a link made and we do not shy away from that in respect of excessive alcohol consumption. That is well noted. So far as moderate consumption, I believe that case has not been made. But I am happy to have a look at it.

The CHAIR: We would have to have evidence as to how much those males and females were consuming. That would be difficult to ascertain, I assume.

The Hon. PETER PRIMROSE: That is presumably one of the questions we can put. There is a reference in that submission and we should put that to the next witnesses. Maybe we could ask the current witnesses to be given a copy of that evidence and to respond.

The CHAIR: We will supply you with a copy of that submission and you could give us a response to those claims on notice.

Mr HEFFERNAN: Sure.

The Hon. BEN FRANKLIN: The only question I have is about the ABAC. We heard evidence this morning that it was not credible because it was a system that was funded and run by the industry. What is your response to that?

Mr HEFFERNAN: It is a code regulated system, in essence, where government is represented on the management committee of the ABAC. By the same token, the management committee addresses headline issues to deal with the sector. The actual deliberations about ad complaints are overseen by Michael Lavarch, who was here on Friday, and his independent team go through them systemically. As you would have heard from Michael, his approach is methodical—it is very detailed, it is very considered. From my end, dealing with the ABAC, we are no more than interested observers. Michael is very detailed in what the considerations are and why they have arrived at the findings that they have. He informs us of that. But we have no stake in any of the those deliberations whatsoever. To the degree that deliberations are found against alcohol companies in respect of their advertising, there is 100 per cent compliance. I do not think you can do much more than that.

The Hon. BEN FRANKLIN: You would contend that premise is entirely wrong and that the adjudication panel is in fact independent?

Mr HEFFERNAN: Completely, yes.

Mr SHEEZEL: We are very fortunate to have somebody of the calibre of a former Federal Attorney General to act as the chief adjudicator.

Mr NORTON SELZER: To add to that, Diageo has not had a complaint since 2013. It shows the rigour of our Diageo's internal marketing code and the second and third layer in terms of the pre-vetting system that we go through with the ABAC on all advertising and then the ABAC decision-making process.

The CHAIR: You have a document you want to table for our inquiry?

Mr HOLLAND: Yes, it is a report we commissioned in 2015.

The CHAIR: Does it have a title?

Mr HOLLAND: "Understanding behaviour in the Australian and New Zealand night-time economies", which is anthropological study by Dr Anne Fox.

Document tabled.

The Hon. TAYLOR MARTIN: The Brewers Association submission refers to other jurisdictions that, to differing degrees, looked at banning alcohol advertising and the effect it has had on alcohol consumption. Can you elaborate on the experience that those countries, States and Territories have faced? A previous witness raised the experience of Sweden.

Mr HEFFERNAN: I would point to the French example whereby a total ban was introduced in 1991.

The Hon. BEN FRANKLIN: Feel free to take it on notice.

Mr HEFFERNAN: I am happy to address it. I will just talk to it off the top of my head. While the overall rate of alcohol consumption pretty much plateaued over the period in question, where the core concern came in was that even though the advertising ban had been in place youth alcohol consumption had increased by 10 per cent over the period of the ban. Once again we would contend that the supposed or assumed correlation between alcohol advertising or the banning of alcohol advertising having a direct correlation with uptake or consumer attitudes, particularly among youth—that nexus is well and truly broken.

The CHAIR: Could you provide us on notice with that material you are quoting?

Mr HEFFERNAN: Absolutely.

The CHAIR: We would appreciate that. Thank you very much for your very thorough and professional presentation.

(The witnesses withdrew)

JANE DIBBS, Senior Nutrition Project Officer, Cancer Council NSW, sworn and examined

CLARE HUGHES, Nutrition Program Manager, Cancer Council NSW, affirmed and examined

ANITA DESSAIX, Director, Cancer Prevention and Advocacy Division, Cancer Council NSW, affirmed and examined

MICHAEL MOORE, Chief Executive Officer, Public Health Association of Australia, affirmed and examined

INGRID JOHNSTON, Senior Policy Officer, Public Health Association of Australia, affirmed and examined

Mr MOORE: I am also president of the World Federation of Public Health Associations, an adjunct professor at the University of Canberra and a visiting professor at the University of Technology Sydney.

The CHAIR: You are welcome to make an opening statement. Do you have anyone selected?

Ms DESSAIX: That would be me. I would be happy to start. Firstly I thank the Committee members for giving the Cancer Council NSW the opportunity to appear as witnesses before this inquiry. I think it is important to note that, by nature of our organisation and the community that we serve, our interests in being here today are from a cancer control perspective and in particular from a cancer prevention point of view. Our role in cancer prevention is in promoting healthy lifestyles and environments that are conducive to supporting healthy behaviours, with a key aim being to reduce morbidity and mortality associated with alcohol consumption.

A number of statements that I will make as part of this opening statement will draw parallels between alcohol and tobacco. It is important for me to note that alcohol as per tobacco is classed as a Group 1 carcinogen by the International Agency for Research on Cancer. Effectively that means it is a known carcinogenic agent to humans: It causes cancer. There is no safe level of consumption of alcohol when it comes to cancer risk. In response to the earlier comments made by industry, it is important to note that there is not a distinction between the type of alcoholic beverages when we consider cancer risk. Alcohol causes up to eight different types of cancers. In 2010 it was estimated that 3,000 cancer cases in Australia were attributed to alcohol consumption.

New South Wales has a problem with alcohol. We have about one-third of New South Wales adults consuming alcohol at levels that increase risks to their long-term health; however, unlike tobacco, and despite its causal link, there are relatively low levels of awareness of the link between alcohol and cancer. Among our community that awareness is at about 46 per cent, whereas when it comes to tobacco and the link with cancer there is almost a universal awareness.

We know from our efforts in tobacco control over many decades that the media plays a fundamentally important role in influencing public health both in its success as well as in hindering it. This happens in a number of ways, including what the community perceives to be normal through public education as well as advancing policy. With this in mind, alcohol advertising is everywhere—including on government assets such as public transport. Alcohol advertising and sponsorship targets young people who are a vulnerable and susceptible audience and who in essence are the future market and future customers for the alcohol industry.

The regulation of alcohol advertising in New South Wales is weak and could be strengthened. Outdoor advertising during sport and sponsorship by alcohol companies means that children in New South Wales are being exposed to alcohol advertising and we need to do better. New South Wales has a really strong history of demonstrating leadership in public health, in particular in tobacco control and in restricting promotions and sponsorship of the tobacco industry. This is a unique opportunity for New South Wales again to show leadership in taking better control of alcohol promotion and sponsorship, particularly in protecting young people.

The Cancer Council NSW asks the Committee consider: removal of advertising of alcohol on government assets; no sponsorship of sporting and cultural events by alcohol companies, particularly those popular with young people; and no advertisements and promotions that normalise frequent and excessive consumption of alcohol. In doing so we can also take the opportunity to increase investment in public education—as we have done with tobacco control over the years—that is independent of industry to support harm minimisation and ensure a much more comprehensive approach to alcohol control in New South Wales. From a national perspective we ask that New South Wales shows national leadership though the Council of Australian Governments to abolish the exemption that allows alcohol to be advertised on television during sporting events and sets up a regulatory scheme that is independent of the alcohol industry.

Mr MOORE: As the leading national peak body for public health representation and advocacy, the Public Health Association of Australia seeks to have better health outcomes through knowledge and evidence-based policy. In the realm of alcohol the evidence is clear. The harm from alcohol has been and continues to be an issue of significant concern for Australia. Alcohol is responsible for a substantial burden of death, disease and injury in Australia. Worse, alcohol-related harm affects not only the drinkers themselves but

also their children, families and the broader community. Even with current restrictions, the range of alcohol advertising that children and young people are exposed to in Australia is alarming. Online and social media are making the task of regulation even more challenging. In fact, it makes us wonder if this bill goes far enough in terms of working to ensure penalties with regard to online and social media marketing. We think we can do more and we think we must.

The alcohol industry would have us believe that they advertise only to increase their proportion of market share, as we heard them say earlier, and they do not encourage alcohol consumption. However, recent systematic reviews have confirmed the finding that alcohol marketing is associated with earlier initiation of drinking and engaging in binge and hazardous drinking amongst young people. The World Health Organization has highlighted the problem of marketing strictly to a particular age group without people of younger ages being exposed to the messaging. A particular element of this is the relationship between sport and alcohol marketing where clearly there is a link between healthy activity and unhealthy drinking. The most appalling example of that, of course, is in motorsport. How much effort have we put in, over many years, to separate driving and alcohol? It highlights that we either have a problem with the ABAC code or a problem with ABAC.

It is fair to say that it is impossible to prevent exposure of children to the alcohol industry messaging when the advertising is in public places, on radio and television, associated with sponsorship and sports. We can do better, we must. Since the introduction of this bill, other jurisdictions in Australia have made moves towards restricting alcohol advertising and sponsorship. Recent alcohol reviews in the Northern Territory have made strong recommendations along these lines. This bill gives New South Wales the opportunity to lead the country in making reforms to improve the health of Australians. I invite my colleague Doctor Johnston to provide a small anecdote, as part of our opening statement, to illustrate the issue.

Dr JOHNSTON: When I was coming here this morning, my daughter asked me why I was going to Sydney. So I was telling her about the bill and looking at what the rules should be around advertising alcohol. She said, "Why would they want to look at that, mum?" I asked her, "When you see an ad about alcohol what message do you think you are meant to get?" She said, "At the moment there is that XXXX ad on the cricket. There is a whole group of people drinking together and they say, 'We should get together more often.' Mum, doesn't that mean we should drink more?" She is 11. Given the evidence we have just heard, I am not sure how she even knows about that ad.

The Hon. ADAM SEARLE: I understand both of your organisations are in the broad supportive of the objectives of the legislation? Is that a fair assessment?

Mr MOORE: Yes.

Ms DESSAIX: Yes.

The Hon. ADAM SEARLE: In relation to the incidence of cancers attributable to alcohol consumption you have quoted some statistics from 2010. Is there anything more recent or likely to become more recent in the foreseeable future?

Ms HUGHES: Those figures were from 2010. We may have to take that question on notice. I believe there is some work going on—Cancer Council Australia was involved in commissioning the 2010 research—to look at similar analyses. I am not sure if that is to be published very soon but it is looking at more recent data.

Mr MOORE: Perhaps I can help there as well and probably make a declaration of possible conflict of interest. I am on the board of the National Drug Research Institute at Curtin University. At that university Professor Chikritzhs does a tremendous amount of research on alcohol. When they were celebrating their thirtieth birthday on Thursday, I heard her do a presentation on the relationship between cancer and alcohol. She was quoting some quite recent research. I am happy to take it on notice and forward that, but I would strongly recommend that you consider interviewing Tania if you have not had the opportunity to do so. She is an outstanding researcher in this area.

The CHAIR: So you will take that question on notice.

Mr MOORE: I will supply what material I can find from there.

The Hon. PETER PRIMROSE: Mr Searle referred to the 2010 report referenced in the Cancer Council's submission. When I raised this with the earlier witnesses—you may have been present at that time—they indicated that one of the variables could have been excessive use of alcohol as opposed to moderate use of alcohol. This issue keeps going up and down. I am interested in your comments because one of your statements is that there is no safe level of use of alcohol—in much the same way we now know is the case for cigarettes—and that is in dispute. Does this 2010 research or more recent evidence shed any light on that?

Ms DESSAIX: I will defer to my colleagues in relation to that particular study. It is important to note that the International Agency for Research on Cancer and the World Cancer Research Fund are continuously reviewing emerging evidence—it is not just one study that they are picking up—and they have made a conclusive finding that it is a causal link, not a possible or weak link. The link between alcohol consumption, and there not being a safe level of alcohol known to be the case for cancer risk, and the eight cancers that have been identified is internationally recognised.

Ms HUGHES: We can provide the Committee with more information in relation to the specific cancer types and their link. I think part of the reason is that alcohol consumption is associated differently with different cancer types. It is very difficult overall to group cancers together, if I can answer your question in that way. But looking at the summary of the results from this study, the incidence of alcohol-associated cancer types could have been reduced by around 1,400 cases if no Australian consumed more than two standard drinks per day. Some of those may have been associated with higher risky drinking but certainly not all of them, as the summary of that study was suggesting.

Mr MOORE: The National Health and Medical Research Council in releasing its report, my recollection is two years ago, found no level of drinking was without risk. That is very important because risk is a part of ordinary life so I think we have to keep that in perspective as well. Nevertheless, it flags the issue that we are talking about. I do not think that is going to be a difficult piece of research to find either and I would be happy to provide that.

The Hon. ADAM SEARLE: In the submissions the Committee has received there is quite a restrictive approach taken to the advertising of tobacco, particularly around sponsorship. The question I have asked a number of witnesses is, "Why should there be a differential approach as between tobacco and alcohol?" The answer certainly from the alcohol industry is that you can safely have a drink without harming yourself or negatively impacting on people around you, but your evidence is that there is no longer a scientific dispute about whether there is a safe drinking consumption point. Indeed, there is an element of risk no matter how much you drink.

Mr MOORE: Let me use the opportunity to distinguish between tobacco and alcohol. Tobacco is the only product in the world, when used exactly as directed, kills two-thirds of the people who use it 10 years younger than they would have died otherwise. It is a unique product. Sure we can draw some parallels with tobacco but I think we have to also be very careful. We can get some lessons from tobacco but I would say that the most important lesson is that when you want to reduce the harm associated with a product, it is not just about one thing.

With tobacco it was not just about the advertising—it was about restrictions on where you could smoke; it was about messaging on packages; it was about campaigns; a series of regulations that were variable between States and Territories and the Federal Government; and it was about pricing. There is a whole series of things that go on. Here we are talking about one step. You need to take each of those steps. That I think is the main lesson that we can learn from our success in tobacco, particularly when we have now reached the stage that only two per cent of our 12 to 17 year olds are taking up smoking. That is a brilliant Australian success story.

Ms DESSAIX: We would support that, in that we are looking at one very specific aspect of what we would define as alcohol control. We would echo support for taking a much more comprehensive and coordinated approach to the way in which we look at alcohol as a public health issue.

The Hon. PETER PRIMROSE: You sat through the previous evidence?

Mr MOORE: Yes.

Ms DESSAIX: Yes.

The Hon. PETER PRIMROSE: We are slowly teasing down to some of the critical aspects that relate to the efficacy or otherwise of this bill. Are there any particular comments, given that you are here and you are experts in this field, that you would like to make on anything that you have heard to help the Committee understand some of the policy debates?

Mr MOORE: I thought I was thrown into the past listening to tobacco companies appearing before committees—and, by the way, the present, if you are not in a developed country—where tobacco companies are still arguing exactly the same sort of thing that oh no, it is not them, and so on. I jotted down a couple of things that really hit home. The first one was that advertising is only about market share and differentiation. The second one was from Diageo: "We do not market to people under 18", and another comment, "We encourage

people to drink responsibly and that is what our advertising is all about". I made three points: it does not pass the laugh test, it does not pass the pub test and it certainly does not pass the academic test.

When you listen to those sorts of bland statements and then go: why would they be spending that level of money on sponsorship really just for market share? I just do not know anybody who would accept that that would be the case. However, as the tobacco companies continue to push again and again for 30, 40 years after the evidence was really overwhelming, "No, there is no relationship between smoking and cancer", and we heard a similar response here with regard to alcohol, it is just that straight denial, which is particularly interesting since they were making it either under oath or under affirmation. It is always that business about trying to undermine the possibility of any academic research.

Almost invariably, particularly if you are a commissioner, you can find a research that delivers what you want if you are busy cherry-picking the research. Where you are trying to look at the research overall, of course you have doubts. I do not know any academic that does not have serious doubts about every piece of thing that does not look at confounding factors, that does not look at the range of things. But as the research becomes stronger and stronger, those doubts become less and less strong.

Ms DESSAIX: Two key points that stood out to me from the previous session was the discussion around young people both in terms of "We don't target young people" and the proactive support and an interest in working with government to support prevention efforts through public education in schools. We have heard similar statements in the past, again from a tobacco industry perspective; so it is a bit of a flashback to the past in that regard. If we have learnt anything from comments like that, it is that there has historically been a focus on prevention and working with schools by the tobacco industry because they are ineffective. We would be incredibly supportive of public education campaigns that are independent of industry and by government. They would be incredibly helpful in taking a step in the right direction of a much more comprehensive, coordinated approach to alcohol control.

The other comment around "We don't target young people"—at the end of the day, young people are their future customers and young people do look to adults to role-model behaviour, and, again, that is a similar learning from what we have experienced with tobacco control. So I think some of the comments in the previous session were of particular concern because they do echo what we have heard in the past.

Dr JOHNSTON: I would just add that they made quite a big deal about the consumption stats of alcohol going in what they call the right direction, but alcohol is still by far the leading cause of why people seek treatment for alcohol and other drug issues, and the queues at those centres are not exactly declining. So the problem is absolutely still there. When they said that they not only meet the code but they go beyond expectations of the community, I would ask why there are so many complaints that you would have heard about with McCusker's evidence last week.

Mr MOORE: Could I just add one other little thing in terms of a response? It was about education. If we are doing education, then rather than relying on the industry to do education, the National Drug Research Institute—I mentioned I was on the board—has an evaluated program that is now used worldwide that actually works and is properly evaluated. I am sure there are other ones. That is one that I know about. That contrasts to when I look, for example, at Life Education and D.A.R.E—I cannot remember what it stands for; it was an American police program that was brought to Australia at one stage for drug and alcohol education—where the research on those—and I am talking the late 1990s—was really equivocal about whether they work or actually make things worse. So I think that wherever we are looking at education programs they should be properly evaluated, there should be government involvement and they should be completely at arm's length from industry.

Mr JUSTIN FIELD: I do not want to labour the point but I pick up on your point, Mr Moore: I do not want our report to say the health professionals all said one thing about the link between drinking and cancer or drinking and health, but industry put other evidence in front of us. Lion, in particular, stated in its submission, and I just seek a response if you could: "There is a safe and potentially beneficial level of alcohol consumption. Studies on the benefits of moderate alcohol consumption conservatively estimate that 2,437 deaths and 114,726 hospital bed days are prevented each year", and they quote the study "The Costs of Tobacco, Alcohol and Illicit Drug Abuse to Australian Society" in 2004-2005, and Stockwell 2002. Can you very quickly respond to that? I would be interested even in an on-notice response to how reliable that study is. It would be great to get to the bottom of that question.

Ms DESSAIX: I think we would like to take that question on notice.

Mr MOORE: I would make a small comment on it. Of course, the industry does commission quite a range of studies—it is a standard technique—and certainly at our recent global alcohol policy conference that

the Public Health Association of Australia was involved in running, David Jernigan from the United States talked about the techniques that industry uses in terms of this sort of investment in research and how they get these sorts of outcomes. So I think we have to be very, very careful to look at where such pieces of research are published and then to balance it. Even if you were to accept that there were some benefits—and I am putting "even if"—to what extent is that outweighed by those studies that overwhelmingly show a relationship to cancer and an increase in domestic violence, an increase in street violence and impact on families.

Even if you were to accept that there were some beneficial advantages to drinking, and I can anecdotally say personally I think that for me there are on occasions, very moderate—and we have to get to the definition of "moderate"—then I think that though the research is showing the harm associated with alcohol, what we want to do is not go for a prohibitionist approach; what we want to do is try and tackle the harm associated with alcohol, and the restriction on advertising is one of the ways that we would do that.

Mr JUSTIN FIELD: Dr Johnston, I would be really interested in the answer to the question of how does your daughter know about the XXXX cricket ad?

Dr JOHNSTON: Because I insist on watching the cricket.

Mr JUSTIN FIELD: I have asked this question of ABAC and of some of the other people who have given evidence to this inquiry: the ABAC code says that a marketing communication must not show the consumption or presence of an alcohol beverage as a cause of or contributing to the achievement of a range of successes including sporting successes" In your experience, looking at public health research and how people interact in this space, can you associate your brand with sport without fundamentally trying to associate your brand with success in competition and achievement? Can you draw a line where you do not cross into linking it to the success of a sporting team?

Mr MOORE: Surely that is the point. That is the point of supporting those teams: to share with that success. I should declare here another conflict of interest—I think I have a range: I do review for the Alcohol Advertising Review Board on occasions—I have not done so for six months, but I do read their reports. Just to be clear: the Alcohol Advertising Review Board is part of the McCusker Centre at Curtin University. It is amazing how often they find the relationships that ABAC does not find. I think that relationship between sport and advertising is a deliberate impact to try to associate a healthy product with an unhealthy product—the activity with an unhealthy product.

Ms HUGHES: I was just reflecting on some research that the Cancer Council was involved with a number of years ago. I can provide some copies of this to the Committee. It was looking at food and alcohol sponsorship and its impact on various levels of sports. It clearly shows the impact of the sponsorships, whether it is the elite level or the community level and positive associations that children have through recognising who the sponsors are of their favourite sporting teams or the ones they watch on television, and who is sponsoring the local clubs and the positive association with those clubs and sponsors.

Mr JUSTIN FIELD: We spoke to DrinkWise last week. They put some fantastic statistics in front of the Committee. However, it occurred to me looking at some of the campaigns that they were cautious not to suggest that you should not drink, including on the voluntary labelling which I now know a lot of products put on around drinking when pregnant. Their language is, "It is safest not to drink when you are pregnant." That seems to be a message not quite as strong as, "It is not safe for your baby to drink when you are pregnant." We hear about education. Mr Moore said earlier that who runs the education campaign is significant. Are those labelling schemes working? What are the gaps if they are not working and how can we do better?

Dr JOHNSTON: We looked at this in our submission. A review was done of alcohol warning labels in Australia and it specifically said that they have the potential to be effective. But the DrinkWise Australia consumer information messages are not arresting enough and may be more effective if they were similar to tobacco warning labels.

Mr MOORE: I was handed a combination can of alcohol and soft drink about two years ago and somebody said, "There is a pregnancy warning label on that." It took me two minutes to find it. They said that is why they hand it to people. There has to be a standard of what a health warning label is, just the same as with tobacco we had a standard. The frustration that health groups feel about the voluntary system for alcohol labelling is that it still has not reached a meaningful stage. That having been said, I saw a bottle of wine only two nights ago that had a clear alcohol pregnancy warning label on it.

Ms DESSAIX: It is worth reinforcing the point that the balance of voice is not there. The balance is in favour of industry. Industry, from a public education perspective as well as warnings, should emphasise the point where we would love to see an increased investment in true public health education around the harms associated with alcohol consumption by government and not industry.

The CHAIR: I have a conflict of interest in that I am a financial donor to the Cancer Council of New South Wales. Ms Dessaix, in your evidence earlier you made the comment that you thought the information about the link between alcohol and cancer was ignored by the media. I am not misquoting you. You said you were disappointed in the lack of interest by the media in that issue.

Ms DESSAIX: There are two key points there. One is there is relatively low awareness in the New South Wales community of the link between alcohol and cancer. Whereas if we look at the link between tobacco and cancer there is near universal awareness, underscoring the need for improvement around public education. There is potential there to emphasise the point that fundamentally the media does play an important role in influencing what the community perceives as normal. Currently what they are being exposed to is significant alcohol advertising and there is not the balance of public health voice in the media around alcohol and the harms associated with alcohol consumption. There is certainly an opportunity to improve what is currently in the media but also community awareness around the harms associated with alcohol consumption.

The CHAIR: After I put my bill through Parliament prohibiting tobacco advertising I was contacted by someone connected with the *Sydney Morning Herald* who said, "We are unhappy; we have just lost \$200 million of advertising per year because of your bill." Do you think that is a factor in why the media does not focus on some of the harmful aspects of products they are promoting?

Ms DESSAIX: I would be speculating, I would not be giving an evidence-based response to that. Our interests are from a public health perspective, not in the interest of advertising revenue or industry revenue.

Mr MOORE: Speculation that would be appropriate is why would industry spend so much time on it? You can hardly pick up a newspaper without a pile of beautifully coloured alcohol ads falling out of the centre. These cannot be cheap. The lesson from tobacco, as far as that goes, applies to sponsorship where the taxation on tobacco was used to buy out the sponsorship. The potential of doing that with alcohol is great.

The CHAIR: In your submission from the Cancer Council—and I did mention this to earlier witnesses—you state that alcohol causes cancers of the mouth, stomach, bowel, including liver and breast, and cancer risk increases linearly with the amount of alcohol consumed, and there is no safe level of alcohol consumption when it comes to cancer risk. You give a reference to research in 2007. Would you like to comment on that? People would say, "That is alarming; we have always been told that alcohol consumption is harmless." I do not drink alcohol; that is my choice.

Ms HUGHES: I think the statement speaks for itself. We have the International Agency for Research on Cancer that reviews the evidence and draws conclusions about the things associated with diet, physical activity, et cetera, and all other aspects of carcinogens. From our perspective, as a conclusion of that body that involves researchers from across the globe coming together to review the entire body of literature about the association between alcohol consumption and a range of different cancers, we can only defer to those experts as far as their conclusions are concerned.

The CHAIR: You state in your submission, "projections indicate that cancer incidents will be 44 per cent higher in 2021 than 2006, and cancers of the bowel and breast", both linked to cancer, "are already the second and third most common cancers in New South Wales". I particularly refer to the association with women who are affected by cancer of the breast, which seems to be becoming more frequent in Australia. Is that a factor in alcohol consumption?

Ms HUGHES: We need to bear in mind that increases of cancer incidents are for a range of reasons. Different cancer types are caused by a range of different things. Not all of that 44 per cent increase in cancer diagnosis will be associated with alcohol consumption. I am putting that on notice. What it would be indicating is that as cancer rates increase there is likely to be a number of cancers of that 44 per cent increase associated with alcohol consumption.

The CHAIR: You cannot break that 44 per cent down with direct links to alcohol?

Ms HUGHES: That research comes from the cancer institute. We can look at it to see if there are any specific breakdowns. I am not sure whether the report goes to that level of detail.

The CHAIR: Will you take that on notice?

Ms HUGHES: We will take it on notice, yes.

The CHAIR: You state in your submission "stronger restrictions on and tighter regulation of alcohol advertising can assist the population to reduce alcohol intake reducing their risk of preventable cancers". That is the end of your recommendation to this inquiry. I note that the providers of alcohol are almost boasting at the

decrease in alcohol consumption in Australia. They claim it has decreased by 25 per cent. Do you believe there is evidence to support that?

Ms HUGHES: I think you can look at the household alcohol consumption. I am not naming the report correctly. But our concern would be around the fact that alcohol consumption levels are still high amongst some populations, particularly the 16 to 24 age group. If you look at the NSW Health statistics for males it is up near 50 per cent drinking at a level that is associated with a long-term risk to health. That level is still quite high and not something that we should be congratulating ourselves on. Certainly, if you look at intake among young people, we were particularly interested in focusing on advertising restrictions that prevent the exposure of young people to alcohol messages. So we would certainly think there is a long way to go until we are comfortable that alcohol advertising is not influencing uptake among young people and therefore impacting on their future health.

Ms DIBBS: I add that we have the apparent consumption of alcohol data that is provided by the Australian Bureau of Statistics and while it is a crude measure because it does not take into account wastage and alcohol used in cooking, the per capita consumption in Australia has stayed relatively constant for about the last four years at around 9.7 litres of absolute alcohol per head. That has remained relatively consistent.

Mr JUSTIN FIELD: If I could follow up on that. Absolute alcohol, if overwhelmingly the market share is heading towards mid-strength, that means the total volume of product sold could be increasing but the absolute alcohol being consumed is decreasing. Would that be fair to say?

Ms DIBBS: The absolute consumption is relatively stable over the last four years in grams of alcohol.

Mr JUSTIN FIELD: That is grams of alcohol. So if they are consuming products that have a lower alcohol content, they are probably consuming more of that.

Ms DIBBS: It would be more, yes. But if you look at the type of alcohol consumed by young people, it is primarily spirits.

The CHAIR: I thank you, in your submission, for the photographs of the multiple alcohol advertisements at Central railway station in 2017 and the Kings Cross railway station in 2017. It is a serious matter of concern that it is government advertising in government areas.

Ms DESSAIX: That is correct, we feel that the space could certainly be put to better use.

Mr MOORE: You will note that South Australia and the Australian Capital Territory have moved on buses and other government property to remove alcohol and other unhealthy product advertising as well.

Ms DESSAIX: If we also consider the use of public transport by young people, it is a further reason for it to be of concern that they are being exposed to those forms of advertising on New South Wales government property.

The CHAIR: There is a greater percentage of young people using public transport until they can purchase a car.

The Hon. BEN FRANKLIN: Thank you for being here today. The Committee is united in wanting to ensure that as a Parliament and as a society we seriously address the harm caused by excessive consumption of alcohol. Some would say "consumption"—full stop. But I think we can agree that there are some major issues around alcohol consumption that we all want to address and that is a good thing. Hopefully we can get some good outcomes through this inquiry. Thank you for the work that you put in.

I would like to go to the National Drug Strategy household survey which is what you were referring to and which you quoted in your submission, in that 18 per cent of 12-year-olds to 17-year-olds are drinking alcohol. I would look at that in context in that there has been a remarkable rise in the number of 12-year-olds to 17-year-olds who are abstaining now—from 54 per cent in 2004 and a pretty good trajectory up. To me the statistics seem to be credible—even though I was surprised when I first read them—and I think that is a good thing. I was wondering whether you could comment on that, on what you think might cause that and why the trend is so significant?

Mr MOORE: I think we would all see the household survey as credible research and that is brilliant. I think there are probably a number of factors at play. I commented earlier that we do not make a difference with one thing; it is always a series of things. I would put forward that a possible reason is the vigorous action and policing of motor vehicles and alcohol as a factor in changing the way people perceive alcohol and the use of alcohol. When I look at the younger generation, they are so much better than our generation was in regard to drinking and driving.

The CHAIR: Random breath testing.

Mr MOORE: Random breath testing has made such a huge difference. But even if we have seen such a significant fall, it is as though we have come down from Mount Kosciuszko; we are now in the alps and we have not yet reached the plains. It is good news; it is going in the right direction and that should encourage us all the more to take the next step-by-step actions to reduce the harmful use of alcohol.

Mr JUSTIN FIELD: I am not trying to be cute here; I am trying to work this out intellectually. If the abstinence level for young people has significantly increased, if the age at which young people start drinking has substantially increased and if alcohol consumption broadly has fallen at a time when it appears that alcohol advertising and sponsorship has probably increased, I am struggling to find a causal link. So I understand the importance of harm reduction. I am coming at this genuinely. But I am interested if you can help me with the evidence of that.

Mr MOORE: It is interesting that we are talking about the absolute consumption of alcohol, and not the product in which the alcohol sits, remaining fairly level. That is an interesting piece of research that comes into the mix as to how this is happening. We know the highest level of dangerous drinking is in our 18-year-olds to 25-year-olds, although a very recent piece of research, as I recall, is now talking about the 50-year-old to 60-year-old group as drinking at more dangerous levels as well. So I think, like you, these are challenges that we meet. But what we do know is that there are still extraordinary levels of harm associated with alcohol consumption in Australia and even where we have made some progress, it is entirely appropriate that we take the next steps to reduce the harm associated with inappropriate or harmful drinking of alcohol.

Mr JUSTIN FIELD: Before I throw over to my colleagues, I will ask a specific question. Your extraordinary example about looking on the bottle, Mr Moore, to try to find the pregnancy harm warning for two minutes is much like I was saying to someone earlier, "Find the political ad in this local newspaper." They had to go through it three times before they could because our eye is now so well trained to go over it. However, I digress. One of the recommendations out of this potentially, without pre-empting anything, may be about warning labels. Could you clarify what you think would be ideal in warning labels on bottles?

Mr MOORE: I do not think we should be deciding; I think it should be a decision made looking at appropriate research arms-length from industry and made by government. My understanding is that the food Ministers meeting last Friday asked for further research on this very issue. So in other words they have not accepted that the self-regulatory approach has worked. So they have asked for further research. And from our perspective it is something that ought to be done following appropriate research and taking the next step. The final decision should be made by those Ministers.

The CHAIR: Who would undertake that research?

Mr MOORE: The Ministers. My understanding is that the food Minister has commissioned it. It may well be through Food Standards Australia New Zealand [FSANZ]. We would have to check. I do not recall.

The CHAIR: Can you take that on notice?

Mr MOORE: Yes, I will take it on notice. I read the general statement of the Minister's meetings. We will find out some information for you.

The CHAIR: I assume you would agree to the Committee recommending support for that proposal?

Mr MOORE: Very strongly.

The Hon. SCOTT FARLOW: Mr Moore, continuing on the subject of foetal alcohol syndrome and the concerns about it, we asked some questions of the Outdoor Media Association and its representatives said that placing a warning on their product would not be effective. I take your point in terms of having the absolute experts, but how prominent do you think such a warning would have to be on products to be effective?

Mr MOORE: I do not know that I can put a percentage on it, although that is what the determination would have to be and that would require some level of expertise from people in marketing as well as people who look at the harm associated with alcohol and specifically alcohol in pregnancy. I am not in a position to put a specific size or percentage of label or something along those lines.

The CHAIR: It might have to be a separate label.

Mr MOORE: Certainly one of the smaller Canadian territories has recently done that. It has put big stickers on bottles with references. It has happened in the last three or four weeks. There is that sort of possibility. Clearly that province has a significant issue. Maybe there is a need to target certain communities that do have a major issue in respect of pregnancy and alcohol consumption and that may well be a specific solution.

Once again, I emphasise this is part of an approach. If it does not run with a number of other recommendations that I am sure the Committee is considering then on its own it will not be particularly effective. It takes a combination of factors.

I understand the issue between co-regulation and regulation. I was heavily involved in the health star rating system on food and how we got that labelling approved, which has been done on a voluntary basis and has been very effective. It is under review at the moment. Industry has bought in. It is not an anti-industry approach. But it is horses for courses; it works in some places. It should have worked here, but it would appear that some parts of industry are not putting warning labels on in a way that are effective.

The Hon. SCOTT FARLOW: Ms Dessaix, earlier you were discussing the low level of familiarity amongst the population of the cancer risks associated with alcohol. Are there any programs or advertising campaigns aimed at heightening the public's awareness of these concerns?

Ms DESSAIX: The Cancer Council NSW has been investing in raising awareness of a range of lifestyle factors that can increase cancer risks. Obviously there are preventative factors that can reduce cancer risk. It is important to bear in mind that the type of investment that our organisation can put behind that type of messaging is a drop in the ocean, given the current context in the environment is skewed towards industry and alcohol advertising. Again, to Mr Moore's point, we would absolutely be supportive of a more comprehensive approach if we are considering tighter restrictions for industry advertising alcohol, then we are considering an increased investment in public education.

The Hon. SCOTT FARLOW: I note an article from one of your West Australian colleagues where they looked at the campaign that was run in Western Australia [WA]. I think it was a government-run campaign promoting the causal link between alcohol and cancer. The community's awareness was heightened through that campaign. Have any other States run a similar campaign?

Ms HUGHES: Not from a Cancer Council perspective. I believe that Cancer Council Australia was interested in extending that WA campaign, but I do not think that Cancer Council Australia has the budget to extend that very far.

The Hon. SCOTT FARLOW: Picking up on Mr Franklin's point before about drinking levels and some of the figures we are seeing, are there any studies that you are aware of that you can point us to with respect to the advertising spend of alcohol companies and increased alcohol per capita consumption levels?

Ms HUGHES: Alcohol advertising spending is not our area of expertise.

Ms DESSAIX: We can take that on notice as well to see if there is anything available.

The Hon. TAYLOR MARTIN: The Public Health Association submission states:

"... the DrinkWise Australia consumer information messages are not arresting enough".

On what basis do you make these claims given that rates of abstinence have risen dramatically?

Mr MOORE: If we go back to doing a comparison in tobacco and we take the levels of tobacco in the post-World War II areas and if we had gone from the level of 80 per cent of males smoking down to 60 per cent of males smoking, we would say that is a dramatic impact but we would also say it is nowhere near where we need to be. That would be my first response. Dr Johnston can add to that.

Dr JOHNSTON: That was the conclusion of the review that we referenced from the parliamentary library background note.

The Hon. TAYLOR MARTIN: The Cancer Council NSW makes the link between tobacco having a carcinogenic risk and now alcohol having a carcinogenic risk. Is it a different risk? It is not just the level of intake. We know that cigarette smoke directly damages the lungs. Is the alcohol risk different regarding the inflammatory response in the body?

Ms HUGHES: Because it is associated with a range of different cancers, there are different mechanisms and different ways that it contributes to cancer risk. Part of it is around the metabolism of alcohol and the by-product of metabolism. Acetaldehyde is produced which has cancer-causing properties. It also has an impact on hormones, such as oestrogen. Hence the association with breast cancer in that higher levels of oestrogen are associated with increased breast cancer risk. It is associated with cirrhosis of the liver and having cirrhosis of the liver is linked with an increased cancer risk. Once again, it depends on the type of cancer and the mechanism is different.

Mr MOORE: I have bad news for you, gentlemen. When I listened to Toni the other day, she said that there appears to be growing evidence, although not yet conclusive, of a relationship between alcohol and prostate cancer, and that is somebody who has suffered prostate cancer and has been an alcohol drinker.

The CHAIR: In its submission the Cancer Council NSW states:

The NSW Ministry of Health cites alcohol use as one of the leading causes of preventable disease in NSW.

I assume there is a source for that quote?

Ms HUGHES: Yes, I believe it is associated with the statistics website of New South Wales Health, but we can provide you with the link to where that has come from. It has been stated clearly a number of times. It is from the "Reducing alcohol related harm snapshot 2016".

The CHAIR: That brings us to the conclusion of our time. Any other questions will have to be submitted on notice to the witnesses. Under our procedures, you have 21 days to answer questions you have taken on notice. Sooner would be better rather than later. Thank you for your attendance. We appreciate the information you have given us. It has been illuminating and helpful.

(The witnesses withdrew)

The Committee adjourned at 3.49 p.m.