

**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 Friday, 1 December 2017**

**The Committee met at 10:00 am**

**PRESENT**

Reverend the Hon. Fred 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 first 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 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 first of two hearings for this inquiry. We will hear today from Liquor and Gaming NSW, the Alcohol Beverages Advertising Code [ABAC] Scheme Limited, as well as representatives from the alcohol industry and stakeholders in policy, adequacy and research.

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 of 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 more 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 both Committee members and witnesses to speak into the microphones. Seats have been reserved near the loud speakers for persons in the public gallery who have hearing difficulties. I ask everyone to turn their mobile phones to silent for the duration of the hearing. Before we start the hearing, Committee members have declarations to make.

**The Hon. PETER PRIMROSE:** I advise the Committee that over the last month I have received requests from representatives of two organisations for a meeting on the subject of this inquiry and other matters. I subsequently had short meetings with them. They were representatives of Alcohol Beverages Australia and the National Rugby League [NRL].

**The Hon. ADAM SEARLE:** I make a similar disclosure. I received a request from and did have a short meeting with Mr Fergus Taylor of Alcohol Beverages Australia, who is giving evidence today, about the subject matter of this inquiry. I received a request from and did have a short meeting with representatives of Carlton and United Breweries. I received a request from National Rugby League representatives and agreed to meet with them but I was unable to make that meeting and did not have a meeting with Mr James Boland-Rudder, a person not unknown to other members of the Committee.

**The Hon. SCOTT FARLOW:** He did not request meetings with us.

**The Hon. BEN FRANKLIN:** He did with me.

**The Hon. ADAM SEARLE:** In the interests of full disclosure, they are the people who have made requests and they are the meetings I have had in connection with the subject matter of this inquiry. I do not think it will influence my participation in this inquiry.

**The CHAIR:** They did not make any written submissions to you?

**The Hon. ADAM SEARLE:** No. If they had, we would be producing them.

**The Hon. SCOTT FARLOW:** I declare that Mr Taylor Martin, Mr Ben Franklin and I had a meeting request from Mr Fergus Taylor of Alcohol Beverages Australia and we met with him and also Carlton and United Breweries.

**The Hon. BEN FRANKLIN:** I declare that I met with Mr James Boland-Rudder from the NRL. As Mr Searle said, I do not believe that those meetings will impact my views on this issue in any way.

**The CHAIR:** Thank you for those declarations. I welcome our first witness.

**PAUL NEWSON**, Deputy Secretary, Liquor and Gaming NSW, affirmed and examined

**The CHAIR:** Mr Newson, we do not have a written submission from you. Do you have one with you today or one that you wish to table?

**Mr NEWSON:** No.

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

**Mr NEWSON:** No.

**The Hon. PETER PRIMROSE:** Mr Newson, why haven't you made a submission to the inquiry?

**Mr NEWSON:** Ultimately, it is a matter for Government whether it chooses to make a submission to any given inquiry. On this occasion the decision was made not to make a submission.

**The Hon. PETER PRIMROSE:** Who made that decision?

**Mr NEWSON:** I have not been involved in those particular discussions. I know that we have not been involved in making a submission and the general position was that we would not be making a submission. However, I would appear at the inquiry and assist the inquiry to the extent I am able to.

**The Hon. PETER PRIMROSE:** I do not want to labour the point, but you are here making an oral presentation. Who told you that you were not allowed to make a written submission?

**Mr NEWSON:** That was not my evidence. I have not been told we were not able to. I understand the decision was that the Government chose not to make a written submission on this occasion. However, I was invited to appear as a witness and to assist the Committee to the extent I can.

**The Hon. PETER PRIMROSE:** It would have been nice to have received something in writing. I will leave it to Mr Searle.

**The Hon. ADAM SEARLE:** Has your agency looked at the bill and made an analysis of its contents and its public policy impacts?

**Mr NEWSON:** Yes, I think that is a fair assessment. We have certainly looked at the bill and I think it is also fair that it is perhaps not the first time that a bill of a similar nature has been introduced. When we look at a bill, certainly in the alcohol space, we have regard, as I think you would expect, to what the broader environment is, what the broader context is. I think that is fundamental to our assessment and our view on this particular bill.

**The Hon. ADAM SEARLE:** What is the view of your agency about this bill?

**Mr NEWSON:** If I can speak from a context point of view, I think understanding the context and what the bill seeks to achieve is critical to the position that you adopt ultimately. Certainly from our perspective the issues around alcohol in New South Wales are best captured by the NSW Chief Health Officer in her 2016 report. If I can be given some opportunity I will step through a couple of those observations which I think are fundamental to any discussion of this bill. I am referring to the 2016 report of the NSW Chief Health Officer. Some of the observations are striking to us and I think are highly relevant to any discussion of this bill. The Chief Health Officer, Dr Kerry Chant, makes the observation in the preface that most people drink for enjoyment and relaxation and there is minimal impact on health outcomes.

One in three adults are non-drinkers. Young people are initiating drinking later and are engaging in less hazardous drinking behaviours. There is a decreasing number of adults drinking at levels that increase the long-term risk of harm. New South Wales has the lowest proportion of persons drinking at levels that present an immediate risk. The National Health and Medical Research Council [NHMRC] produces guidelines to give guidance around what presents a risk on a single drinking occasion and what presents a lifetime risk. I think it is quite striking that the NSW Chief Health Officer recognises that New South Wales has the lowest proportion of persons drinking at levels that increase immediate risk. New South Wales has the second lowest population drinking at long-term risky levels.

There are some striking observations from the Chief Health Officer in New South Wales that pretty much fix our assessment and understanding what the need is for increased intervention in the alcohol space. I also have regard to the picture of alcohol-related violence in New South Wales. Alcohol-related violence in New South Wales has been declining for the last five to nine years and continues to decline. It has certainly been on the decline of about 7 per cent for the last five years or more. The outcomes in the health space, relying on the report of the Chief Health Officer, speak to, at least in part, the effectiveness of existing policy.

Our focus is substantially around the impact of alcohol-related violence in New South Wales. While there is absolutely a continuing focus and more work to do, the picture is promising. I was at a Law Society of NSW seminar the NSW Police Commissioner spoke at some months ago. He made the observation that New South Wales has never been safer. I guess our reflection on that is the alcohol-related violence picture in New South Wales requires an ongoing vigilance, but the data shows it is heading in the right direction and there have been continued declines in alcohol-related violence in New South Wales.

In summary, that assessment is the context we face when we are looking at this bill. We have extensive powers under the existing New South Wales liquor laws. We apply those on a risk-based and intelligence-led basis, and we are quite confident in how we target, and the efficacy of that targeting. I think the results are demonstrated in some of the data I just stepped through.

**The Hon. ADAM SEARLE:** Is that a lengthy way of telling us that it is your agency's view, based on that data, that this bill is not necessary as a matter of public policy?

**Mr NEWSON:** I think that is a concise and fair assessment that there are very powerful, extensive provisions available to the Independent Liquor and Gaming Authority and Liquor and Gaming NSW that exist under the Liquor Act 2007 now. We exercise those appropriately; we exercise those strenuously when required. It is a fair assessment that additional powers are neither appropriate nor necessary at this time in our view.

**The Hon. ADAM SEARLE:** I note you said the incidence of problematic drinking is on the decline and the law and order impacts were also looking better than in previous years. But it is still the case that in terms of cost to taxpayers—in terms of the expenditure of the State both in law and order and in health—there is a greater incidence of expenditure connected to alcohol-related diseases than, for example, tobacco-related diseases. Is that correct?

**Mr NEWSON:** Not in my understanding, no. My understanding is that tobacco is certainly the leading cause of and contributor to morbidity, illness and death—

**The Hon. ADAM SEARLE:** I was talking about expenditure and the burden on taxpayers. Alcohol-related issues still represent a very significant proportion of—

**Mr NEWSON:** Absolutely. They represent a very significant proportion. The societal impact is assessed, and I cannot speak to the efficacy of that assessment, in one view at more than \$2 billion. My understanding—and I defer to the Department of Health—is that tobacco remains the leading contributor to illness and death in Australia, followed by excessive body mass. Alcohol is perhaps third. There is no escaping that alcohol consumption still plays a significant role as a health burden and social cost in Australia and globally.

**The Hon. ADAM SEARLE:** To play devil's advocate, there are significant restrictions on tobacco advertising in our society in relation to sporting events. Is that correct?

**Mr NEWSON:** It is not my space, but I think that is a fair observation.

**The Hon. ADAM SEARLE:** To play devil's advocate again—genuinely in the nature of the inquiry—why should the advertising regulation around alcohol not be similar to or the same as that around tobacco?

**Mr NEWSON:** I do not know that it is necessarily my role to comment on that. I think the Committee would accept that the regulation of advertising is largely a Commonwealth matter. I do not know that it is necessarily my role to comment on the appropriateness of a given policy, whether that is in tobacco or alcohol. I can certainly speak to what the policy is at the moment, and I can explain that policy. I do not necessarily think it is my role to dive into the detail or the efficacy of a given policy.

**The Hon. ADAM SEARLE:** You will appreciate that we are trying to come to grips with this particular legislative proposal and whether it is good, bad or indifferent in terms of public policy. So we are looking to the expertise of agencies such as yours and those of other witnesses to try to understand the terrain. According to your evidence, alcohol and tobacco are two of the big three health impacts in our society. I am wondering why, as a matter of public policy, they are not treated the same way in terms of advertising. Are you unable to assist?

**Mr NEWSON:** I am just cautious in my observations. If I had to offer a comment on that, I think alcohol plays a very different role in Australian society and globally to what tobacco does. I am sure the roles will continue to evolve over time but, as the Chief Health Officer observed, most people, most Australians and most New South Wales adults enjoy alcohol for recreation and to relax and have limited, if any, health impacts. I think there are very different public policy positions between tobacco and alcohol, and I think they play very different roles in society.

**Mr JUSTIN FIELD:** A number of submissions have suggested that there may be a conflict of interest between Liquor and Gaming's role in compliance and regulation and its aims to foster the alcohol industry in New South Wales. Can you give the Committee a sense of how you manage that conflict within your role?

**Mr NEWSON:** Certainly. I would perhaps frame it slightly differently. We do not have a role of fostering the alcohol industry in New South Wales or elsewhere. The objects of—

**Mr JUSTIN FIELD:** It is fair to say that the Minister's recent comments at the AHA dinner suggested that. You may characterise it differently but it seems that is the intention of Government, and you are the vehicle through which that would be delivered as far as the regulatory framework goes. I appreciate that you might put it in a different way, but that seems to be the intent.

**Mr NEWSON:** I can put it a different way but I think the framework speaks for itself. The Liquor Act declares what our purpose and function is to the extent that it declares what our role is under the Liquor Act. I would frame it differently because I think it is important for the Committee to understand, because that point around the competing duties and the tensions that we reconcile is critical to our role. We certainly have a role to maintain a flexible, balanced framework that allows the responsible development of industry subject to a public interest test. I press that because that is very different from a plain statement that we have a role fostering industry. We do not. We are neither anti-industry nor do we have a role of promotion of industry. I think the framework articulates it well. We are very clearly there to maintain a framework that is not burdened with formality and technicality but that allows industry to develop responsibly in line with community expectations, needs and aspirations, as is the language of the Act.

**Mr JUSTIN FIELD:** In your recent strategic plan, the first point is: "We put the customer first and deliver ...", et cetera. Who is the "customer" in that instance?

**Mr NEWSON:** You can certainly interpret "customer" in many different ways. I think the New South Wales Government, through its Service NSW arrangements, has promoted a more customer-centric focus across government.

**Mr JUSTIN FIELD:** But this has to do with licensing and your regulation of the industry.

**Mr NEWSON:** Absolutely.

**Mr JUSTIN FIELD:** When you say "customer" you are talking about applicants, you are talking about the industry applicants to the processes that you manage. Is that right?

**Mr NEWSON:** That is certainly one of our customers. We have a continuum of customers, stakeholders, citizens, community groups, activist groups, researchers, academics. When we are talking about "customer" in different ways, when I am talking about Service NSW and the New South Wales Government commitment to a more customer-centric approach, we use language around being commercially aware. If there have been complaints against liquor administration historically, it is that it has been inefficient and it has not been adequately commercially aware—so determinations, whether they are positive or adverse, have taken too long. With that complaint and that agitation in mind, we absolutely declare we focus on our customers and we will make sure, irrespective of what the outcome is, that we are commercially aware, and part of our strategy is to move increasingly, along with many other agencies, to an online presence.

**Mr JUSTIN FIELD:** Under the Liquor Act 2007 you have the capacity, or the director general has the capacity, to restrict or prohibit certain types of promotions. How many complaints would you have received in the last 12 months in regards to liquor promotions in New South Wales?

**Mr NEWSON:** Without being trite, I could probably say far less than what we historically received, and I would not mind pausing and speaking on that in some detail, if you indulge me. The key mechanism that Liquor and Gaming NSW puts into the market, the guidance that we put in the market, is the liquor promotion guidelines. They provide instruction for industry and the community, citizens, as to the type, nature and tone of liquor promotions that we, as the regulator, deem as acceptable within the regulatory framework. I mention those because they were revised and launched in 2013. Around 2013 we had a very significant focus on adverse, undesirable liquor promotions in New South Wales. There was very significant activity that we were engaged in.

If I can introduce some figures? In 2013-14, we investigated 92 matters, either on our own motion or through complaints made to us. Out of those we issued 59 orders of one nature or another. In 2014-15, we investigated 81 matters and issued 31 orders of one nature or another. In 2015-16, we investigated 104 matters and issued 11 orders. In 2016-17, we investigated 26 matters and issued four orders. I think that is instructive because we have an intelligence-led approach. We identified in 2013-14 that there was significant adverse, undesirable liquor promotion activity happening in New South Wales and we targeted it. Over a number of

years we have successfully influenced industry behaviour. Directly to your question: in 2016-17, I said we investigated 26 and we issued four orders.

**Mr JUSTIN FIELD:** When you say "investigated", are they the ones you chose to investigate or are they all complaints that were made?

**Mr NEWSON:** I will take that point of clarification on notice if I can, because we do have a complaints assessment committee. We get hundreds and hundreds of complaints and every complaint goes to a complaints assessment committee. There is uniform criteria and they get assessed against what our priorities are for the year and the like, and then decisions are made around which matters are investigated and which are not. I would not mind taking it on notice just to clarify if those 26 are matters that were assessed by the committee and then determined to be dealt with by complaint or whether that was the totality of matters raised around liquor promotions.

**The CHAIR:** I have some general questions. You said earlier in your opening remarks "in comparison, New South Wales" and so on. Is that comparison with all the other States?

**Mr NEWSON:** That is my understanding, yes.

**The CHAIR:** Are you sure of that? Is there some comparison between every State or just some States?

**Mr NEWSON:** I would not want to speak in certainty. That is my understanding from having read the Chief Medical Officer's report. I can take on notice to clarify that.

**The CHAIR:** Whether it is comparing it with the east coast, Queensland and Victoria, or Western Australia and so on.

**Mr NEWSON:** I will take that on notice. My understanding certainly was that it was a comparison of Australian jurisdictions.

**The CHAIR:** Are you aware of the Senate report some time ago on their inquiry into the impact of alcohol that said that alcohol is the number one social problem in Australia? Have you read that report?

**Mr NEWSON:** I certainly familiarised myself with it at the time but I have not refreshed on it for this hearing.

**The CHAIR:** Did that have any influence on the strategies of your department?

**Mr NEWSON:** I think it is fair to say that we have a very significant range of inputs into what our strategy is, certainly over the forward estimates and what we focus on at any given time. As Mr Field referred to, we have published and it is publicly available and we actively distribute what our strategic approach is for the next two years, 2017-19. We also annually list a statement of what our regulatory priorities are. We declare to all of our stakeholders "These are enduring priorities and these are the matters that we are focusing on for the next 12 months". We think that is appropriate. I guess my answer is that we inform ourselves from a range of documents and discussions, including asking stakeholders to come in and talk with us.

**The CHAIR:** I note in your opening remarks you talked about the orders that you have issued to indicate your positive activity. What are the average order contents? What does the order actually order the person to do?

**Mr NEWSON:** When it comes to promotions that a view is formed that they encourage the misuse or abuse of liquor in some way or in some other way they are undesirable, depending on the immediacy of the promotion, as in if we are alert to it that a promotion is happening tonight, then we act according to that immediacy. We have to observe natural justice. We contact the relevant party, we give them an opportunity to make any submissions. If it is an immediate matter, that might be oral submissions. If we still form the view that it is a promotion that is undesirable or that it is in some way encouraging misuse or abuse we restrict or ban the promotion.

There have been some reasonably sensational ones over time but largely not in recent years. There was one I recall personally, but it is also in my notes here, that a particular licensed premises—I think this was back in 2013—wanted to achieve a Guinness world record for the most mojitos made and consumed within one hour. There were "2,000 free mojitos waiting to be downed at the start of the night and we'll be waiting at the bar ready to get legless with all of you". That was 2013-14. We were alert to that on the day and then we prohibited the promotion, so it did not go ahead. That venue incurred significant commercial costs out of that. We made no apology for that; the tone of the promotion was completely irresponsible and clearly met the statutory test.

We would either restrict—in other words, compel them to make changes so that it is adequate. So rather than free drinks for an hour we might allow them to have one free drink per patron, and they have to have

an appropriate mechanism around that, like a coupon or something, some adequate mechanism. If those orders are breached then there is either an infringement notice or prosecution. The maximum fine is around \$5,500. That specific event then triggers other matters. That would trigger our risk-based licensing regime, and they would pay additional fees annually to offset our regulatory costs that we incur, the effort that we incur out of that.

**The CHAIR:** Would you be able to provide, perhaps on notice, a list of promotions that you have ordered to be cancelled?

**Mr NEWSON:** Absolutely.

**The CHAIR:** You gave an example. Is that a common activity?

**Mr NEWSON:** It was very common in 2012-13. We are intelligence driven. I can emphatically say it is our view we have positively impacted the market in New South Wales. The cavalier nature of promotions, the irresponsible promotions that were occurring in 2012-13 and to a lesser extent in 2014 are not there now. Should they reoccur then our activity in that space surges once again. I can certainly provide you with that list.

**The CHAIR:** You have some members of your staff who monitor these promotions to be aware of what is happening?

**Mr NEWSON:** Yes.

**The CHAIR:** They are not going to advise you; you have to find out. You have certain staff allocated to that role as inspectors or investigators?

**Mr NEWSON:** We have multiple tiers. We have an intelligence function which ideally serves both a strategic and an operational function. It adds most value around the strategic function where it can inform our strategic plan where emerging risks are. We have other elements of our organisation that either assess complaints or information that comes in from the community. From a governance point of view, that all goes to a complaints assessment committee and it gets triaged. We have inspectors conducting regular operations across New South Wales who collect information.

As part of that preparedness, they do an environmental scan and see what particular venues and precincts are doing. There are a number of ways that we learn of and maintain an awareness of the promotional activity that is going on. Where we have more gains to make is automation and getting value out of artificial intelligence [AI]. The buzz word seems to be "AI". How can we harness that so we can take the manual intervention out and better alert ourselves, through automatic scanning of social media or other platforms? Can we receive an alert as to where there might be promotions we need to have a greater level of analysis of?

**The Hon. TAYLOR MARTIN:** Mr Newson, would you be able to clarify what the role of Liquor and Gaming NSW is and the Independent Liquor and Gaming Authority's role?

**Mr NEWSON:** We have a fairly contained and focused role relative to advertising. The regulation of advertising is largely a Commonwealth matter. Our role, we fix on the conduct, activity and behaviour of liquor licensees in New South Wales. Our main focus is probably demonstrated by where there are undesirable liquor products we can intervene. If there is a product that has features that might be unduly inappropriately attractive to minors we can intervene. We can either restrict the availability of that product or otherwise cause, compel or negotiate with manufacturers to have sufficient changes to those products to address our concerns. Our role is largely focused on undesirable liquor products and undesirable liquor promotions and activity. Without reiterating the evidence I have given, it is intelligence focused and driven. There was absolutely unacceptable level of activity in 2012-13 and diminishing in 2013-14. It does not appear on our strategic priorities for 2017-18 because it has diminished to such an extent our activity has been able to fall back somewhat whilst still monitoring it.

**The CHAIR:** How long have you been with Liquor and Gaming?

**Mr NEWSON:** Since the beginning of 2012.

**The Hon. TAYLOR MARTIN:** Mr Newson, you mentioned that the Commonwealth plays a large role in this space. How much sits under Commonwealth control and can you elaborate on what the framework is for the oversight of alcohol advertising in New South Wales?

**Mr NEWSON:** I think that is an important point for the Committee. I think it is material that we have the executive officer and the chief adjudicator from the ABAC Scheme Limited [ABAC] coming to speak. It really is a Commonwealth space. The Advertising Standards Bureau is the key mechanism. Really, to get effective outcomes you need a coherent nationally coordinated approach. In any regime, whether it is liquor and



gaming regulation or consumer protection, having disjointed State approaches causes more difficulty than it does assist. In our view, the best mechanism is to look at the national approach and look at the current model. The Advertising Standards Bureau is the key mechanism for advertising complaints. It is not the only mechanism. It is a fair observation that the existing framework could be improved. The existing framework could be uncluttered so people can more easily navigate it. Perhaps there are not as many actors at that Federal level.

**The Hon. TAYLOR MARTIN:** Are there any existing provisions under the Liquor Act, or any related Acts, that enable the Minister, Liquor and Gaming NSW or the Independent Liquor and Gaming Authority [ILGA] to restrict the sale or consumption of alcohol in response to community concerns?

**Mr NEWSON:** There is, absolutely. One of the features of the bill in our assessment perhaps cuts across existing Liquor Act powers. There is a proposal or an option, a power in the bill that talks about local option areas. The existing Liquor Act provides really quite extensive powers for regulations to be made around restricted alcohol areas. In our view, the existing framework, the existing powers are appropriate. The Minister can make a recommendation for the regulation to be made to declare a restricted alcohol area. But there is a level of satisfaction that the Minister has to arrive at, and probably key out of that is advice from ILGA.

The Independent Liquor and Gaming Authority has to provide advice to the Minister that that intervention is appropriate in the circumstances. In doing that, they have to have consulted with a number of parties. They have to have consulted with the police commissioner, the relevant councils that would be impacted and, where relevant, the Minister for Aboriginal Affairs. Importantly, ILGA has to be satisfied that any such regulation would be in the public interest. A key difference between what is proposed in the bill and the existing powers is the disproportionate nature. Under the bill, as I understand it, if there was 10 per cent of the community they could achieve that level of intervention in an area.

There is absolutely an intersection with the current Liquor Act, but the Liquor Act has, I think, more appropriate controls around the exercise of those powers. ILGA, the independent body, needs to form a view that it is in the community interest. But they also need to be satisfied that the group that is advocating for this represents the majority, or the community, interest in the areas so a smaller voice, as strident as that voice is, cannot cause a disproportionate outcome on the balance of the community. At least I would ask the Committee to have regard to looking at the intersection between what is proposed in the bill and existing powers which have appropriate safeguards and appropriate threshold tests before they are exercised.

**The Hon. TAYLOR MARTIN:** There are significant powers proposed in the bill, and some may say draconian. Could you give us an understanding of the consumption and alcohol-related harm context in New South Wales?

**Mr NEWSON:** I will point back to my evidence at the outset. I certainly favour and prefer the report that the Chief Health Officer provides. That paints a very instructive view as to what the context is in New South Wales. It absolutely acknowledges that excessive consumption, that the misuse and abuse of alcohol, imposes significant societal costs. It absolutely acknowledges that. It also acknowledges that the majority of people enjoy alcohol as a part of their social connection and as a part of their community activities. Alcohol plays a fundamentally different role to other substances such as tobacco. That was mentioned at the start of this hearing.

On the metrics that we look at, on the report from the Chief Health Officer, we think that the powers in the Liquor Act are being proved to be effective. When you look at the health metrics that we focus on, they are largely declining. When we look at alcohol-related violence metrics, whilst acknowledging—and it is appropriate to pause and acknowledge—that more work needs to be done and there are anomalies that happen from time to time where there is movement in what is happening in the space, over the last five to seven years and even beyond that alcohol-related violence in New South Wales has been declining. At least over the last five years it has been declining at a rate of 7 per cent per annum.

**The Hon. BEN FRANKLIN:** I have a couple of questions, one that you might take on notice and one that perhaps you can answer now. The one on notice is: Could you give us some information about what Liquor and Gaming has done to reduce alcohol-related harm in the community? We would like some facts and statistics about what you have done in the last five or so years. That would be appreciated. Is that okay?

**Mr NEWSON:** Certainly.

**The Hon. BEN FRANKLIN:** The question I would like you to answer now is: One of the fundamental bases of this bill and this inquiry is whether there is a direct causal link between alcohol advertising and alcohol consumption, and I am wondering if you have views on that.

**Mr NEWSON:** The observation I would make, through our work in the liquor promotion space—it could be point of sale promotions, it could be at a nightclub or somewhere—I think it is fair to say, whatever the form of advertising is, that it probably improves or raises the profile or the brand awareness of a given company or a given product. That is more probable than not that it raises the awareness and probably the familiarity with that brand, with that product, whatever the offering might be. I guess, contrary to that, it is more arguable as to whether there is a direct causal link between that advertising and then consumption behaviours. I am not saying there necessarily is not, but I am saying it is arguable and it is debatable.

I would suggest that it is far more likely that social, cultural and peer influences and behaviours will impact drinking behaviours and consumption far more than exposure to advertising. In summary, my view is that advertising probably—more probable than not—raises the profile of and individuals' familiarity with and awareness of a given product. Whether or not it takes the next step to introduce or to initiate somebody to drinking that product or being a causal link between increased consumption is arguable. I am not sure that there is a level of probability there. It is at least arguable.

**The CHAIR:** Unfortunately we have run out of time.

**The Hon. SCOTT FARLOW:** I have questions that I will put on notice.

**The CHAIR:** Further questions may be put on notice for this particular witness. Thank you very much for the material and information you have provided. We appreciate it very much. The Committee may send you questions on notice and you will have 21 days in which to answer those.

**Mr NEWSON:** Thank you, Chair, and thank you, Committee.

**(The witness withdrew)**

**MICHAEL LAVARCH**, AO, Chief Adjudicator of the Alcohol Beverages Advertising Code [ABAC] Adjudication Panel, the ABAC Scheme Limited, sworn and examined

**JAYNE TAYLOR**, Executive Officer, the ABAC Scheme Limited, sworn and examined

**The CHAIR:** I welcome our next witnesses. Do either of you wish to make an opening statement?

**Professor The Hon. MICHAEL LAVARCH:** If I can place who we are in the grand scheme of things, it might help the Committee.

**The CHAIR:** Thank you for your submission. We appreciate you providing that.

**Professor The Hon. MICHAEL LAVARCH:** It is a pleasure, Chair. I am the Chief Adjudicator of the complaints process as part of the ABAC Scheme. The scheme as a whole can be understood as having three parts. There is the actual code of practice. The responsibility of the code of practice flows from a management committee made up of representatives of the sponsoring alcohol peak bodies, the Communications Council of Australia and a representative of the Federal Department of Health. So there is the management committee and the code itself. The second part of the scheme is the pre-vetting scheme, and this is the process where alcohol marketers can seek an independent verification of their proposed marketing against the standards contained in the code prior to the marketing being distributed. That is the second part.

The third part is the public complaints process and that is the part which I am involved with. I receive, assess and lead a panel to determine whether a public complaint about a piece of alcohol marketing is or is not consistent against the standards laid down in the code. My colleague Jane Taylor is the executive officer to the scheme. She supports the panel's operations with administrative and other support of the workings of the panel and provides other general support to the operation of the scheme.

One final thing before throwing it open to the Committee, we have brought some additional materials which we might hand to the secretariat. One of those is the most recent annual report of the scheme for 2016. We then have some summary "year in review" documents for a number of the last years which give a snapshot of the activities of the scheme, plus a document which goes through the milestone changes that have occurred to the code itself since it was first introduced in 1998. It has gone through several revisions and this just gives a quick snapshot of key points in the evolution of the scheme. I will make those available to the secretariat. Ms Taylor and I are certainly happy to assist the Committee and answer any questions that we can.

**The CHAIR:** Do you wish to add anything?

**Ms TAYLOR:** No, I think Professor Lavarch has that covered.

**The CHAIR:** We will commence with questions from the Hon. Peter Primrose.

**The Hon. PETER PRIMROSE:** Thank you very much for coming today. Our terms of reference are very simple. They are that Portfolio Committee No. 1 inquire into and report on the Alcoholic Beverages Advertising Prohibition Bill 2015. Could I ask for your views, please?

**Professor The Hon. MICHAEL LAVARCH:** I will be a little bit guarded in this respect. The ABAC Scheme itself, particularly in that it has on its management committee a representative of the Federal Department of Health, does not in its submission or in our evidence today purport to give a policy view as to the bill and the merits of the view. We are very happy to explain how our scheme operates and how it might interplay. So in terms of the ABAC Scheme, we do not offer a view on it. In terms of Michael Lavarch as an individual, I can understand the policy rationale behind the bill. I suppose I would make an observation that this is a reasonably complex area. There is an amalgam of some black letter law provisions, largely at the Commonwealth level.

You then have jurisdiction-based liquor licensing laws which touch on the marketing of alcohol and then you have a series of industry-based codes, ABAC being one, the code of ethic which applies to advertising more generically rather than being product-specific like the ABAC code is, and content and placement style codes which relate to free-to-air television which go to when alcohol advertising might be broadcast. The Outdoor Media Association has a code which goes to the placement of alcohol advertising on things like billboards or bus shelter sheds and things like that and its proximity to schools. It is quite complex and any piece of proposed State legislation or indeed Commonwealth legislation needs to be seen in the prism of that amalgam and whether it would add to the overall public policy outcomes of being sought or add complexities to it, so that is a consideration of which I think the Committee would be mindful.

**The Hon. ADAM SEARLE:** Yours is essentially a cooperative industry body that has been set up by industry to self-regulate. What do you say to concerns in the community that the sort of function that ABAC fulfils should be done by an independent statutory body so that there is not even a perception of industry or regulatory capture?

**Professor The Hon. MICHAEL LAVARCH:** Essentially I do not know if there is one right or wrong model here. There are different models just as there is in any area of regulation. It is a public policy decision for parliaments and governments to determine in a particular area whether prohibitions altogether is an appropriate outcome, whether no regulation at the other end of the spectrum is appropriate and whether between those two ends of public policy choice self-regulatory or quasi-regulatory models as exist to some extent in alcohol—as I say, there is a range of other black letter law provisions at the State and Commonwealth level that touch on advertising of alcohol—that would be better delivered through a statutory model.

Self-regulation has a range of advantages in terms of flexibility, responsiveness and a sense of ownership of the regulated community. On the other hand, there are limitations in self-regulation. At the end of the day only the State and government can compel actions from citizens, companies and the like. Ultimately it is a question for parliaments. From our perspective and from my perspective at the adjudication end of it, I am given and my panel members are given a code to apply. We do that in the best way that we can. We are independent of the alcohol industry. No member of the panel, including myself, has any commercial background, any relationship, any employment background whatsoever with the alcohol industry.

I can say that in my experience there has never been any suggestion of interference or resistance from alcohol industry participants in terms of the working of this scheme in our adjudication processes. I have never felt pressured at all in the operation of the complaints process. But whether this area should be government-regulated more directly or a mix of self-regulation, that is a matter for the Committee and parliaments around the country.

**The Hon. ADAM SEARLE:** The standards under the code are quite limited and set a benchmark by which you make judgements. It does not really go to the issue we are considering, which is about whether or not advertising should be prohibited. Your role is more focused on how it is to be regulated?

**Professor The Hon. MICHAEL LAVARCH:** Obviously the starting point function of having a scheme such as the ABAC Scheme is that alcohol is a lawful product which is able to be promoted, a recognition that the misuse of alcohol can be a cause of considerable harm, both to an individual and broader community level, and that there are appropriate levels of regulation for alcohol marketing. Obviously the scheme does presuppose that alcohol will be available and it will be able to be marketed.

**The Hon. ADAM SEARLE:** The code in one form or another has been in place for nearly two decades?

**Professor The Hon. MICHAEL LAVARCH:** Correct.

**The Hon. ADAM SEARLE:** How should we evaluate how successful it has been with this particular form of self-regulation by the industry?

**Professor The Hon. MICHAEL LAVARCH:** There are a number of measures which are useful. Firstly, the level of cooperation and following through on determinations of the complaints process is a measure. In the 19 years that the scheme has been operating, only on one occasion has an alcohol marketer not acted on an adverse determination, that is a determination that a marketing item, an advertising campaign or such like, be removed from the market or been modified so that it was constructed consistently with the code standards. That is one occasion in 20 years. I think that is a reasonable measure of buy-in, if you like, of the regulated community to the scheme.

The second measure is the proportion of advertising and marketing material which is subjected to the pre-vetting process prior to broadcast or dissemination through various media. In 2016, for instance, there were over 1,400 examples of alcohol marketers running their material through the pre-vetting process prior to it becoming public. Ms Taylor might correct me on this—I think something in the order of 10 per cent or 15 per cent of the matters that come through pre-vetting are either not approved or the marketer is told that modifications are required for the marketing to meet the ABAC standards. I think that is another reasonable measure of take-up by the regulated community.

A third measure is just the sheer volume of public complaints received about alcohol marketing. The Advertising Standards Bureau is the front door, if you like, for all public complaints for advertising concerns. So whether you are concerned about a milk advertisement, a shoe advertisement, a car advertisement, a food advertisement or an alcohol advertisement, the complaints process has a common front door and then it is

streamed into the appropriate dispute resolution or the complaints process after that. Consistently of all public complaints about advertising, alcohol advertising gets in the order of about 2.5 per cent to 3 per cent of the total number of public complaints.

You can make a number of observations about that but possibly one observation is that the pre-vetting process is being successful in trying to get the right balance of matching where marketing should be against community standards, which is sort of the benchmark here. I think a number of measures can be used to assess the adequacy of this part of that amalgam of requirements which overlay alcohol marketing.

**Mr JUSTIN FIELD:** You mentioned approximately 1,400 advertisements were pre-vetted in the last financial year. What percentage of advertisements, packaging or brands would that represent in a year? I know it is probably hard to put a figure on it because there are endless promotions and it is a voluntary scheme but do you have any idea what percentage of total advertisements that represents?

**Professor The Hon. MICHAEL LAVARCH:** We do not know the answer, and I do not know if even taking it on notice would help. I do not know we would be able to have that, in as much as one would need to know the total amount of advertising compared to what went through. What I can say is that the participants in the scheme and who then have contractually bound themselves to utilise the scheme comprise the bulk of advertising spend in Australia. It is reasonable to conclude that certainly the majority of major advertising is going through pre-briefing. Whether the local bottle shop that puts out something on its shop window, or the local pub that is running something, in large measure those sort of very localised promotions will not go through pre-vetting. But the things you see on your television screen or up on a billboard or in a magazine or major things through digital platforms, they certainly largely do go through pre-vetting.

**Mr JUSTIN FIELD:** Online as well?

**Professor The Hon. MICHAEL LAVARCH:** Yes, indeed.

**Mr JUSTIN FIELD:** I note that the code recognises that up to 25 per cent of alcohol advertisements will be seen by children. I assume that is because much of it is outdoor and difficult to control. Some of it is obviously in sports broadcasts. How do you make an assessment about whether or not a particular advertisement through a particular channel is going to breach that particular element of the code?

**Professor The Hon. MICHAEL LAVARCH:** This is very new ground, I have to say, Mr Field, because up until 1 November this year the ABAC Scheme was a content-only scheme. That is, it did not purport to go to where alcohol marketing might be seen. It essentially said, whatever medium you came across the thing, the standard of the content of the marketing needed to be consistent with the requirements in the code. In response to one of the regular review processes, the management committee made the decision to put in new placement rules. This is new territory for us. In fact, I currently have three complaints before the panel and these are the first three complaints that we will be deciding against these new placement rules. Two of them relate to the online platform, some marketing found on YouTube, and one in relation to cinema advertising.

**Mr JUSTIN FIELD:** Are those rules or guidelines that you will use to make that assessment of placement effect available publicly?

**Professor The Hon. MICHAEL LAVARCH:** They are part of the code itself. We have handed out the document, or I can hand it out now. In terms of how do we make that judgement. We will be asking the marketers themselves to supply us with their data. Certainly, people do not invest, in our experience, without having a pretty good idea of the demographic that they are trying to reach. We will ask that. We will be liaising with media distributors, if you like, television stations or subscription television, cinemas and the like, to be seeking their advice as well as to what the potential audience or their view is of the audience. Where we do not have data, I am afraid at the end of the day we have to make judgements. The panel itself will have to make its best judgment of what a reasonable sense of that audience may be. This is new territory for us. We are not yet into making a determination.

**Mr JUSTIN FIELD:** To add an even newer piece of territory, one of the most effective forms of online media at the moment is the use of social influencers. People may not even realise they are being targeted. Do you have any way of making judgements on how the alcohol industry may or may not be using social influencers to conduct peer-to-peer marketing? Do you have any reach into that type of marketing?

**Professor The Hon. MICHAEL LAVARCH:** We have, to date, made at least one or two decisions regarding influencers. One was earlier this year or late last year, with two online influencers. We took investigations as to the nature of how is it that the product was appearing on the influencer's site, what the relationship was of the influencer back to the marketing company, the particular brand owner. In those cases we made a determination that the code applied to this form of digital marketing. Even though you will not find the

word "influencer" in the code definitions, there is the spirit and intent of what we think the code should be reaching. We said yes, if you market through an influencer, that work of the influencer has to be consistent with the standards in the code. As to how much that is occurring and how much money is going that way I do not know.

**Mr JUSTIN FIELD:** Would you be able to provide the Committee with the outcome and the details of those considerations?

**Professor The Hon. MICHAEL LAVARCH:** Absolutely. All of our decisions are published on our website and can be accessed there, but we are certainly happy to individually circulate that particular decision.

**The CHAIR:** Thank you again for your attendance. You have mentioned the code a number of times. Have you tabled a copy of the code?

**Professor The Hon. MICHAEL LAVARCH:** It was part of the submission. It is the last page.

**The CHAIR:** Is it not a larger document?

**Professor The Hon. MICHAEL LAVARCH:** It was certainly in our written submission, and we also just gave to the secretariat some documents which contain a copy of it.

**The Hon. ADAM SEARLE:** Mr Chair, if it assists, it is in submission No. 20.

**The Hon. BEN FRANKLIN:** It is. I have given the Chair a copy.

**Reverend the Hon. FRED NILE:** I thought it would be a more substantial document. I realise this document is there.

**Professor The Hon. MICHAEL LAVARCH:** That is true. It is a statement of high-level standards, which we then apply over time.

**The CHAIR:** There is no other more detailed code?

**Professor The Hon. MICHAEL LAVARCH:** No.

**The CHAIR:** Which goes to television stations and other outlets?

**Professor The Hon. MICHAEL LAVARCH:** As I said in my earlier statement, the regulation, if you like, of alcohol marketing is quite complicated. We are an important part of it but we are just one component of it. You need to go to the Commercial Television Industry Code of Practice, which will give you the specifications regarding the broadcast times and the restrictions that go to that. We are not that part of the system but you will find that there. If you pick up the Outdoor Media Association's guidelines, that goes to the placement of alcohol on billboards, and its line of sight to a school, for instance, is part of that. You have to pick up an awful lot of documents in order to get an absolutely complete picture of it. Our code is just one component.

**The CHAIR:** You mentioned the television code and others. I note that often on the television itself there is an advertisement saying one can send complaints to a particular department. Does the ABAC Adjudication Panel advertise in that way so that people know how to contact it?

**Professor The Hon. MICHAEL LAVARCH:** In 2014-15 I think there was a specific ABAC community awareness campaign run, and those community announcement-style things that you just alluded to, Mr Chair, specifically about the alcohol code, aired across various outlets. Certainly the ASB, which is the Advertising Standards Bureau, which is the common front door, whether I am concerned about alcohol or concerned about some other product and the way it was being promoted, they run a fair bit. The one that you are referring to I suspect was an ASB one. That is the same front door for alcohol. There has been some community research done about awareness, "If I am concerned I have seen something I do not like is there something I can do about it?" That tends to indicate that while people do not have in their head this code or that code and the like, people generally know that if they are unhappy about what they have seen on television or the like there is an avenue where they can complain about it.

**The CHAIR:** What about complaints to your panel?

**Professor The Hon. MICHAEL LAVARCH:** All the complaints, whatever the product is—alcohol, cars, tyres—go to this common clearing house, which is the Advertising Standards Bureau and the Advertising Standards Bureau streams the complaint, depending on what it is. If it is about alcohol they send that to us. People do not complain directly to my panel; they make complaints to the generic portal and it finds its way from that clearing house to our panel.

**The CHAIR:** You are confident that the system is working and all those complaints get to you?

**Professor The Hon. MICHAEL LAVARCH:** If it goes to the ASB, yes, we are 100 per cent confident that they come to us. We have strong protocols and channels with them. Whether there is a proportion of the population who are concerned about something and do not know where to go, well, that is possible. Of course, today you just Google "alcohol complaint" and the portal will come up in your Google search. I generally think that if you are concerned about something it is not too difficult to find our panel if it is an appropriate thing for us.

**The Hon. SCOTT FARLOW:** Thank you for appearing before us and being cooperative with the Committee. Mr Field touched on the point of pre-vetting.

**Professor The Hon. MICHAEL LAVARCH:** Yes.

**The Hon. SCOTT FARLOW:** You outlined that social media is pre-vetted. How many of the 1,400 would be social or digital media?

**Ms TAYLOR:** We would have to take that on notice.

**Professor The Hon. MICHAEL LAVARCH:** I would have to take that on notice. There are mandatory requirements in terms of pre-vetting that members of the alcohol peak bodies have committed themselves to. There is a range of choices that people make over and above the mandatory requirements.

**The Hon. SCOTT FARLOW:** I note that the pre-vetting requirements for digital are optional as compared with television, outdoor cinema and radio, which all must be pre-vetted. I note in the document you have provided us, which is annexure A to the ABAC statistics, that so far as percentage of determinations relating to different media product material, digital media is leading significantly with 53 per cent.

**Professor The Hon. MICHAEL LAVARCH:** Yes.

**The Hon. SCOTT FARLOW:** I am wondering if that shows the impact that your pre-vetting and other forms is having if there are not so many being pre-vetted?

**Professor The Hon. MICHAEL LAVARCH:** That is an interesting observation. Last year was the first year that digital platforms became the majority of the source of complaints. Whether that will be repeated in 2017 we will see. Anecdotally, that reflects information to us that dollars being spent are shifting away from broadcast media into the more narrow cast digital platforms. To take up your point, our experience also has been that if something has gone through pre-vetting there is a much higher prospect that the complaint will be dismissed. We do form different views than the pre-vetters from time to time. If you have 10 people in a room, for some things six would think it is on the right side of the line and four might think it is on the wrong side of the line. So you can have those "fine line" judgements whether something is consistent or not. If something has gone through pre-vetting already, it is a good guide that it will be soundly against the code.

Where we make determinations about something breaching a piece of marketing, it tends more often to be something that has not gone through pre-vetting. I do not mean to be derogatory but we are increasingly seeing almost the "rats and mice" end of the marketing space, so not your big national brands—they go through these things—but the local liquor outlet or a particular hotel that is running some sort of promotion. There is always a bit of work to be done with that part of the market so that they understand there are standards, that they have the opportunity to pre-vet and they will be held accountable if there is a public complaint, so to raise awareness amongst that part of the alcohol market.

**The Hon. SCOTT FARLOW:** You have answered my next question. Largely to that point, the majority of the complaints you would receive in the digital space are with respect to small retailers or pubs and clubs, or other sorts of promotions?

**Professor The Hon. MICHAEL LAVARCH:** We do get complaints in the digital space about big well-known brands. That certainly occurs. The point I was making is not so much that the complaint is received but that the complaint is upheld. At the end of the day, things which have not gone through pre-vetting or more rigorous internal processes that the larger companies tend to operate, that churn-out is more likely not being mindful and not consistent with the code standards.

**The Hon. SCOTT FARLOW:** You have outlined that the code has been updated several times since its introduction nearly 20 years ago and you have provided us with a brief overview of that. Could you perhaps outline succinctly some of those updates and how it has responded to the changing advertising climate?

**Professor The Hon. MICHAEL LAVARCH:** The scheme came into being in 1988. In 2004 it was extended to the internet for the first time. In 2009 it was extended to packaging and brand names. Prior to that

I could not complain about the actual name of a product or how the labelling was done on the bottle or the can. In 2009 the scheme changed to incorporate brand names. For instance, a couple of years after that we prohibited Duff beer, which was based on the *Simpsons* cartoon.

Some bright spark thought that would be a good product to put on the Australian market. We considered that had strong or evident appeal to children given its antecedents, so as a result that product never got off the ground in Australia. In 2014 there were giveaways and other competitions and promotions. There was also a redrafting to simplify some of the provisions and to give greater detail around what "strong and evident appeal to children" meant. And 2017 is the most recent evolution which is to take the scheme from being purely content of what is in the marketing to content and placement, at least as far as it concerns appeal to children; that is, what is the potential audience of the advertising irrespective of its content.

**The CHAIR:** In your submission you said that the Federal Government is a key stakeholder. Does the State Government have a role?

**Professor The Hon. MICHAEL LAVARCH:** No. The Commonwealth is involved at two direct levels. One of the assistant secretaries of the Federal Department of Health is a member of the management committee, so that is one direct influence. The second influence is that the appointment of the adjudication panel in terms of the public health advocate or public health background member is approved by the Commonwealth Minister or delegate of the Commonwealth Minister. To explain, each adjudication panel that makes a decision about a complaint is made up of me as a lead background chair, a member who comes from a public health background, and a member who comes from a marketing media background. The public health member of the panel has to be approved by the Federal Minister. There is no direct State Government involvement. I understand that the Federal Minister through the responsible ministerial council, the COAG council which covers alcohol policy, is a sort of link to the States, but there is no direct State Government representative.

**The CHAIR:** Do you think there should be some liaison with the State?

**Professor The Hon. MICHAEL LAVARCH:** Liaison in terms of periodic contact between the management committee and responsible State departments and Ministers does occur. I think it would be a bit awkward, given the multiple jurisdictions, to try to have every player getting a prize in that way. In a way, I think that the overarching responsibility is more at the Commonwealth level, given the Commonwealth's responsibility for telecommunications, broadcast and those sorts of things. Overall I think national governments struggle with the internet as a nation state but, if you are going to try to tackle it, it probably has to be national rather than State by State.

**The CHAIR:** You said the vetting process is voluntary.

**Professor The Hon. MICHAEL LAVARCH:** Yes, it is.

**The CHAIR:** Should it be compulsory?

**Professor The Hon. MICHAEL LAVARCH:** At the end of the day the scheme itself is voluntary because, as I said earlier, it is at its heart a self-regulatory system. Having said that, the voluntary take-up of the vast bulk of the people who advertise alcohol in Australia does go through the system. Yes, if it had a legislative underpinning and a mandated way you could try to drive it to 100 per cent, that is true, but certainly the reach is quite strong now. The cost benefit of doing that is again a matter for bodies like this to make those judgements.

**The CHAIR:** You say the reach is quite large. What is the percentage? Would it be, say, 50 per cent, 80 per cent or 90 per cent?

**Ms TAYLOR:** Looking at figures of advertising media spend, 90 per cent of advertising media spend in Australia are our signatories to the code and 60 per cent of retailer advertising media spend are signatories to ABAC. Another thing on mandatory and optional—while it is voluntary, the Free TV Australia members and Outdoor Media Association members all require alcohol advertising approval from our pre-vetting service before any of their members will place an alcohol ad. So I guess there is an extra level of support from those industries.

**Professor The Hon. MICHAEL LAVARCH:** In simple terms, that means—

**The CHAIR:** There is a partial compulsion.

**Professor The Hon. MICHAEL LAVARCH:** That is right. Channel 9 will not broadcast my alcohol ad unless I present to Channel 9 a certificate that my ad has been pre-vetted through this scheme.

**The CHAIR:** Thank you very much for your evidence and your attendance. We appreciate the work you are doing.



**(The witnesses withdrew)**

**FERGUS TAYLOR**, Executive Director, Alcohol Beverages Australia, affirmed and examined

**The CHAIR:** A very warm welcome. Would you like to start with a short statement?

**Mr TAYLOR:** Yes, I will. Alcohol beverages are enjoyed every day across New South Wales as a positive and social part of everyday life, be it family gatherings, community and sporting events, or other celebrations that enrich our lives and bring us together. Alcohol Beverages Australia welcomes the opportunity to appear today on behalf of the many manufacturers, distributors and retailers in the industry. Our members are organisations of all sizes, from large companies to family-run businesses.

The industry has been an historically significant contributor to the New South Wales economy, providing tens of thousands of jobs, many at the entry level, which gives young adults their first chance. The industry is also contributing substantial tax revenue, economic investment and important community facilities and support in country towns, city suburbs and everywhere in between. Our growing and sustainable industry also plays a key role in underpinning the New South Wales entertainment, food and tourism sectors, and helps raise national and international awareness of the State as a destination, courtesy of our multi-award winning wineries, breweries and distilleries.

In terms of Australia's drinking culture, many of the key government statistics are heading in the right direction, and have been for many years. The recent and respected Federal Government's National Drug Strategy Household Survey [NDSHS] showed an overwhelming 83 per cent of Australians are either drinking in moderation or abstaining from alcohol altogether, and the proportion of Australians exceeding the National Health and Medical Research Council's drinking guidelines has decreased. Young people are leading the change: 82 per cent of 12-to-17 year olds now do not drink at all. This is a 10 per cent improvement in just three years and part of a 10-year-long downward trend. Fourteen-to-24 year olds have continued to delay starting drinking. The average age of their first drink is now 16.1 years, up from 14.7 in 2001. Also, importantly, 18-to-24 year olds are drinking less, with substantially fewer engaging in binge drinking.

While these key indicators for alcohol-related harm and underage drinking have been headed in the right direction for well over a decade, the strictly regulated advertising, marketing and promotion of alcohol beverages has increased exponentially and moved on to a whole range of exciting new online and social platforms. This, on its own, clearly demonstrates that the advertising, marketing and promotion of alcohol beverages does not drive underage drinking or harmful drinking. The Alcoholic Beverages Advertising Prohibition Bill would impose on New South Wales communities one of the most restrictive approaches to alcohol advertising in the world, including prohibition, despite research and international examples that show the population-wide measures proposed in the bill do not provide the targeted and evidence-based approach required to reduce alcohol-related harm.

For example, in Germany, where most alcohol advertising is self-regulated, there has been a decline in total alcohol consumption. In Sweden, a downward trend in youth alcohol consumption has been observed, despite a relaxation of alcohol advertising regulation. In France, some of the strictest regulation in Europe has been in place while underage binge drinking has, sadly, increased. The alcohol beverages industry certainly acknowledges misuse occurs and it has been proactive and determined, encouraging and funding targeted measures that help to evolve our drinking culture. For example, DrinkWise Australia has delivered numerous major campaigns promoting responsible drinking and targeting what the evidence identifies as the two key drivers of underage drinking: parental drinking behaviour and peer group norms.

Further, our advertising and marketing is strictly regulated to ensure it does not contain content that appeals to young people or encourages dangerous consumption, and much of it includes responsible consumption messaging. Responsible Service of Alcohol is strictly enforced across New South Wales where alcohol is sold, and retailers have also introduced effective voluntary measures such as the ID25 and Don't Buy It for Them campaigns, and are participating in local liquor accords that work with police, health and community leaders in specific areas to target specific problems.

We all want to continue to reduce underage alcohol consumption and alcohol misuse. To achieve this, ABA recommends the Government keeps the focus on evidence-based regulation and policies that target specific harms. Broad-based interventions, like advertising bans and prohibition, instead target total consumption; they do nothing to reduce alcohol harms and they unfairly punish the majority who enjoy their drinks responsibly.

**The Hon. PETER PRIMROSE:** Mr Taylor, the Committee has simple terms of reference: essentially, that we inquire into and report on the Alcoholic Beverages Advertising Prohibition Bill 2015. I note about halfway through your submission you specifically address that and you have addressed it in your initial

statement. I would like you to elaborate on a couple of the points that you raised. Specifically, you talk about the ineffectiveness of population wide measures: "Alcohol Beverages Australia [ABA] understands the simplicity of population-wide measures, however the evidence shows they are ineffective in reducing alcohol-related harm and so can never be cost or policy effective". You have addressed that, but can you elaborate on that statement?

**Mr TAYLOR:** The key to the issues that you raise is that there is no research. The Deputy Chair asked this specific question. I can answer it for him. There is no research that establishes a causal relationship between alcohol advertising and youth alcohol consumption. It is important to recognise that as a committee. It is a fundamental starting point for your deliberations. You would hear a lot of testimony, and I have seen it in the submissions, to the effect that there is an "association" and there is a "correlation" and there is a "relationship". These represent nothing more than an awareness.

I will give you an example. I like tennis. When I was a kid if you came and asked me I could have named a number of different brands—Donnay, Emrik, Slazenger, et cetera—that had nothing to do with the advertising. I could have told you about their advertising. I could have told you that John McEnroe wore Nike shoes and Bjorn Borg had a Donnay racket because I was interested in tennis, so I noticed it. It had nothing to do with why I started playing tennis. I started playing tennis because my dad played tennis and I wanted to be like my dad and I wanted to go to town on a Saturday. The point that I make is that these relationships and links and associations that you hear about do not represent a causal relationship.

Once you appreciate that the advertising you are seeking to ban is not causing the problem you are trying to solve, it becomes a moot point. You do not just have to rely on research. If you go to Germany it is a real-life example. It is one of the least regulated countries in the European Union [EU]. At the same time it has been the least regulated, alcohol consumption has dropped by a third since the 1970s. Similarly Sweden, another real-life scenario that undermines the claim that alcohol advertising encourages young people to start drinking.

Up until 2004, Sweden had tight bans on alcohol advertising. As part of its entry to the EU, that was relaxed in 2004. If alcohol advertising caused underage alcohol consumption, as claimed by some of the evidence before you, there would be a sharp increase in youth alcohol consumption in a country like this after easing the laws. It did not happen. To the contrary, the downward trajectory of youth alcohol consumption continued past 2004 specifically to do with alcohol harm and the broad-based consumption measures.

**The Hon. PETER PRIMROSE:** In regard to these figures—so we have some references—is this from the study that you quote, Elhomani, Beccaria and Einstein 2017, or are there other references you can give us as backup evidence for what you have said?

**Mr TAYLOR:** I have a host of studies that I am happy to table on which our evidence is based. At the completion I will provide that in hard copy.

**The Hon. PETER PRIMROSE:** That would be useful. I know my time is limited. May I ask, on the following page under the heading "Addressing the objectives of the bill", broadly there are the two main aims: combat underage alcohol consumption and reduce alcohol-related harms. You say, "These objectives have and can continue to be addressed by the New South Wales Government without needing to rely on the prohibitions in the bill"?

**Mr TAYLOR:** Correct.

**The Hon. PETER PRIMROSE:** Can you elaborate?

**Mr TAYLOR:** Absolutely. The harms you are attempting to deal with are being dealt with. The statistics I mentioned before highlight that the trends are positive in these areas. When you look at problem consumption, be it underage or binge, you need to firstly identify the at-risk groups, be they underage drinkers or 18-to-24 year olds who might be binge drinking. You need to tailor communication and awareness campaigns at those people to warn them that their behaviour is going to have consequences. You need to intercept them. If they are presenting at hospitals because of alcohol consumption you need a clinical intervention from a trusted medical professional, who says, "This is not good. You need to do something about this", to wake these people up and get them to take action. That action needs to include ongoing support with a trusted local general practitioner [GP] or personal GP that the person can confide in and develop the necessary process to overcome the problem. By better identifying the people who are at risk and focusing on the specific harms you will have far greater success in changing their behaviour.

**The Hon. ADAM SEARLE:** Playing devil's advocate for the moment, there are a lot of restrictions at the moment on the kind of advertising that tobacco and related interests can engage in. I appreciate that not everyone is at equal risk in terms of alcohol, but given that alcohol and tobacco are two of the biggest negative

health activities, why shouldn't the advertising of alcohol be the same as for tobacco given the negative consequences from public expenditure and public health?

**Mr TAYLOR:** You cannot safely consume tobacco.

**The Hon. ADAM SEARLE:** I appreciate that.

**Mr TAYLOR:** You can very safely consume moderate amounts of alcohol. There is a wealth of research—I am sure we have provided some as part of our submission but there is a wealth of research that supports the contention that the moderate consumption of alcohol provides a net health benefit. Once you get past a certain point that tapers off and it starts to become a problem. If you stay in that zone of moderate consumption you actually enjoy a health benefit. You cannot do that with cigarettes.

**The Hon. ADAM SEARLE:** I appreciate that, but nevertheless the consequences for public expenditure and public health related to alcohol remain very large. I appreciate the things you have mentioned in your submission and some of the things you have briefly spoken about. Nevertheless, our society does seem to still have a difficult and, at a global level at least, unhealthy relationship with alcohol. Again, why, as one of the measures amongst many—and I appreciate there is no silver bullet—should we not treat alcohol advertising and tobacco advertising as being the same? Why should we not take the same approach?

**Mr TAYLOR:** Once again I would refer to the fact that the alcohol harm that you are talking about and the cost to community—that is where the cost is borne—is a product of alcohol misuse and alcohol overuse. That is perpetrated by a very small percentage of the population. There is no necessity to punish the rest of the population—and, indeed, all the businesses that operate across the industry—for the actions or inability to control actions of a small minority.

**The Hon. ADAM SEARLE:** Just taking your point there, you are not punishing consumers by curtailing advertising. People who want to consume moderately, who enjoy doing that—I am one of them—will no doubt continue to do so. It is really the business and commercial interests that you are speaking to, is it not?

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

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

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

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

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

**The Hon. ADAM SEARLE:** Thank you.

**Mr JUSTIN FIELD:** Mr Taylor, there are lots of statistics in your submission, but some of the specific statistics for the Australian circumstance are not clear. In particular you identify a United States study that looks at a comparison between advertising expenditure growing from the 1970s to 2012 by 400 per cent, and that did not correspond to any per capita consumption increase of alcohol over that time. Do you have any similar statistics for Australia? What is the current per capita alcohol consumption in Australia?

**Mr TAYLOR:** The current alcohol per capita consumption is 9.7 litres.

**Mr JUSTIN FIELD:** Has that changed in the past decade or so?

**Mr TAYLOR:** It has been going down since the 1970s. There was a peak in the 1970s. It has been going steadily downwards since the 1970s. I should note it did pop back up last year, but certainly well within the margin for error for the longer downward trend.

**Mr JUSTIN FIELD:** How would that have compared with advertising in Australia? Would we have seen a similar increase in advertising in Australia?

**Mr TAYLOR:** I think up until the global financial crisis [GFC] the advertising spend would have exponentially been going up, significantly. At about the time of the GFC there were a lot of economically induced cuts, obviously, and at a similar time I think you will find the influence of online probably started to take hold. When you talk in terms of expenditure, it has jumped around a bit. I understand it is something in the order of \$220 million per annum, but I think it is probably a better reflection to look at the amount of alcohol advertising. There has never been more alcohol advertising than there is right now and yet consumption continues to fall and alcohol harms continue to fall.

**Mr JUSTIN FIELD:** I want to challenge that notion. A pretty big aspect of your submission is that advertising is not the problem in that regard when it comes to consumption. But the thing that is not reflected in your submission is the massive public conversation we have had over that same period of time about the health risks associated with alcohol consumption. I wonder how much the industry is just offsetting the greater public awareness of health consequences and the media reports, the public health statements, the warnings about alcohol consumption and how we have to keep it away from children. You are just buffering against the headwinds of the improving public understanding of those health risks. Does that not undermine your argument that controls around advertising, which are currently buffering against health warnings and health advice, might be justifiable? I do not see your argument as being strong when you consider it against the counter-arguments that are out there in the public space.

**Mr TAYLOR:** I would strongly disagree. The industry is part of that debate. The industry is part of the evolution that has seen a proliferation of lower alcohol, low carb, all sorts of different types of products. The industry is changing because that is what consumers are demanding. The industry is also participating very vocally in the public debate about responsible consumption. It is in the industry's interests, if you want to look at it purely cynically, for the problem consumption and harm consumption to continue to decrease. I would say that there is no clash between the objectives of reducing alcohol consumption and the objectives of the alcohol industry.

**Mr JUSTIN FIELD:** But that must reduce the profits of the industry.

**Mr TAYLOR:** On the contrary. There is plenty of room for the industry. The old adage is "You can have seven drinks on a Friday night or you can have one each day". The industry makes the same amount of money out of both. It is a better result for the industry if they have one each day.

**Mr JUSTIN FIELD:** Not if they have to spend 400 times the amount on advertising, I assume.

**Mr TAYLOR:** Well. Again, the return on investment [ROI] of the actual advertising is probably something better directed at individual members, and some of them are coming. But certainly from the perspective of responsible consumption it is overwhelmingly in the industry's interest to promote it.

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

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

**Mr JUSTIN FIELD:** A range of submissions, including yours, recognise there is a 75 per cent standard that seems to be becoming firm in the industry. There is a recognition that around 25 per cent of alcohol advertising touches children. Is that something that the industry has settled on? I would assume the public would be surprised to hear that a quarter of all alcohol advertising reaches children. What is your response to people who say that seems like a lot? What can we do to reduce that further?

**Mr TAYLOR:** My response is that it is categorically wrong. The 25 per cent rule that you are talking to is a measure that the industry has voluntarily introduced. What it seeks to provide is a measure by which the industry will target its advertising. The industry will not place an ad where there is a chance that the audience is greater than 25 per cent of under-18 year olds. It does not mean that 25 per cent of people are going to see the ad.

**Mr JUSTIN FIELD:** What percentage of young people would see the ads?

**Mr TAYLOR:** Let me give you a couple of examples. National Rugby League [NRL] State of Origin, 89 per cent over 18; NRL season, 89 per cent over 18; Australian Football League [AFL], 87 per cent; Super Rugby, 92 per cent; and the cricket is 87 per cent. So the proportion of young people that are watching those

telecasts is well within the 25 per cent remit, if you like. And it is a world-leading and globally accepted standard.

**Mr JUSTIN FIELD:** Thank you, Mr Taylor.

**The CHAIR:** Thank you again for your contribution. We can make a comparison between tobacco advertising and alcohol advertising. Would you agree that the prohibition on tobacco advertising has had a dramatic impact on tobacco consumption?

**Mr TAYLOR:** It is my broad understanding that it has had a positive impact but again it is certainly not my remit so it is probably not appropriate for me to go into too much detail about it. Broadly my understanding is that is roughly correct, yes. I do not know whether it is singly the ban on advertising. I think it is certainly a combination of factors, including public awareness campaigns and actively targeting people who are at risk of taking up smoking, like young people and vulnerable young people. I certainly do not think it is a simple result of banning the advertising but I am certainly comfortable accepting that that is part of the mix.

**The CHAIR:** The consumption and use of tobacco is now down to 13 per cent from some of the figures I have seen, which is quite dramatic.

**Mr TAYLOR:** Yes, I think it is an exciting development as long as it is accurate. There is also a proliferation, as far as I understand, of black market and grey importing of cigarettes, so it probably pushes that back up a little bit higher. Let's face it, that is the kind of thing that prohibition encourages. But anything that drives down something that kills you as soon as you touch it is probably a good thing.

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

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

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

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

**The CHAIR:** That would be good to give us a comparison. If there has been such a reduction in alcohol consumption, what impact has that had on the alcohol industry?

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

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

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

**The CHAIR:** What is behind my question is whether your figures of a reduction in consumption are accurate because the industry seems to be prospering despite the reduction? How can that be?

**Mr TAYLOR:** They are not our figures; they are the Federal Government's figures. It is based on all the alcohol that is available for sale in a given year. It is not 100 per cent accurate but it is the best available and it is the accepted standard that the industry, the health lobby and governments rely on.

**The Hon. BEN FRANKLIN:** My first question is a pretty basic one. If it is not to increase consumption, why do alcohol beverage companies advertise?

**Mr TAYLOR:** I get asked this a bit. Australia and New South Wales have what is known as a mature alcohol market and that is consumption is not increasing. The impact of advertising is not increasing overall consumption. As I mentioned before, it is declining, except for the last year where it popped back up slightly. In that environment you have an extremely competitive marketplace. Alcohol advertising is to secure market share in that highly competitive marketplace. It is a legal, safe product that these businesses market to their adult consumers.

**The Hon. BEN FRANKLIN:** We just had evidence from ABAC as to the work they do. How effective do you think they are in monitoring alcohol advertising?

**Mr TAYLOR:** I think they are very effective but you do not have to take my word for it. In May, ABAC commissioned Colmar Brunton social research to conduct a survey about their determinations. They gave this group of people, a significant group of 1,225 people, I think, 12 decisions that they had made where they had knocked back advertising and they asked them to give their assessment of it. Without knowing the details of the ABAC code, this group of people knocked back one of the advertisements. When they were shown the ABAC code, they added only four more of the 12. That research demonstrates quite clearly that the ABAC determinations are in fact more conservative than community expectation. I think if we are policing ourselves to the extent that the community thinks, we are going a bit hard on ourselves. We are probably about right.

**The Hon. BEN FRANKLIN:** If I understand this correctly, ABAC makes rulings, as it were, which are not binding but it is then up to your constituent members whether they follow them, correct?

**Mr TAYLOR:** Yes.

**The Hon. BEN FRANKLIN:** How often do they follow them?

**Mr TAYLOR:** My members follow them all of the time.

**The Hon. BEN FRANKLIN:** So 100 per cent?

**Mr TAYLOR:** One hundred per cent. I am certainly not aware of any of my members ignoring or refusing to follow an ABAC determination. It is simply not in their interests. It is an important industry scheme and the major players in the market, and the smaller players, have an obligation to honour it so that it will succeed.

**The Hon. BEN FRANKLIN:** I move on now to liquor accords. What role do you see them playing in managing alcohol-related problems in local communities. I am particularly interested to know what value you think they have and if you think there is anything further the Government can do to assist or leverage from them?

**Mr TAYLOR:** I make two points. Firstly, liquor accords work because they are targeted solutions for local areas. Liquor accords involve local industry, police, health and government from a specific area who get together and work out a solution to a local problem. I have a really good example from the Port Macquarie area. Over 100 members from the industry got together with the police, Liquor and Gaming, Health and government authorities and introduced a number of initiatives, including "barred from one, barred from all". These things especially work in country and regional areas where it is a long drive to the next major town.

They have also got initiatives around making it easier and encouraging that it is socially acceptable to plan to take a taxi home and get a taxi when you need one. They have improved the Responsible Service of Alcohol [RSA] for frontline staff to deal with people. In small country towns it can be a lot more problematic for a young bar person to have to deal with someone who is getting to the point where they probably have had enough, especially if they might know them or their daughter or their son or their parent. Those local liquor accords are a really important way for specific targeting of problems which may occur, and they are very successful. If there is something the Government could do, perhaps it is to create some sort of a template for those. But, again, I would err on the conservative with that because you need to make sure that these things are based on local circumstances for them to work.

**The Hon. BEN FRANKLIN:** You have said that there are issues surrounding alcohol consumption with both binge drinking and underage drinking. Clearly, the alcohol beverages industry has a responsibility then to reduce alcohol-related harm in both of those and other situations. Can you give the Committee specific examples—and I am happy for you to take this on notice—of what the industry is doing because that is going to be part of our consideration to know if they are taking their obligations seriously or not?

**Mr TAYLOR:** Absolutely. The industry is doing an enormous amount when it comes to combating alcohol harms. Firstly, we are funding the DrinkWise initiatives. It is set up very independently, and there is a very good reason for that. You will find out more about Drink Wise when John Scott comes forward. But it is

"practising what we preach". It is getting a group of people who we see are at risk—perhaps it is young people—and targeting them with a specific campaign that speaks their language, finds them where they are, be it on social media or advertising on music shows on the weekend. It talks to them in language that they understand. It warns them about the choices that they are going to be facing and the consequences of those choices.

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

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

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

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

**Mr TAYLOR:** If that is incorrect I will clarify that for you.

**The Hon. TAYLOR MARTIN:** You mentioned earlier Sweden had relaxed its laws about advertising. What was changed and why did they do so?

**Mr TAYLOR:** The changes came in Sweden as a result of its entry into the European Union. It had very strict bans on alcohol advertising up until that point. When it reduced those, when it relaxed those bans it found that the consumption trajectory of youth continued downwards. So the relaxation had essentially a zero impact on the problem that the Committee seeks to target, being underage consumption.

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

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

**The Hon. SCOTT FARLOW:** I am happy for you to come back to the Committee with that answer. If this legislation were to be introduced in New South Wales it would be a significant saving for a lot of your members. Why is it that legislation such as this would have a detrimental effect to the industry, your members and to competition in the market?

**Mr TAYLOR:** Firstly, broad-based interventions like this, like banning advertising, they punish moderate consumers, they impact on moderate consumers. In terms of the industry, they are targeting overall consumption. But these are the consumers who are not doing themselves or anyone else any harm. That is one consideration. At a more primary level, if you are talking about local options, that would decimate thousands of businesses and it would cost thousands of jobs. If you were to suddenly say in my local government area of Marrickville that you are not allowed to sell, deliver or publicly consume alcohol, you would instantly put hundreds of restaurants, craft breweries, pubs, clubs and sporting clubs out of business. They would not be able to survive. The cost to the community would be immense. But most importantly, for the industry this represents a vilification of the industry that is at odds with the industry's objective and is at odds with the way the majority of people enjoy our products.

**The CHAIR:** Thank you for your information and help with the Committee's inquiry. We appreciate that. You have done a lot of research and it is very helpful.

**Mr TAYLOR:** Thank you, Chair.

**The CHAIR:** The Committee may have questions on notice. They will be sent to you and you have 21 days to answer them. You can ask for an extension if there is a serious issue.

**Mr TAYLOR:** Thank you very much.

**The CHAIR:** We need to have you table those documents. Do they have a heading or title?

**Mr TAYLOR:** They are all individually titled and I am more than happy to liaise with the Committee.

**The CHAIR:** If you could label it as a portfolio of research material from you.

**(The witness withdrew)**





**JOHN SCOTT**, Chief Executive Officer, DrinkWise Australia, affirmed and examined

**The CHAIR:** I welcome Mr John Scott. Would you like to make an opening statement?

**Mr SCOTT:** Absolutely. Thank you very much, and thank you for inviting me to provide evidence today. For those of you who do not know DrinkWise—and I know DrinkWise has been involved in a number of the submissions and reference has been made to DrinkWise—it was established in 2005. The genesis of DrinkWise was a summit in New South Wales, I think in 2003, which was an investigation into underage drinking and the problems that occur from underage drinking. The alcohol industry attended that summit and came away, as I understand it, with the perception that they were part of the problem and needed to be part of the solution. DrinkWise then was born out of funding both from the Federal Government—the now Minister Christopher Pyne at the time provided \$5 million to DrinkWise—and the alcohol industry also provided \$5 million at the time in 2005 to get DrinkWise up and going.

It took a number of years for DrinkWise to work out how it was going to tackle these issues. The issues in 2005 were particularly around underage drinking, which was much higher than it is now—which is pleasing from the perspective of DrinkWise. As I said, DrinkWise was established in 2005. It has an interest in governance structure. It is made up of community representatives from a range of different disciplines—policing, education, public health. We have 13 members on our board and it is an interesting mix, as you can imagine. Some of the members on our current board include our chair Neil Comrie, who was the chief commissioner of Victoria Police; Mr Robert Knowles, who was the health Minister in the Kennen Government; and Professor Richard Smallwood, who was the Chief Medical Officer of Australia and on the National Health and Medical Research Council. So it is quite an interesting group of community members. We have six members who represent the alcohol industry. We have representatives from the beer, wine, spirits and retail sector.

Our mission is to change the culture of drinking in Australia to one that is healthier and safer. When I say "healthier and safer", that predetermines in your own thoughts that there was something about our culture in 2005 that needed changing. We could argue there are still aspects of that culture that need changing. The Australian Institute of Health and Welfare provided some statistics about how Australians are drinking. DrinkWise has released a report comparing 2007 to 2017. I will table that report, although reference has been made to it in other submissions. Pleasingly, it shows that our culture is changing. We are much more a nation defined by moderation than excess, which is terrific. Importantly, the issues around underage drinking, which started DrinkWise, are also declining. It is not to say that the job is done and over. DrinkWise is committed. It has spent more than \$30 million in the past 10 years on various campaigns, particularly education and social marketing campaigns aimed at educating consumers about responsible drinking, particularly those groups at risk, which Mr Taylor referred to.

They have been our major focus. Many of you will remember the first campaign of DrinkWise, Kids Absorb Your Drinking, which showed the scenario of a number of fathers in a backyard and one of them turns to his son and says, "Get me a beer from the fridge." As he goes to the fridge and takes that beer, he turns into his father, and we see that cycle repeated a number of times. That came out of a lot of research that DrinkWise did that showed if we were to change the culture of drinking in Australia it was going to take a generation. Until that time, many governments had done short-term campaigns, particularly the Federal Government, often wagging the finger at young people about the dangers of binge drinking which, for the most part, had little or no effect. This campaign looked at the role model of parents and the potential influence on young people—how they drank in front of their kids—and changing attitudes and behaviours. It is encouraging to see that some of those attitudes and behaviours in Australia are changing today and we are seeing a culture much more defined by moderation.

**The CHAIR:** I note in the Alcohol Beverages Australia submission there is information on DrinkWise. I thought for a moment it was your submission. You are working closely with the alcohol industry?

**Mr SCOTT:** It is interesting that when DrinkWise was established there were obviously issues respective to the alcohol industry around taxation and issues specific to it. DrinkWise was keen to concentrate its efforts on social marketing, changing attitudes and behaviours and not getting caught up in industry-specific issues. Alcohol Beverages Australia was established to look at those industry issues as an industry body so that DrinkWise could be independent to work on those education programs separate from industry-specific issues. When industry members come to our board, they come hopefully with their hats off and in the spirit of wanting to reduce harm, as Mr Taylor referred to, and to address some of the difficulties we see and continue to see among those people who misuse alcohol.

**The Hon. PETER PRIMROSE:** I have not seen the documents that you are tabling. Do they include independent peer-reviewed research relating to the efficacy of your programs or were they in-house reviews?

**Mr SCOTT:** They were a mixture.

**The CHAIR:** Would you like to table those documents as part of your evidence?

**Mr SCOTT:** Yes, absolutely.

**The CHAIR:** Do they have a title?

**Mr SCOTT:** They do.

**The CHAIR:** A general title will do.

**Mr SCOTT:** The general title is "A snapshot of Australian drinking habits from 2007-2017".

**Document tabled.**

We are a social marketing organisation, not to be confused with social media. Social marketing is about campaigns that seek to influence attitudes and behaviours. In New South Wales, for example, we have seen campaigns aimed at speeding drivers. In Victoria, the Transport Accident Commission has done a number of graphic advertisements to try to get driver behaviour to change through holding up a mirror to get people to think about their current behaviour. Our programs are in that vein and when we evaluate our programs we use a mixture of different methods. Sometimes that is standard advertising tracking metrics such as: Have people seen the advertisement? Do they understand it? As a result of seeing the advertisement have they done anything about it?

Mr Taylor referred to our Kids Absorb Your Drinking campaign. We wanted to get parents to actively have the conversation not only among themselves but also with their kids. Recently we have done a campaign targeting 18-year-olds to 24-year-olds because they were and continue to be the group that tends to binge drink. When we say "binge drink", that is consuming five or more standard drinks in a sitting. We have worked with academics and academic consortiums to evaluate those programs and, on our behalf, they have undertaken peer review papers. It is a mixture of both.

**The Hon. PETER PRIMROSE:** What are your views on the Alcoholic Beverages Advertising Prohibition Bill 2015, which is why we are here?

**Mr SCOTT:** Historically Australia's alcohol policy, which is currently being updated and a new policy is on the horizon, has tended to deal with three mainstreams—that is, demand reduction, supply reduction and harm reduction. DrinkWise plays in the harm reduction space. Through our campaigns we acknowledge that supply reduction and demand reduction approaches have their place. We also acknowledge that harm reduction is very important as well and very much about an educated approach. For the most part, it is understanding that drinking is part of our DNA, that the majority of Australians drink and do so responsibly, but also that many do not. There is obviously an education path in the same way we saw with tobacco control. It is about educating consumers about the dangers of alcohol consumption.

**The Hon. PETER PRIMROSE:** What do you think of the Alcoholic Beverages Prohibition Bill? Do you support it or not?

**Mr SCOTT:** DrinkWise would not support it. Much to Mr Taylor's points, the issue around advertising is about informing consumers of various brands and what is available in the marketplace. Prohibition of advertising is, in effect, a fairly blunt instrument in trying to change people's behaviour. DrinkWise is much more of the opinion that educating people about the dangers of drinking to excess, targeted at those people who are drinking poorly, is a much more successful route to follow.

**Mr JUSTIN FIELD:** I congratulate you and everyone at DrinkWise who has contributed to those statistics. It seems as if there have been quite remarkable changes. You have clearly taken a targeted approach. The bill is very much about prohibition, but there are some specific forms of advertising that are also quite blunt instruments. You talk a lot about the role of parents, but how do you respond to parents who say, "I'm getting on the bus to the zoo and there's alcohol advertising on public buses," or "I'm watching the football with my kids, there's alcohol advertising on television and their favourite sports star is wearing a brand on their jersey"? Are there forms of advertising that you think we should look at restricting or controlling? That can counter the message your message about encouraging them to be responsible when alcohol is linked to fame, sporting capacity or whatever in a setting that makes it difficult for parents to do their job.

**Mr SCOTT:** It is a great question, and we have some rigorous debates at the DrinkWise board, as you can imagine. From my personal perspective it is interesting to talk to the heads of some of the beer, wine and

spirit companies, many of whom, as we have seen, come under considerable criticism, whether it be for sports sponsorship or other forms of advertising. Even within the last year, it is interesting to see almost a changing of the guard in terms of some of those companies changing their sponsorship arrangements, potentially seeking to downplay how they advertise and changing the nature of their advertising. I suspect that is partly because of the threat of regulation but also partly because they have a responsibility in terms of their brands to advertise in responsible ways.

As you heard earlier from Mr Lavarch and others from ABAC, participation in the ABAC scheme has been one way for industry self-regulation to ensure that happens. From what I have seen in my time at DrinkWise, there has been a greater push towards responsible advertising compared to when I started in public health in the mid- to late-1980s. The advertising we saw back then is poles apart from where we are today. While I understand some parents' concerns that they still see advertising of alcohol products, I think the broader issue of consumers and underage consumers seeing that advertising and the industry's code of practice, or self-regulatory code of practice, in dealing with that seems to fit the bill at the moment.

**Mr JUSTIN FIELD:** We have heard about a 75 per cent target to make sure advertising is not hitting more than 25 per cent of children at any one time. There is a lot of heavy competition in the industry and an increasing amount of money being spent on advertising. Would it not make sense for there to be greater controls around advertising in public space which hits everybody, including children, and that is not particularly targeted to people who are interested in that market segment? What would be the cost to industry of restricting that sort of advertising?

**Mr SCOTT:** To be honest, I would not know.

**Mr JUSTIN FIELD:** In terms of getting health outcomes and achieving your mission, would it be helpful to restrict that sort of advertising?

**Mr SCOTT:** There is that association that we are seeing now where possibly advertising has never been more prominent, yet we are seeing underage drinking rates decrease and alcohol consumption per capita decreasing as well. The general trend is that people are drinking less. When you look at it from that perspective—

**Mr JUSTIN FIELD:** I put it to the previous witnesses that it was because there are really strong health messages out there. There are continually health warnings, reports and media, and the work you are doing is countering the advertising effort of the industry and potentially enabling people to make their own choices counter to the advertising they are seeing. I am not sure that correlation is fair. I am wondering whether, from your perspective, having looked at the evidence and designed these social media campaigns, you feel as if your job would be easier if you could remove some of the prolific advertising that is in a very open public space.

**Mr SCOTT:** Here is a good example: Our second campaign in 2009 was called "Kids and Alcohol Don't Mix". You may have seen it. It came out of some research done by the brain institute at the University of Sydney. Professor Hickey looked at the influence of alcohol on the underage developing brain. This was in situ with many parents wanting to give their 16-year-old or 17-year-old a couple of drinks to go to a party and the European model where we see parents in Italy, Spain or France giving their underage children a glass of wine at dinner and things like that. Professor Hickey came back and said, "While the brain is still developing, you shouldn't be doing that; you should be delaying for as long as possible." Our campaign was very much about getting parents to have that talk with their kids, because until then parents would talk about sex and drugs but alcohol was not really talked about. Our campaign actually spoke to parents about the need to have that discussion about setting boundaries and delaying for as long as possible the introduction to underage people.

From that point of view we are far more interested in that educative issue of how you can influence a culture and to see that underage people are drinking less and delaying the age at which they have their first drink. The AIHW figures show us that seven years ago the average age at which people had their first alcoholic drink was 15.2 years and it is now up to 16.1 years. We are seeing dramatic improvements in underage drinking rates, which is terrific. In a proliferation of advertising it is hard to actually mount a case that advertising is actually increasing underage drinking.

**The CHAIR:** From my point of view it is encouraging that the number of total abstainers is now 20 per cent of Australians. In 2007 it was only 11 per cent, so it has almost doubled. Do you have any explanation as to why more Australians have stopped drinking altogether?

**Mr SCOTT:** There is a mixture of everything, such as immigration from countries where they do not drink alcohol, with cultural and religious issues around alcohol, and I think we are seeing—and part of this report reflects it—more Australians taking better care of their health. I know that flies in the face of some of the things we are seeing around obesity, but for those who are taking care of their health I think it picks up a small

percentage of people that have stopped drinking who previously did drink. It will be very interesting to watch in coming years what the 12-year-old to 17-year-old group will be like when they move into legal age, because underage drinking rates are decreasing so dramatically. We might actually find that this group of 12-year-olds to 17-year-olds at the moment fundamentally changes the culture around how we drink going forward.

**The CHAIR:** In what way?

**Mr SCOTT:** If they are very moderate compared to 16-year-olds or 17-year-olds 20 years ago, who were drinking quite considerably, we could find that this group that is drinking much less may carry over that moderation mindset into their lives once they reach legal drinking age. We would assume that that would be true given how Australians are maturing in terms of how they understand and deal with alcohol and how as a country, to some degree, we have grown up and matured when it comes to how we drink.

**The CHAIR:** In your preamble, you made a reference to new policies on the horizon. What were you thinking of? What are these new policies?

**Mr SCOTT:** I think in terms of DrinkWise we are always looking at who is drinking in harmful ways and how can we target them in the most effective way. So for DrinkWise we are currently looking at particularly the Australian Institute of Health and Welfare [AIHW] data. They do a survey every two to three years of the Australian population in terms of substance use, not only alcohol, and that very much influences the types of programs DrinkWise looks at. We are very much evidence based in terms of looking at those groups that continue to drink in poor ways, and 18- to 24-year-olds have been our focus up until recently and will continue to be our focus through our How to Drink Properly campaign.

**The CHAIR:** We earlier had evidence that there are different types of alcohol industries within the industry, and it occurred to me whether a prohibition on advertising should be targeting different aspects of the alcohol industry. The last witness talked about the boutique-type growing industry in Australia. A ban on advertising would kill that industry, so he said. Is that a possibility, to have a targeted approach to certain advertising prohibited and others would be legal?

**Mr SCOTT:** I think in terms of the marketplace—and I know Mr Taylor referred to many of the craft breweries or small distilleries—the ability to restrict one company or organisation or a brand over another would be problematic at best; I am not sure how that would take place. I think what has happened through ABAC in particular is the decrease in inappropriate advertising has ensured that the industry is much more robust in terms of making sure their advertising is targeting, for example, people who look over 25 years of age, and I am sure that you were probably apprised of that this morning in terms of not encouraging, say, sexual success or other aspects of the code. I think from that point of view the industry has come a long way in being far more responsible in how they advertise, and I think that is probably the way forward.

**The Hon. SCOTT FARLOW:** Thank you very much, Mr Scott, for your attendance today and for your evidence so far. I understand that DrinkWise is funded by the industry and you said originally it was half-funded by the Federal Government. Is that funding still maintained by the Federal Government?

**Mr SCOTT:** No. Over the 11 years of our history, we have been in receipt of funding from both Coalition and Labor governments for various projects. One example in 2011 and 2012 was the Commonwealth guidelines, the National Health and Medical Research Council [NHMRC] guidelines around drinking and pregnancy, had come out in the new guidelines. The Federal Government, through the industry, encouraged DrinkWise to encourage its members across beer, wine and spirits to put the pregnancy pictogram on many labels, for example, and we worked with Dr Andrew Rochford, who is a New South Wales local and an ambassador for DrinkWise, to promote that through a range of brochures which the Federal Government paid for, to put those in a range of clinics around the country. That is just an example where it was a very particular program that the Government has got involved with.

At the moment we are fully funded by industry. That is not to say the Government will not support us for particular initiatives in the future. One of the great things about DrinkWise is obviously we have access to the alcohol industry. So whether it is point of sale at a liquor store or through, for example, the Australian Hotels Association, we have a very good entree in terms of if we want to do something, say, with an 18- to 24-year-old initiative we have got entree to do things that perhaps other public health organisations and institutions may not have easy access or entree to.

**The Hon. SCOTT FARLOW:** Just to pick up on that point, how would you necessarily target something in that environment to an 18- to 24-year-old age group?

**Mr SCOTT:** A great example is our How to Drink Properly campaign which started in 2014 and is still going at the moment. It is very much a social media-driven campaign and we have probably spent \$4 million to \$5 million on that campaign.

**The Hon. SCOTT FARLOW:** That is sort of through Facebook advertising targeting—

**Mr SCOTT:** Facebook, everything from Tinder to Instagram. For example, last year there was an island party through Channel V in Sydney Harbour. We had the ability in terms of the service of alcohol to put our message in that venue. When 18- to 24-year-olds were coming to that venue and participating in this music event they were receiving the How to Drink Properly DrinkWise messages from that point of view. Schoolies is on at the moment. We do a lot of work with schoolies around the country and we use, for example, Facebook. So when you are within 200 metres of a cell tower going to Bunbury in Western Australia you will receive a How to Drink Properly message prior to the drinking taking place. We use very innovative ways of getting to young people at the right time with the right message and hopefully they therefore start to moderate their alcohol consumption. So far what we have found with our How to Drink Properly campaign, 18- to 24-year-olds are starting to moderate how much they drink, which is encouraging.

**The Hon. SCOTT FARLOW:** Your board is constituted by diverse components—community representatives but also beverage industry representatives.

**Mr SCOTT:** Exactly.

**The Hon. SCOTT FARLOW:** How does that play out in terms of any tensions on the board and is there sort of a mechanism for who overrides the potential direction of campaigns or the like?

**Mr SCOTT:** I think historically, as I mentioned before, the set-up of DrinkWise was very much about the industry acknowledging that they were part of the problem and they needed to be part of the solution. For the most part, the board is very harmonious. But we are very strong on the notion of our campaigns are evidence based. They are not marketing campaigns developed because industry wanted us to go down a particular path; they are about targeting those groups that are drinking poorly. That is a fairly good safeguard for the community members because the community members, many of them with high profile—like Amanda Vanstone, Neil Comrie, Rob Knowles—are all concerned about not only their own reputation in terms of being on the board of DrinkWise but ensuring that we are actually making a difference. It is very important that we have got those safeguards in place. For the most part, from a personal point of view, it has worked particularly well in terms of the industry acknowledging that they have a responsibility to do the right thing.

**The CHAIR:** You do not believe your independence is compromised?

**Mr SCOTT:** Not at all, and I think we have a 7-6 split. The chair always has to be a community member and there is always the weight of numbers in the community half relative to the industry contributors.

**The Hon. SCOTT FARLOW:** You have run through a couple of those campaigns and they sound very interesting in terms of targeting at Bunbury or whether it might be that island you were talking about. What are some of your more effective campaigns and what sort of outcomes do you believe they have delivered?

**Mr SCOTT:** Our first campaign in 2007, Kids Absorb Your Drinking, really put DrinkWise on the map because it was a recognition that a change in the culture of drinking in Australia was not going to be an easy thing but very much this sense that a generational change was going to be needed. We might back in 2005 be looking at a 20-year span of changing culture. Culture change does not come around easy, and up until that time we had seen a lot of government campaigns that lasted for two or three months that were not particularly well targeted, had limited budgets. We were not seeing the change that we needed. It is revealing that many of our community members on our board have come to the board saying, "When I was in government we could not get effective change in place. Utilising the resources of industry provides us with an opportunity to do that".

So Kids Absorb Your Drinking as our first campaign was particularly good because the role was to get parents to stop and reflect on how they are drinking and how their attitudes to alcohol influence their kids in terms of their future drinking. That scenario of the father turning into his father—I was running a lot of focus groups at the time and subsequently I have heard a lot of parents say, "We actually stopped getting our kids to get drinks out of the fridge", or that scenario of kids wanting to please their parents at the Sunday lunch table and topping up their drinks.

**The CHAIR:** It was very effective.

**Mr SCOTT:** Many parents are talking about that. I think Mr Taylor talked about some statistics around that, which we are happy to provide the Committee.

**The Hon. SCOTT FARLOW:** If you could take that on notice?

**Mr SCOTT:** Absolutely.

**The Hon. SCOTT FARLOW:** You outlined at the beginning that in your foundation you were funded \$5 million by the Federal Government and \$5 million by industry.

**Mr SCOTT:** Yes.

**The Hon. SCOTT FARLOW:** What is your budget per annum these days?

**Mr SCOTT:** It varies year on year because it is dependent on the net sales value of our 15 financial contributors. It is fairly stable; it is between \$5.3 million and \$5.5 million per year roughly.

**The Hon. SCOTT FARLOW:** How much of that would go towards social marketing and those campaigns in terms of spend?

**Mr SCOTT:** Probably, as I said, over the last 10 years we have probably put well over \$30 million of that budget into campaigns. We are probably talking close to 75 per cent of our budget goes on our campaigns.

**The Hon. SCOTT FARLOW:** I have a marketing background and I am interested in terms of social marketing and some of the techniques that you are using. You have talked about targeting, in terms of the vicinity, for schoolies and the like. What are other things that you are using in terms of social marketing to specifically target age groups and events? How do you think in a broader range government could use that in their campaigns and initiatives?

**Mr SCOTT:** To some degree we are seeing government starting to catch up in terms of, "How can we use social media more effectively?"—from that point of view. It was revealing that a couple of years ago when we started the How to Drink Properly campaign, which was targeted through social media, that many of the public health organisations also running social marketing campaigns bemoaned the fact that they were not on 24/7 and weekends and that on Monday morning they had to catch up with their social media. The beauty of DrinkWise and having a budget available to us is we can use advertising agencies to do that work on our behalf. A great example is we were recently at Splendour in the Grass music festival.

**The Hon. BEN FRANKLIN:** My part of the world.

**Mr SCOTT:** Splendour in the Grass is a great example where we were able to leverage the assets, because many of the alcohol companies at that music festival are providing product. We went to those companies and said, "How can we work with you to put responsible drinking messages within this music festival over a three- or four-day period?"—everything from bar mats, to coasters, to digital screens, and the wristband. From a security point of view, when you enter those venues you have a wristband. When your wristband for four days says "drink properly" it is a constant reminder of that importance. You are being reminded on Facebook, Instagram, and we are using influences. So we are using some of these Instagram people that have millions of followers being able to put out posts on our behalf promoting responsible drinking. It is part of what we call integrated social marketing.

The synergies of being able to do that consistently, whether it is going to a polo match in Portsea on a Saturday afternoon or the football on Sunday afternoon. Many of you who follow the Australian Football League [AFL] or the National Rugby League [NRL] would have seen our DrinkWise message this year. Particularly with the AFL. We did a deal with the AFL where we are able to look at the score review. The AFL commercialised the score review for the first time. It is another way for DrinkWise to consistently be front and centre, not only for 18- to 24-year-olds but all Australians, around the importance of drinking moderately, whether at a sporting event, the pub or a range of scenarios where people do drink. It is the integrated social marketing and DrinkWise's ability to know that we are looking at a 20-year period. We are in it for the long haul, not a short-term campaign to get some runs on the board?

**The CHAIR:** That brings us to the conclusion of this session. The Committee may forward you further questions on notice and you have 21 days to answer them.

**(The witness withdrew)**

**NADINE EZARD**, Member, NSW ACT Alcohol Policy Alliance, affirmed and examined

**PAUL KLARENAAR**, Member, NSW ACT Alcohol Policy Alliance, sworn and examined

**JULIA STAFFORD**, Executive Officer, McCusker Centre for Action on Alcohol and Youth, via teleconference, affirmed and examined

**AMY FERGUSON**, Director, Policy and Research, Foundation for Alcohol Research and Education, affirmed and examined

**The CHAIR:** I welcome our next witnesses, including one witness appearing via teleconference. Please state your position titles.

**Associate Professor EZARD:** I am the Clinical Director of the Alcohol and Drug Service at St Vincent's Hospital Sydney, which is a member of the NSW ACT Alcohol Policy Alliance, and that is the position in which I appear here today.

**Mr KLARENAAR:** I am representing the Australian Health Promotion Association [AHPA], which is a member of the NSW ACT Alcohol Policy Alliance [NAAPA]. I represent AHPA, which is part of NAAPA, which also rhymes.

**Ms FERGUSON:** I am the Director of Policy and Research at the Foundation for Alcohol Research and Education [FARE]. FARE is also a member of the NSW ACT Alcohol Policy Alliance.

**Ms STAFFORD:** I am the Executive Officer of the McCusker Centre for Action on Alcohol and Youth at Curtin University.

**The CHAIR:** Thank you for attending as witnesses at this important hearing. Do any of you wish to make an opening statement?

**Ms FERGUSON:** Yes. Good afternoon. Thank you for the opportunity to appear before the Committee today. Alcohol is one of the most heavily promoted products in the world. It is encouraging to see that alcohol advertising is becoming an issue for the New South Wales Parliament. Alcohol advertising contributes to the normalisation of alcohol use and reinforces the harmful drinking culture we have in Australia. We know that young people experience disproportionate levels of alcohol harm. The volume of alcohol advertising young people are exposed to has been demonstrated to impact their alcohol consumption behaviour.

Alcohol marketing in Australia is more prolific than ever, with an unprecedented number of platforms for advertising, including through social media, television, supermarkets, bus stops and sponsorships of sport and cultural events. We know that alcohol advertising is an issue that Australians care about. New data from Galaxy Research shows that 81 per cent of Australians believe that the alcohol industry should not be allowed to advertise alcoholic beverages to children during children's television viewing times. This data also shows that almost two-thirds of Australians, or 64 per cent, agree that Australia's political leaders should be doing more to address the issue of alcohol sponsorship in sport.

We also know that this is not a new issue. Just this week, FARE has released the report "Australia, an intoxicated society—40 years on from the Baume Report". This report provides an analysis of the 1977 Commonwealth Senate inquiry report "Drug problems in Australia". This report was considered a watershed moment as it was the first time alcohol was recognised as a major drug of abuse. This 1977 Senate committee report recognised and made recommendations to address alcohol advertising and limit its appeal to children. Analysis found that in 40 years little to no action has been taken to progress the Senate's recommendations. I would like to table FARE's report today for the Committee's consideration as part of this inquiry.

This inquiry provides the New South Wales Parliament with the important opportunity to implement comprehensive reforms to strengthen the regulation of advertising in New South Wales. While elements of the bill are quite ambitious, they are very important measures that can be addressed within the remit of the New South Wales Government. As outlined in the NSW ACT Alcohol Policy Alliance submission to the inquiry, advertising is often seen as a Commonwealth issue; however, this is not always the case. We know that there is responsibility and duty of the New South Wales Government to prioritise and protect the health and wellbeing of the New South Wales community through addressing alcohol advertising regulation.

Firstly, the Government should immediately review the current Liquor Promotion Guidelines. These guidelines were developed in consultation with the industry, with public health bodies excluded from any consultation. In 2014 the Government said it would review these guidelines after they were in place for two years—that would have been July 2016. It is now 18 months since then and no review. It is appalling that we are



in a situation where we are dealing with a public health issue that is being directed by the alcohol industry, and unfortunately a situation we are now seeing in Newcastle with the review of the Newcastle conditions. Finally, New South Wales also has the opportunity to follow the lead of other jurisdictions across the country, including the Australian Capital Territory [ACT]—and soon to be Western Australia and South Australia—and remove alcohol advertising from public transport and potentially public property. Addressing these key issues will see the New South Wales Government creating healthier futures for communities in New South Wales.

**The CHAIR:** Does anyone else wish to make an opening statement?

**Associate Professor EZARD:** I want to thank the Committee and the Chair for the opportunity to be here today. I am so pleased that we are actually here talking about regulation of alcohol advertising and that it has been put forward to look at prohibition of alcohol advertising. I am a specialist drug and alcohol doctor. I see people every day who are suffering from alcohol-related harm. In our hospital there has been an increase in the number of people presenting to the emergency department and the number of people being admitted with alcohol-related problems—that is particularly liver disease related to alcohol but also cognitive impairment that we see in often very young people. The other day we saw a young man in his thirties who was suffering from very severe dementia related to alcohol use. This is all partly to do with advertising. We know advertising works and we know that it is increasing that harmful level of consumption amongst the portion of the population that is most at risk of harm. I am very pleased to be here today in that capacity to discuss those harms that we are seeing.

**Mr KLARENAAR:** Likewise, thank you for the opportunity to contribute to this process. I want to highlight two of the crucial things that the Australian Health Promotion Association brought up in their submission. The first one is that alcohol advertising needs to be prohibited on all State-owned property. This is a complex process, obviously. A range of jurisdictions have influence over it, but it is something that this jurisdiction can have influence over. The other thing is that responsibility for regulation, including alcohol advertising regulation, should sit within the health sector, NSW Health, as opposed to Liquor and Gaming. We think that given the considerable harm and health implications of this particular product, NSW Health is the natural and correct body to be overseeing regulation.

**The CHAIR:** Thank you. Ms Stafford, did you have anything you wanted to add?

**Ms STAFFORD:** I thank the Committee for providing the opportunity to participate via teleconference. The McCusker Centre is a non-government organisation committed to reducing harm from alcohol among young people. The work of the centre is directed towards raising awareness of the magnitude of alcohol harm among young people, the evidence-based approaches we know can work and the need to act without delay. We coordinate the Alcohol Advertising Review Board in partnership with Cancer Council Western Australia in response to concerns about the ineffectiveness of alcohol marketing self-regulation, which includes the Alcohol Beverages Advertising Code Scheme or ABAC.

Our Alcohol Advertising Review Board accepts and reviews complaints from the Australian community free of industry influence with the aim of highlighting the weaknesses of the self-regulatory system and encouraging governments to implement independent legislative controls on alcohol marketing. To date the review board has received over 1,000 complaints from the Australian community about alcohol advertising. We are very pleased to see alcohol advertising controls being actively considered by the New South Wales Parliament. Restrictions on alcohol marketing during times and in places which have high exposure to children and young people are an important part of the comprehensive approach needed to reduce alcohol-related harms.

On the basis of the evidence, alcohol marketing restrictions have been identified by the World Health Organization as one of three best buys to address harmful alcohol abuse. It is an intervention that is highly cost effective, feasible and appropriate to implement. Aspects of the Alcohol Beverages Advertising Prohibition Bill present the New South Wales Parliament with an opportunity to protect young people from alcohol promotions. In particular, we recommend alcohol sponsorship and advertising be phased out from sporting, cultural and music events in New South Wales. We would also like to see New South Wales remove alcohol advertising from publicly owned assets where young people are likely to be exposed, including public transport sites. I thank you for the opportunity to participate in today's hearing.

**The Hon. PETER PRIMROSE:** Thank you for coming today. I specifically focus on chapter 4 of the submission, "Matters raised in the bill". You indicate your support for the Alcohol Beverages Advertising Prohibition Bill and make a number of specific recommendations for change. Can you go through those and highlight the ones you think are important and whether you think there are other things that should be included in the bill that have not been highlighted?

**The CHAIR:** To help the Committee, when referring to submissions, please identify the submission.

**Ms FERGUSON:** Certainly. This is in reference to the New South Wales ACT Alcohol Policy Alliance submission. In regards to the particular matters referred to in the bill, one of the strong points that NAAPA and FARE felt was a positive was that the bill itself was managed through the Health portfolio. We certainly believe that the regulation of alcohol advertising is a public health issue and, as Mr Klarenaar stated in his opening remarks, we see that as a strength that should be considered as not just part of alcohol advertising regulation but in the broader concept of alcohol regulation.

As regards to the committee that is referenced within the bill, we reiterate the position of the World Health Organization that the alcohol industry is not in a position to develop policy due to its vested interests. We support that notion of the World Health Organization and we reiterate that in the make-up of the committee in that we do not regard vested interests should have a role in the policymaking process. That is not to do with implementation; it is the policy development process. There was reference in the bill to local options and we see this as an opportunity for the New South Wales Government to increase the input and power of local communities, providing communities with more power not just in advertising. This could be broadened—and Mr Klarenaar has had experience in this—so that communities can have engagement in liquor licensing processes under the Liquor Act. We see communities having a direct role in the way that alcohol is promoted and made available in communities.

Finally, the element we also highlighted in the bill was health warning labels. This is a prominent issue at the moment because the food forum Ministers meeting was held last week and this matter was on the agenda, particularly around alcohol pregnancy warning labels, where each State and Territory Minister has a position at the table and a say on this. The New South Wales Government and Parliament could certainly have a position on this and in particular support the introduction of alcohol pregnancy warning labels. That has been on the agenda at both the Commonwealth and jurisdictional levels for some time.

In regard to your question as to what other elements could be included within the bill, that goes to the front half of the NAAPA submission that picks up elements around alcohol advertising on State and Territory property, including transport infrastructure, addressing liquor promotion guidelines and making sure that they also capture off-licence premises. At the moment, unfortunately, promotions that occur through off-licence premises or retailers are not adequately addressed. As well, alcohol advertising in sport, which has been mentioned already today, removing that relationship. Sport is often promoted as being healthy, but unfortunately it is with unhealthy sponsorships and unhealthy relationships with alcohol and other entities. We would like to see that relationship now separated.

**The Hon. PETER PRIMROSE:** Ms Stafford, you recommend that the purpose of the Act would have more of an impact if it were narrowed to limiting exposure of alcohol promotion to young people and children. Could you speak to that and I will ask the other witnesses if they agree?

**Ms STAFFORD:** We noted that the purposes of the bill were quite broad. The general principles of the bill are absolutely fantastic and we support them. We just felt that the strength of the bill was in the intended controls on alcohol marketing. There is an enormous evidence base to support effective controls on alcohol marketing. We would be really pleased to see that come out of this bill, to see New South Wales very effectively controlling alcohol marketing. We felt that focusing on the purposes of the bill being to limit young people's exposure to alcohol promotion could perhaps support the bill to have a very effective aim. We felt much of the bill would be addressing young people's exposure to alcohol. It was really a formality to narrow in on what we thought this bill would be most able to achieve.

**The Hon. PETER PRIMROSE:** Do the other witnesses concur with that?

**Mr KLARENAAR:** Yes, I do agree with that logic, that the purposes of the bill, as stated, are valid purposes. But in terms of operationalising the bill and having it mean something in terms of implementation, breaking it down to one strong purpose or a focused remit is a more pragmatic way to implement it.

**Mr JUSTIN FIELD:** Thank you for being here. I appreciate your time and your detailed submissions. The Committee heard directly this morning from Alcohol Beverages Australia the following statement, "The moderate consumption of alcohol has a health benefit". Could you speak to that and whether you think that is accurate, given the science that no doubt you would be familiar with? It was a pretty clear and unequivocal statement that "The moderate consumption of alcohol has a health benefit". Would you contest that view?

**Ms FERGUSON:** My first point, I would be asking directly to look at that evidence and where that is from. There is some published evidence from Professor Tim Stockwell from his Canadian base and Tanya Chikritzhs from Curtin University in Western Australia which has shown that is not the case, that health benefits from alcohol is not the case at all. There is research to show that the consumption of wine does come with health benefits.

**Mr JUSTIN FIELD:** I think it would be useful for the preparation of the report if specific studies were cited. That could be taken on notice.

**Ms FERGUSON:** There was one published last year and I am happy to provide that to the Committee.

**Associate Professor EZARD:** You cannot overstate this point, that there is a safe level of consumption that varies by individuals for that level of safety. The overall statement that moderate consumption of alcohol is beneficial for the community is patently untrue. We do need to be very cautious that we encourage to consider savings to the community from so-called low-risk consumption and we need to be genuinely looking at the data that is available that supports the level of harm that we experience in the community from alcohol consumption. We do know that for some people there are levels that are not particularly harmful for that individual in that setting, but you do need to look at it for that individual over their lifetime as well as community levels of consumption.

**Mr JUSTIN FIELD:** One of the other areas of contested evidence from the submissions is whether or not there is a direct or causal link between seeing alcohol advertising and it changing that individual's consumption behaviour, whether it be introducing them to alcohol in the first instance, causing them to drink more alcohol than they otherwise would, or to engage in risky consumption of alcohol. The industry representatives that we have heard from say that is not true. You seem to suggest that it is indeed the case. Could you expand on what evidence your submission is based on, and if you want to contest any of the evidence given by others it might be useful for the Committee to hear that as well?

**Ms STAFFORD:** The McCusker Centre's submission has relied on systematic reviews of longitudinal studies which show that exposure to alcohol advertising influences young people's beliefs and attitudes about drinking and increases the likelihood that adolescents will start to use alcohol and will drink more if already using alcohol. We are relying on a very compelling and substantial body of research over many years which has been reflected in the systematic reviews, which are one of the ultimate forms of academic research. They summarise not just what happens in one study but we need to look over time to see what consistencies there are from researchers using different methods. Longitudinal studies particularly are one of the strongest forms of research.

We are relying on a very substantial body of this research which shows that there is a strong connection between young people's exposure to alcohol marketing and their drinking attitudes and behaviours. This is a very strong evidence base and I believe that quite a lot of the evidence that the industry has relied on in some of their submissions is often older studies, perhaps with inappropriate research designs, to inaccurately reflect the connection between advertising and influence on young people. We have quite significant concerns about some of the evidence they are relying on in which they are suggesting there is no connection.

**The Hon. PETER PRIMROSE:** I will read a paragraph from another submission which is relevant to what you have been asked and you can comment. We will be hearing from some witnesses later but this is reflected in earlier evidence. The submission states:

Moreover, the research tends to show that advertising by alcohol producers largely affects market share for particular brands and substitution between brands. In other words, advertising has not been shown to increase consumption levels, either amongst adults or youth—but rather, has a documented impact on the extent to which certain products and brands are preferred and consumed, versus other products and brands.

**Reverend the Hon. FRED NILE:** What submission was that from?

**The Hon. PETER PRIMROSE:** We have heard evidence already, but this is from submission No. 1 from Brown-Forman Australia. We will be hearing from them later on. That is directly of relevance to Mr Field's question. Could you comment on the proposition that advertising is about brand, shifting the money around, as opposed to increased consumption?

**Mr KLARENAAR:** I suppose in a very simplistic way it is a very dubious claim. I think the industry is asking us to trust them that they are not interested in growing the industry overall. There is very obvious vested interest that the alcohol industry has with advertising, and the bottom line is it is very hard to believe that sort of a claim. If there is any strong, robust, peer-reviewed evidence about that, independent of the liquor industry, I think they should provide that and that should be analysed very closely.

**Mr JUSTIN FIELD:** I have challenged some of the testimony that the Committee has heard here today, but quite detailed documentation suggests that alcohol consumption is declining in Australia and in particular underage drinking is declining in Australia and that has happened at the same time as alcohol advertising has increased significantly. The response from the industry to that challenge was that there is some hard evidence to suggest that the advertising is not having an effect and in fact we are getting better outcomes in terms of consumption. Would you like to comment on that notion?

**Mr KLARENAAR:** I would suggest that is a complete misrepresentation of the data.

**Mr JUSTIN FIELD:** It would be useful if you could outline how that is?

**Mr KLARENAAR:** Those metrics in terms of consumption and consumption among young people, that is good news that there is an apparent slight decrease in recent years. But that is one metric, and if we look at other metrics that reflect harm in terms of hospitalisations in New South Wales over the last 15 years, they have increased by a rate of about 25 per cent and overall by about 50 per cent. Despite this apparent reduction in consumption, we have about 150 hospitalisations related to alcohol every day in New South Wales. That is an incredible amount of harm that is happening when the industry is trying to paint a picture that there is no problem, that consumption is going down, therefore it is not a problem.

It is also not recognising some of the macro things that have happened, some strong, smart policy decisions by governments in terms of alcohol taxation and lockout law regulations which we are all familiar with that no doubt have had an impact on consumption and also an impact on assaults. There are some victories that have been had. But the overall problem is so enormous that to suggest that reduction in that one metric and then associate it to alcohol advertising, there is no evidence that it is directly connected one way or the other. It is a misrepresentation of what is actually happening.

The other thing is the context. We are talking about people affected by alcohol-related harm. It is often a combination of factors, such as density of alcohol outlets in their area, socio-economic disadvantage, mental health status, and you have domestic violence and other characteristics in an area where alcohol advertising is going to be more harmful than in other areas. An overall reduction is great, but it does not mean that those vulnerable people—and there are still 20 per cent of people who are drinking at risky levels that will pose long-term risks to their health and result in them dying early. It is a nice trend of one isolated variable but overall the amount of harm is too big to ignore.

**The Hon. ADAM SEARLE:** The Australian Institute of Health and Welfare said it would be publishing a report on the Australian Burden of Disease Study in 2018. Do you have any idea when in 2018?

**Ms FERGUSON:** Not at this stage. We can potentially ask some questions to find out.

**The Hon. ADAM SEARLE:** If you could. The data extracted from the last one in 2011, which is in submission number two to the inquiry, is quite illuminating. We have had a number of submissions, including one from the Australian Institute of Health and Welfare. Superficially, it is charting a good news story—the amount of consumption is going down, the problem drinking is going down, the incidence of risky behaviour is going down. If you were to read that study you would be thinking that things are not perfect but they are heading in the right direction. We have to ask ourselves: What more could we be doing?

**Mr KLARENAAR:** That is right. Those generic bits of data do not present a bad news story.

**The Hon. ADAM SEARLE:** They are fairly clear bits of data.

**Mr KLARENAAR:** What I am saying is, we are talking about overall consumption levels so we are not talking in certain areas or in certain contexts.

**The Hon. ADAM SEARLE:** Or certain groups.

**Mr KLARENAAR:** We are looking at overall numbers. That is positive. It is positive that our tobacco smoking rate has come down.

**The Hon. ADAM SEARLE:** I was going to ask that question. Tobacco is heavily regulated and limited in respect of its advertising. Apart from the contents of the bill, is an alternative approach to say we will treat liquor advertising the same way we treat tobacco advertising? They are both big burdens on health and big causes of public expenditure. They are both recreational drugs and have an incidence of private pleasure but public cost. Is there an argument in favour of that?

**Mr KLARENAAR:** That is a logical comparison and a pragmatic way to treat things. We have a precedent in terms of what has happened with tobacco. As I was going to say, the rates of tobacco smoking have come down dramatically in the past 10, 20, 30 years but it is still our largest contributor to early death.

**The Hon. ADAM SEARLE:** It is hard to stub out altogether.

**Mr KLARENAAR:** Pardon the pun, that is right.

**Associate Professor EZARD:** I remind the Committee that the tobacco industry used the market segmentation argument also for their advertising.

**The Hon. ADAM SEARLE:** You can be assured that was not lost on us. I am always a little sceptical when industry lobby groups or special interests use that argument. We will be looking carefully at that material.

**The CHAIR:** Mr Klarenaar, you mentioned some of the other harmful effects of alcohol consumption. To separate the question "Is consumption going down?", emergency department personnel from St Vincent's Hospital have been on television talking about the increased number of injuries from what they call alcohol-fuelled violence and the injuries are far more serious. Can you comment on that?

**Mr KLARENAAR:** That is right. Those other metrics all need to be taken into account with the consumption rates. Professor Ezard will be best placed to speak to that.

**Associate Professor EZARD:** Certainly we see alcohol-related injuries and violence presenting to the hospital and to the emergency department but we are also seeing increasing numbers in the hospital of the other longer-term harms. While we are seeing a good response to recent changes in the regulation of alcohol sales in the local area, which have had a direct effect on reducing those numbers of accidents and injuries that have presented to the emergency department and the severity of those injuries, we are seeing the same amount, if not increasing numbers of people with other longer-term harms related to the consumption of alcohol.

We need to tease out both the shorter-term and the longer-term harms from excessive use of alcohol. Accidents and injuries can happen with a single use whereas liver disease and some of those other long-term harms happen over a longer period. We are seeing those harms going up. We are still seeing the rates of alcohol-related harm going up in the 20 per cent of high-end consumers, excessive consumers, and we must collectively address that for the wellbeing of the whole society because that is affecting us as a community, not only those individuals and their families. It is a high cost to our health system.

**The CHAIR:** Can you provide any facts and figures about what you have said? Is that in your submission or is there additional material we should seek out?

**Associate Professor EZARD:** Can we take on notice the rates of alcohol-related harm? I am pleased that the Chief Health Officer has released an annual report on alcohol in this State and has put efforts into getting some epidemiological data for alcohol-related issues in this State. I would be keen to look at more of those harm indices across the State in future publications.

**Mr KLARENAAR:** Those facts and figures exist. As I mentioned, hospitalisations in New South Wales have increased consistently over the past 15 years and continue to increase by about 50 per cent. I do not think it is debated that alcohol can cause harm. The question in our mind is how much harm is our society prepared to accept. In respect of hospitalisations, ask yourself and think of a number in your head how many hospitalisations per day or per hour is acceptable in New South Wales. Is five or six an acceptable number? There are 150 hospitalisations every day at this point in time. We can improve that situation a lot. From a public health point of view it will still be too high. Advertising is one piece of the puzzle. Supply and cultural factors and pricing are others, but it is definitely a key piece in the puzzle.

**The CHAIR:** It is dangerous to base our policies on or react to consumption levels going down?

**Mr KLARENAAR:** Absolutely.

**Associate Professor EZARD:** It is a very crude measure and it does not tease out the actual contribution to harm in the community.

**The CHAIR:** I note in your submission you strongly argue that the supervision of the legislation should be the responsibility of the health Minister. What are your reasons for that?

**Mr KLARENAAR:** There is an inherent conflict in the Liquor and Gaming and Racing portfolio in government. The strategic plan states that they have a dual purpose. One is to support a vibrant and competitive and diverse industry. In respect of industry and creating jobs, we understand the social determinants of health. Having a job and enjoying yourself is important to create health and wellbeing, but we have to look at the other factors that are involved. Obviously in our mind the harm of being employed in the alcohol industry to the extent that the harm it is creating is going unregulated and uncontrolled is far exceeding the benefit. The current portfolio for Liquor and Gaming is to support the industry and to look out for public interest, if you like. We think there is a clear bias towards supporting the industry, consumer convenience and supporting jobs but at the expense of public health and safety.

**Associate Professor EZARD:** The main point is that alcohol is no ordinary commodity, as we have heard, and that putting it in the Health portfolio recognises its potential harms to health and allows us to foreground that as a community.

**The CHAIR:** You are supporting that provision in the draft legislation that does exactly that?

**Associate Professor EZARD:** Yes.

**The CHAIR:** It highlights the importance of alcohol being a health issue by allocating responsibility to the Ministry for Health.

**Associate Professor EZARD:** Yes, we do.

**The CHAIR:** You are in full support of that?

**Associate Professor EZARD:** Yes.

**Mr KLARENAAR:** Yes.

**The CHAIR:** Regarding the Alcohol Advertising Prohibition Committee, there is a reference in the legislation to one member of the committee being "nominated by the chief executive officer of the Outdoor Media Association". You are concerned that there should not be industry representatives involved in that area because of their divided loyalty, especially regarding health issues.

**The Hon. ADAM SEARLE:** Or conflict of interest.

**Mr KLARENAAR:** That is exactly right.

**Ms FERGUSON:** It is the conflict of interest. As Ms Ezard said, we are talking about alcohol here and alcohol is a harmful product. We would like to see a committee developed with membership that had the right credentials in terms of health professionals, medical professionals and prevention. We would question whether or not industry members have the right intention, which is to reduce harm from alcohol.

**The CHAIR:** You make a strong point. Industry should not be involved in any form of policy development or regulation.

**Ms FERGUSON:** Yes.

**The CHAIR:** We need to amend the bill to take that membership out of the Alcohol Advertising Prohibition Committee.

**Ms FERGUSON:** The World Health Organization has taken a strong stance on alcohol industry involvement in policy development. We support that and that is where we come from, working from the World Health Organization's position on industry involvement.

**The CHAIR:** Would anyone like to make any further comments on the bill itself?

**Ms FERGUSON:** With regard to questions before about reflecting on the success of the tobacco control issue, I think it is also important to remind ourselves that the success of tobacco was not just with regard to advertising. The success of tobacco was also contributed to by the price signals, the availability and the strong health promotion campaigns that existed and currently exist with regard to tobacco control. I think we are in a situation not only in New South Wales but also across the country where the only messages that are being promoted when it comes to alcohol are from the alcohol industry. We need to ensure that there is some sort of message out there that this is a harmful product that causes significant harm across communities.

**Ms STAFFORD:** I will add to Ms Ferguson's comments. Education, legislation and regulation have significant roles in trying to reduce harmful alcohol use and changing the drinking culture. It is very hard for health promotion messages and well-designed education campaigns to have the desired impact when there are very few controls over alcohol marketing and the budgets of alcohol companies to market their products are so enormous that they dwarf any kind of health promotion budget. It is very hard for health promotion messages to cut through in a context that is saturated with alcohol promotion messages.

**The CHAIR:** Who should do that health advertising? Should it be the Department of Health?

**Ms STAFFORD:** Absolutely. Health experts and government agencies with expertise in and responsibility for health should be the ones who develop and run well-designed, research-based, well-funded health education campaigns—absolutely not the alcohol industry, which has a huge conflict of interest in this area.

**Mr KLARENAAR:** I point to the national DrinkWise body, which has done several advertising campaigns around responsible drinking and has industry representation. We know in public health that education and information alone do not achieve anything—it needs to be combined with regulation, legislation, environmental changes and a holistic approach. The odd DrinkWise ad saying, "Drink responsibly," is usually very carefully stated so as to not discourage people from drinking. Because of that conflict of interest it is doubtful whether or not there is a true intent to actually reduce harm.

**The CHAIR:** Do you think that having industry representatives has compromised DrinkWise to a degree?

**Mr KLARENAAR:** Absolutely, yes. Some of the ads are quite good, and a lot of the alcohol and the ads are really clever, funny and entertaining to watch. Taking away that opportunity would mean going out of the New South Wales jurisdiction, because these are largely Federal issues when you are talking about broadcast and television advertising. But advertising people can sell lots of things—it does not have to be alcohol. So the argument that it would be corroding different types of industries is pretty lightweight. Again, it comes down to how much harm we are prepared to accept in order to allow certain profits to go to certain small sections of our economy.

**The Hon. TAYLOR MARTIN:** Recommendation no. 4 of your submission recommends "the phased removal of alcohol sponsorship and advertising from sporting and cultural events". The Coalition of Major Professional and Participation Sports [COMPPS] has suggested in its submission, no. 28, that this would have negative consequences. On page 7 it says ongoing sponsorship is "critical to the ongoing viability of many sporting events" and that "it would have a detrimental impact on grassroots sporting clubs and subsequently reduce participation in sport" and have a negative impact on the overall health of our society. What is your response to that?

**Mr KLARENAAR:** My immediate response would be to look at what happened with tobacco. Sport did not stop when tobacco advertising was phased out of sport. There are many products, many industries and many businesses that are willing to support sport. Again, it comes down to how much harm you are willing to accept. Community sport is a great thing in many ways, not just for fitness and health but also for community engagement and social interaction. It has to be done carefully and thoughtfully in a controlled, phased way, but the Government can have a role to play in supporting sport. I am not a sports marketer but I would be pretty sure sport can stand on its own two feet without alcohol.

**Ms EZARD:** I would like to see the evidence that supports that. We do not have the evidence that community grassroots sporting is entirely reliant on alcohol industry sponsorship. I think it is not at all.

**The Hon. ADAM SEARLE:** That would all be commercial-in-confidence, surely.

**Ms EZARD:** Where is the evidence that it would disappear without the sponsorship? Without evidence, I do not see the veracity of that claim. What do you think, Ms Ferguson?

**Ms FERGUSON:** That was going to be my point. It is something we have questioned as well. How much of the financial relationship that exists between the sponsorship arrangements and the elite sports trickles down to grassroots communities? That is a question we have often asked and we find it challenging to find the answer. I would be surprised if the grassroots communities' sporting clubs are seeing the dollars from these big corporation deals we see on television.

**The Hon. SCOTT FARLOW:** The case study of digital social media advertising and some problems have been raised, along with the example of "grapes for dinner". Is this something you are seeing more of in terms of online advertising being problematic?

**Ms FERGUSON:** It certainly is. Unfortunately, with social media platforms, not just Facebook but all of the different kinds that exist—Instagram, Snapchat—because they can be targeted and segmented to particular audiences, those of us around the table would not even be seeing half of the advertising that exists because of the way that companies can do the sophisticated marketing and targeting, and that is certainly something that we will be looking into in the coming year because it is a space that the industry is well across and is using effectively, I think, to target and advertise to particular segments of the population.

**The Hon. SCOTT FARLOW:** You have also outlined in your submission a concern about what I think you describe as "significant discounting" of products. What would you define as being significant discounting?

**Ms FERGUSON:** I think in this case in some instances it is sort of what occurs—50 per cent off or more. In other jurisdictions in their liquor Acts or their liquor regulations or liquor promotions it is not allowed for discounts to go beyond 50 per cent off. The reason behind the concerns around the heavy discounts is because we know that cheap alcohol is a concern and cheap alcohol is a problem. We know that hazardous drinkers will seek out the cheaper alcohol, and that is a concern. Hence we see that any regulation of alcohol should ensure that it captures the price promotion discounts as well, which I guess goes to the retail and package promotions that are occurring, which, unfortunately, is not well regulated in New South Wales or across the country.

**The Hon. SCOTT FARLOW:** Do you think legislation such as the one being considered by this Committee should capture with it some form of prohibition on discounting and thereby increasing the price of alcohol?

**Ms FERGUSON:** I think there is opportunity for this piece of legislation to address cheap alcohol, including removing the opportunities that allow for bulk purchase discounts that go to the cheap alcohol point—things like shopper docketts that offer bulk discounts. I think there is certainly an opportunity here for this legislation to capture that.

**The Hon. SCOTT FARLOW:** I think you have the banning of shopper docketts as a price discounting mechanism in one of your recommendations. Why shopper docketts in particular? Why are they more damaging than any other form of discounting or promotion?

**Ms FERGUSON:** I would not say that they are more damaging. It goes to the normalisation of the product. I do not see why alcohol, which is a harmful product, should be advertised on a grocery receipt when you have just purchased your bread and milk, and then it goes towards the actual promotion that is on the bottom, which is potentially 50 per cent off whatever the product is. I guess it comes in two parts: it contributes to the normalisation of alcohol as just an everyday product that you purchase with your groceries, and it also captures the price element. As we outlined in the submission, the former Office of Liquor, Gaming and Racing [OLGA] did undertake an investigation into shopper docketts and they did recommend that they be removed, but unfortunately that did not go ahead. There is precedent from some regulators that there is potential there to remove them.

**The Hon. SCOTT FARLOW:** Are there other States where shopper docketts are banned from promoting alcohol or offering price promotion discounts?

**Ms FERGUSON:** Not shopper docketts; no jurisdiction has taken up this recommendation. In regards to your price point, the Tasmanian liquor promotion guidelines do have a clause that—I would have to take this on notice to get the exact wording for you—says something along the lines of no less than \$1 a standard drink, or something to that effect. But I certainly can take that on notice and get the exact wording back to you.

**The CHAIR:** Is it an issue we should include in the legislation?

**Ms FERGUSON:** Certainly. Addressing the price of alcohol is certainly something that should be addressed.

**The Hon. SCOTT FARLOW:** And addressing the price of alcohol by increasing the price of alcohol?

**Ms FERGUSON:** There is also the issue of the way that alcohol is taxed, which is a Commonwealth issue and I will not get into the details here. But there is also opportunity for New South Wales to introduce minimum unit pricing, a floor price for alcohol, which we have seen recently happen in Scotland, and it is also under consideration by the Northern Territory Government. In the Northern Territory they are considering the \$1.50 standard drink as a floor price. That does not capture all alcohol products. The policy around a minimum unit floor price targets the cheap alcohol in terms of the bulk cask wine, the really cheap alcohol that exists. That will increase the price of the cheap alcohol but not necessarily all alcohol products. I know that the WA Government has also announced they are considering a minimum price as well.

**The Hon. SCOTT FARLOW:** In terms of the market and consumption trends, where has the growth in the market occurred? Has it been at the lower end in terms of those cheaper unit prices—like cask wine, for instance, or cheap beer or cheap spirits. Is that where the growth in consumption has occurred?

**Ms FERGUSON:** Wine is still the most consumed product, I believe. I can see if I can get that broken down in terms of types of—

**The Hon. SCOTT FARLOW:** If you could take that on notice in terms of the data on price points at which that would be occurring and whether it was occurring in the "goon" category or at the higher end or somewhere else in the market? With respect to that and with respect to floor prices and the like, you would put it in at a standard drink level so that it would create a standard floor price across all drinks. Would that discriminate against any beverage, for instance? I imagine in that regard the standard cost for a beer, if you were to set it at a certain level, would probably be higher than it would be for a spirit. Is that correct or not?

**Ms FERGUSON:** With the standard drink issue it is a flat rate across all products; it does not matter what type of product it is. Where you would see the increase in price would be in the cheapest products. This is really targeted at the retail end—bottle shops where people are purchasing from packaged liquor off-licence as opposed to on-licence premises. Because you would find that the majority of on-licence premises would be



more than \$1.50 a standard drink anyway. So it really is that retail end of the market, which then goes towards the cask wine issue and the cheap alcohol products that exist.

**The CHAIR:** I have a general question. In your submission in relation to health warning labels, you support the use of pregnancy warning labels. You have indicated that there seems to be quite a resistance by the industry and, I assume, by governments to actually do anything about it. What is the reason for that?

**Ms FERGUSON:** That is a very topical issue at the moment. Just last week the food forum Ministers met to discuss the issue of alcohol pregnancy warning labels and the WA Government, the ACT Government and, I believe, the Victorian Government all came out in support of the introduction of alcohol pregnancy warning labels across all products. So there are some jurisdictions that support this move. We have now been in a situation for four years where the industry have been applying their own consumer message label, which is just a small label on the product. It is something that has been of the attention of the food forum Ministers for quite some time.

We do see a pushback from the industry in regards to this issue for numerous reasons: it is further regulation, and I guess they would see this as potentially the start of something more damaging, they would believe, in regards to the issue of labelling on their products. Again, we see there is still a significant number of women who consume alcohol while pregnant and we know that alcohol consumption during pregnancy does cause harm. This is a labelling message and this becomes a consumer rights issue as well. Women do have the right to know that alcohol potentially does cause harm to a foetus.

**Mr KLARENAAR:** To add, I know that the national guidelines recommend no alcohol while pregnant; there is no safe level of drinking alcohol while pregnant. From what I understand, the voluntary message that was used on some labelling through trialling the voluntary scheme is along the lines of "Consuming alcohol while pregnant may cause health problems". That phrasing opens the door to a suggestion that it might not cause problems, it might be okay. It is at odds with all the guidelines and expectations as to what is safe.

**The CHAIR:** Would you recommend, if the Commonwealth does not move on it, that the States should legislate in any case?

**Mr KLARENAAR:** Absolutely.

**The CHAIR:** At this stage we have been told to wait for the Commonwealth, and nothing has happened for four years.

**Mr KLARENAAR:** We would be happy for New South Wales not to wait.

**Mr JUSTIN FIELD:** Obviously other jurisdictions have looked at this challenge. In particular, the Australian Capital Territory [ACT] has introduced restrictions of advertising of alcohol on public transport and outdoor advertising generally is quite a different regulatory regime. Do you have any information you can provide the Committee on how that has gone, whether or not it has had impacts on consumption, and whether or not it has shifted alcohol advertising in the Australian Capital Territory to other types of advertising?

**Ms FERGUSON:** As the local ACT resident I can. There has not been any public information in terms of the impact on what that restriction has been.

**Mr JUSTIN FIELD:** It was quite recent—2015?

**Ms FERGUSON:** Yes, 2015. As you mentioned, the ACT environment itself is quite different. We do not have outdoor billboards that exist in other jurisdictions. I can certainly look into that. Unfortunately, what we do see in the ACT is alcohol advertising on the transport infrastructure, the bus stops, for instance. We are advocating for the ACT Government to make sure it captures the suite of not just the buses but the infrastructure as well. The South Australian Government and the Western Australia Government have indicated they are considering this issue.

**Mr JUSTIN FIELD:** Why did the Australian Capital Territory target it and why are the other jurisdictions looking at public transport infrastructure? Is it something to do with who uses it, who sees it? What is the rationale?

**Ms FERGUSON:** With the ACT it was not just alcohol, it was tobacco, guns, and another one I cannot think of. There was a suite of products that the ACT Government banned from transport. The rationale was a health rationale in terms of the public comment made in the ACT regarding removing these types of advertising. It is a public health message. With regard to the Minister at the time who made the comment, it was about reducing not just children's but the community's—I cannot think of the word—perception of these products.

**Mr JUSTIN FIELD:** It would be inconsistent for a government to advocate for harm minimisation but to profit from the advertising of these goods on their infrastructure. That perhaps was the motivation?

**Mr KLARENAAR:** That is correct, and pragmatically that is something within the government's direct control. It is a popular and effective way to advertise and it gets a lot of exposure. There is currently legislation around exposure to schools, within sightlines of schools, but buses drive straight past schools. There is doubtless more exposure to children and young people by advertising on public transport.

**Mr JUSTIN FIELD:** That was my next question. Is there a type of advertising that you are concerned about that reaches or influences children more than others from the types of advertising we have seen used by the alcohol industry?

**Mr KLARENAAR:** I will take the opportunity to talk about advertising during sport. That is a national issue, but there is an absurd loophole where alcohol advertising is restricted during children's viewing hours except if it is a sporting event. That is inexplicable and against any public interest.

**Mr JUSTIN FIELD:** I asked this question of a previous body that gave evidence today. They suggested that given the 75 per cent target within the code to ensure advertising is reaching more than 25 per cent of children in any particular segment, they quoted the figures around sporting broadcasts as being much more around 90 per cent in terms of the adult viewing rate of these programs. They did not see that as much of an issue at all. Do you have any evidence that can challenge that? It does seem like the response; it was quoted by one of the other Committee members. The response from the major sporting codes to this seems aggressive; they see a real risk. There seems to be an unhealthy relationship or reliance on alcohol advertising in connection with sports. They want to be strongly defending that relationship. I am not sure of the evidential basis for the concern around sport.

**Ms FERGUSON:** I know that Kerry O'Brien, a leader at Monash University, has done research into viewing children's exposure to alcohol advertising during sport to see what the exposure was. I can send that piece of research to the Committee.

**Mr JUSTIN FIELD:** Yes.

**Ms FERGUSON:** I have the figures in front of me: it was an estimated cumulative audience of 26.9 million Australian children and adolescents watching Australia's major television sporting codes and these were exposed to 51 million incidences of alcohol advertising. This was during 6.00 a.m. and 8.30 p.m. I can send you the research those numbers have come from.

**Mr JUSTIN FIELD:** That would be useful. I grew up in Central Queensland and it was a league town and everyone got Broncos jerseys when they finally came to town. I am not sure if they had alcohol advertising on them at the time. Do you know if there are restrictions on kids' sizes of sporting paraphernalia not being able to have the brands of alcohol sponsors of clubs?

**Ms FERGUSON:** I am not aware of any formal restrictions, but we do understand that the children's apparel does not have the VB logo on the front. That is not to say that they are not wearing the larger size clothing or still holding the scarf, the flags and football and everything else that goes with it. I am not aware of any formal restrictions.

**Ms STAFFORD:** Can I add my response? The Committee member seemed to be referring to the ABAC Scheme Limited's [ABAC] new placement rules and the 75 per cent new rule that has come in. I wanted to note that we and other health groups have very significant concerns about those new ABAC placement rules. We do not believe that they are going to reduce young people's exposure to alcohol promotion in any meaningful way. We are not aware of the evidence base for the development of those particular placement rules. We believe that absolutely we need proper controls on the placement of alcohol but controls that genuinely protect young people from alcohol promotion would look different from the placement rules that ABAC has developed. It is unlikely that they are going to reduce young people's exposure in any meaningful way. I note concerns about that 75 per cent rule. That can still be hundreds of thousands of young people viewing a sport or another broadcast that includes alcohol advertising and it would be allowed under ABAC's new placement rules.

**The CHAIR:** Could that be industry influence on that particular proposal?

**Ms STAFFORD:** All of the ABAC directors represent the alcohol industry and of the management committee three of the five management committee representatives are alcohol industry executives. It is almost solely developed and run by the alcohol industry. We can see that they have developed some provisions that suit how they want to market.

**Mr JUSTIN FIELD:** One last question, I cannot think of one marketing channel that would be restricted with that particular guideline in place. Are you aware of any restriction that that 75 per cent rule would put on advertising?

**Ms STAFFORD:** I agree with your comment. I do not think there is going to be anything that that new rule will restrict. To get over that threshold of the 25 per cent kids, you would be talking about cartoons, very kid-specific programming that would be excluded from alcohol promotion, but they should already be excluded. I agree; I do not think this will restrict anything.

**Mr JUSTIN FIELD:** Thank you very much.

**The CHAIR:** Ms Stafford, the submission from McCusker is very strong on the need to close the loophole in the Commercial Television Industry Code of Practice that allows alcohol advertisements during sports programs. It indicates that that is an urgent priority.

**Ms STAFFORD:** Absolutely.

**The CHAIR:** Good.

**Ms STAFFORD:** It is quite unbelievable that the Commercial Television Industry Code of Practice was reviewed in the last couple of years and that that loophole has remained and actually expanded. The loophole was originally just that live sport could advertise alcohol. Now it is a much broader range of sporting programs. It is quite unbelievable that the code is now even more lenient for alcohol marketing.

**The CHAIR:** Thank you, everyone, for taking part in this session. Your contribution has been very helpful.

**Mr KLARENAAR:** Thank you very much.

**Associate Professor EZARD:** Thank you.

**Ms FERGUSON:** Thank you.

**Ms STAFFORD:** Thank you.

**(The witnesses withdrew)**

**(Short adjournment)**

**ALEC WAGSTAFF**, Chief Executive Officer, Distilled Spirits Industry Council of Australia Inc., sworn and examined

**TIM WALLWORK**, Director of Corporate Affairs, Asia-Pacific, Brown-Forman Australia, sworn and examined

**TONY BATTAGLENE**, Chief Executive, Winemakers' Federation of Australia, affirmed and examined

**The CHAIR:** Welcome. Thank you for your attendance to assist our inquiry. Do any or all of you wish to make an opening statement?

**Mr WALLWORK:** Thank you very much, Mr Chair and Committee members, for allowing me to participate today. I am sorry that you are not getting a Kentucky voice from a Kentucky company, but we Brits get everywhere. I am representing a singular company today, Brown-Forman, whereas the two gentlemen either side of me represent associations, so please feel free to ask me about the commercial perspective from a single company. I would like to put on record Brown-Forman's sincere support for the Alcohol Beverages Advertising Code [ABAC] Scheme, first of all, which we hold to be a world-leading example of regulation of alcohol advertising.

To bring some commercial focus, I was talking to a number of my marketing colleagues today and I asked them what our contribution to the New South Wales economy looked like. They informed me that we spend approximately \$13 million a year with providers of advertising services in the State. My intention in bringing that number to your attention is merely to demonstrate that we are very proud to buy Australian services in the area and we think that is a positive effect of the alcohol advertising industry. Thank you.

**Mr WAGSTAFF:** Thank you, Mr Chair. Firstly, on behalf of the distilled industry sector in Australia thank you for the opportunity to appear. It will be surprising, possibly, to hear me say that we actually share the intent of this piece of legislation. We might well disagree on the process to get there but the alcohol industry absolutely is committed to reducing the level of alcohol harm. I think in some of the evidence that might have already been presented or will be given today, Australia has done a pretty good job and in fact we should be celebrating some of the work we have done in reducing harmful drinking by young people. That is not to say that the job is finished. We need to continue to do that. Industry generally is very committed to working with governments of all kind to further that and at the same time promote an industry that employs a lot of people and brings a lot of pleasure to those people who consume alcohol. Thank you.

**Mr BATTAGLENE:** Finally, Mr Chairman, on behalf of the Winemakers Federation of Australia, I represent the 2,600 winemakers around Australia. We are predominantly a large number of very small businesses with a few large businesses intermingled. What we do have in common, however, is that we have a very large footprint in rural and regional Australia and we are a major contributor to that vibrant economy. You only have to drive to places like Griffith in New South Wales where you will see how that whole town and whole region has been turned around by the success of companies like Casella, which has done amazing things for the country.

Like my colleague from the Distilled Spirits Industry Council of Australia, we are deeply committed to the responsible consumption of alcohol. We realise we have to meet community expectations and unless we can meet community expectations we do not deserve to operate. We believe we have a licence to operate and we provide a great deal of benefit to the country. I am very grateful for the opportunity to talk to you. Like my colleagues, we support completely the idea that we need to promote targeted, responsible actions that can help more responsible consumption. Thank you.

**The Hon. PETER PRIMROSE:** The Committee has quite limited terms of reference, that is, that this portfolio Committee inquire into and report on the Alcoholic Beverages Advertising Provision Bill 2015. I ask each of you: Do you support the bill?

**Mr WAGSTAFF:** No, in simple terms we would not support this piece of legislation on the basis that we think the existing measures with the co-regulatory schemes are adequate to do that and show the results that are necessary. If the situation were that the industry was not meeting its obligations, then I would have a different perspective. My argument would be it is an unnecessary piece of legislation that could have unintended negative consequences, whilst supporting the objective of trying to improve drinking behaviour.

**The Hon. PETER PRIMROSE:** I might come back to that in a moment. Mr Wallwork?

**Mr WALLWORK:** I would give the same answer as my colleague Mr Wagstaff. It would be a no, on the basis that we do regard the current balance of regulation in the State to be both fair and effective across all stakeholders.

**Mr BATTAGLENE:** I share the view. I believe that we do not need legislation for this. We have very good, effective policies in place. The ABAC Scheme works very effectively. I am always nervous about unintended consequences, even with good intentions. Given that I represent a lot of rural and regional producers who need to bring people to their cellar doors, anything to do with advertising could have unforeseen consequences. So from our perspective we do not believe this is necessary legislation.

**The Hon. ADAM SEARLE:** You mention the ABAC Scheme, but the ABAC Scheme is of very limited scope. It is a very short code of conduct about very broad standards and whether advertising meets those standards. I am not in any way denigrating it but it has a very limited function. When you look at the global harm caused in terms of health impacts and public expenditure impacts, alcohol is not that far behind tobacco in being a global contributor to a lack of wellbeing. Why shouldn't regulation of alcohol advertising be undertaken on the same basis and have the same limitations as tobacco advertising such as sponsorship of sport and the like?

**Mr WAGSTAFF:** I would have to challenge the premise of one of the questions as to the health impacts of alcohol and tobacco. There is no suggestion in any science that moderate consumption of tobacco can be anything but harmful.

**The Hon. ADAM SEARLE:** That was not my question. With respect, that is a little bit deceptive. I was very clear in what I said. I am talking about the total impacts. I know an individual can have a drink and that does not affect anybody but that person and if you drink in moderation that is fine; I totally accept that. I am not trying to say that the two products are the same but when you look at the negative impacts for society, the expenditure undertaken by the State Government for abuse of alcohol—and I accept it is abuse—we as a parliament and as a government obviously have public policy obligations. Looking at the global impacts, they are both drugs, they are both used for recreational purposes. So I am wondering why they should be treated differentially in terms of advertising?

**Mr WAGSTAFF:** As to the financial issue, I admit that the Commonwealth Government runs the excise system and taxation system for alcohol and my sector contributes \$2.9 billion in excise each year. We ourselves would say there is a lack of transparency about how that funding is used in terms of targeted programs.

**The Hon. ADAM SEARLE:** Yes, because it used to be State excise.

**Mr WAGSTAFF:** Unconstitutional, unfortunately. I think that has been covered in the past.

**The Hon. ADAM SEARLE:** That is right.

**Mr WAGSTAFF:** But when you look at the harms caused by alcohol—and there certainly are—and I concede that there are a relatively small number of people who have serious alcohol problems—

**The Hon. ADAM SEARLE:** Sure.

**Mr WAGSTAFF:** —and there are some people who should not drink alcohol at all, as an industry we support targeted measures to address those specific things. We would say that blanket advertising restrictions do not actually effectively address problem drinking as such. They address levels of brand switching and there is an argument—my commercial colleague is probably better placed to deal with—about what the advertising aims to achieve. If I was of a view that alcohol advertising was trying to recruit drinkers and make drinking attractive, then I would probably have more sympathy for your line of argument.

**The Hon. ADAM SEARLE:** Just pausing there. Advertising would be a complete waste of money if it did not promote the use of a product. Every year your customers will die and unless you recruit new customers, in about a decade and a half you would be out of business. Part of your expenditure must be to recruit new people to take up your product. If you are telling us seriously on oath that is no part of your business model, I would have a very difficult time accepting any of your evidence here today.

**Mr BATTAGLENE:** Maybe I can say a couple of things from our perspective. We have a lot of small businesses in the wine sector. You have probably all been to the Hunter Valley; 40 per cent of the Hunter Valley's production is sold at the cellar door. Advertising gets people to the cellar door but there is a lot of competition out there. So, yes, absolutely unapologetic, we do advertising to try and bring people to the cellar door because we have got a great product. We believe we have got very responsible advertising. If you look at the advertising for wine, we are advertising conspicuous consumption, we are advertising a lifestyle and we

believe it is a good productive lifestyle. Again like my colleague, you can consume alcohol moderately and it is good for you. I do.

**The Hon. ADAM SEARLE:** I am a consumer.

**Mr BATTAGLENE:** But for us it is really important. How do I differentiate one small winery in the Hunter from another. One will say, "Don't go to the Hunter, go somewhere else", a place you haven't heard of.

**The Hon. ADAM SEARLE:** Mudgee, for example?

**Mr BATTAGLENE:** Yes. For us it is really important just to be able to get that. I am unapologetic about that. I think it is the style of advertising, the wrong type of advertising. That is why I like ABAC and what it does. We really target what we believe is inappropriate advertising and we make sure we are in line with consumer expectations. We undertake regular consumer expectation surveys to make sure that those independent decisions are made in line with what consumers expect and I think we are meeting them. Quite frankly, I think we are really in tune with what consumers want. If we are not, then I believe we would need to do something more.

**Mr WALLWORK:** Perhaps I can add something in terms of the commercial imperative, which I believe formed part of the question. I think I am very happy to swear on oath that all that we do and the way that we speak internally is about targeting adult consumers who choose to drink. That is quite an important two-limb test. First of all, they have to be above the legal drinking age. Second of all, they have to have made an independent decision to drink. Nothing in what we do is targeted at persuading people to go from a state of preferring not to drink to a state of preferring to drink. It is entirely about targeting those who will make a purchase decision about our brands versus other brands.

That is the commercial imperative in our advertising: to say, in our case, do not take a Johnny Walker, take a Jack Daniels; do not take one of Mr Battaglene's members' fine wine products, take one of our own. The commercial imperative in everything that we do with a commercial overlay is targeted at that. We would like responsible consumers to enjoy our products over a lifetime in a healthy way, which remains possible, and to be part of their lives going forward. In the broadest possible sense, if we are advertising or allowing leakage of messages to people who cannot buy our products we are not doing our job correctly from a commercial perspective.

**The Hon. PETER PRIMROSE:** Would you also apply that to advertising through sport?

**Mr WALLWORK:** Sports promotion is a channel. My own company does not do a lot of that because Jack Daniels does not sit very well with footy or rugby or whatever you choose. It is not something to which our brand aligns. We do in other countries with different sports. This is not a case of me saying that we make better choices than others. I think with sports the way that we approach it as an industry is to ask whether an appropriate demographic is going to be reached through a particular channel. I think it surprises many people to learn that even though there are a large number of youth, children, what have you, who will view a sporting event, the numbers tend to support the idea that most large sporting events are still very, very adult orientated.

When we run our demographic research, which is a necessary pre-step to buying advertising or installing promotions, when we are looking to be as far in advance of 75 per cent or 80 per cent adults as we possibly can, most major sporting events come out in the 80 per cent to 90 per cent adult range. At that point you can apply qualitative considerations on top of that. In terms of world-leading thresholds for advertising targeting, we remain comfortable with the systems that we impose to make those judgements.

**The Hon. PETER PRIMROSE:** At what age do all three of you consider it appropriate to seek to influence people on their decisions about brand choice?

**Mr WALLWORK:** For me, legal drinking age. In some countries in the world there is no legal drinking age, and in that case we volunteer 18 as a default.

**Mr WAGSTAFF:** In the industry code, for instance, that we submitted, 18 is the legal drinking age and that is a decision by policymakers. We obviously err on the side of caution. Part of the distilled spirits industry code is to say people appearing in the advertisements must appear to be 21, even though the age is 18. In fact, actors who are employed have to be the age of 25. We have built into our own code, I suppose, a degree of conservatism. Accepting that—and this is a personal view—it is not a magical transformation, even though the law says there is. We all know that people mature at different ages and at different times. But that is probably a different debate and discussion to have outside the scope of this. We have built in a natural degree of conservatism. I think the ABAC code specifically targets and says the advertisements should not have any appeal to underage drinkers. They police that pretty tightly.

**The Hon. ADAM SEARLE:** In response to the question asked by the Hon. Peter Primrose about how overwhelmingly adult people who view sporting events are, nevertheless a proportion would be younger persons. Whether it is your intention or not, through allowing advertising of alcoholic products in connection with sport, you are essentially exposing children and youths to the idea of drinking and which brands should be preferred. This is at a time when exposure gives them some degree of familiarity and then when they tip over into adulthood you are grooming the next generation, at least in part, are you not, by advertising through sport?

**Mr WALLWORK:** No. We disagree with that characterisation. I think my colleague, Mr Wagstaff, introduced the point which I would expand on, which is this idea of built-in safeguards in the current regulatory system. You might refer to it as a double lock in the sense that there is a content appeal set of regulations, then a placement appeal set of regulations. Obviously, it is impossible to deny that when you have a broadcast advertisement or if you have an out-of-home advertisement or you have something that goes into a public space, it is seen by people both above the legal drinking age and below the legal drinking age. Working with that acceptance, the content safeguards talk to what it is that the audience sees.

Mr Wagstaff already mentioned the fact that there are age-related provisions in there which prevent a young person, sub the legal drinking age, seeing their own peers reflected back at them from advertising. There will only be demonstrably very adult people—to the extent that humans appear in the advertisements—being reflected back at them with the actors. You will also see pretty universally the safeguards around not being permitted to show any kind of attractiveness of people, social success, mood alteration, any suggestion of any kind of winning in life in the content of what you see in the advertisements. You very rarely see consumption in the advertisements themselves. That is the first stage of the double lock, if you like.

Then we say we have these thresholds that we apply, which are carefully researched to make sure that the proportion of younger people who see the advertisements is minimised and is broadly reflective of Australian demographics. We say we are doing two things, and within those two things quite a lot of other things, to make sure that the young people to whom advertisements and promotional material will be exposed will not necessarily be attracted to them in a way which society and policymakers deem unacceptable. I think it is also relevant, and I do not think without the terms of reference, to say that that double lock also becomes a triple lock when you think about purchase behaviour, because advertising seeks to drive purchase amongst adults who choose to drink.

At the point at which our advertising operates on its target, our hope is that when they are next in a purchase situation they will buy our brand. But of course, they have to get through the purchase restrictions in order to do that. At a very holistic level, as I said in my opening, I believe that the combination of advertising regulation and the broader regulation of point of purchase and what have you, operates in a way which balances public health concerns, policy concerns and commercial interests. We feel that those process steps, which are very carefully adhered to, are appropriate in their current form.

**Mr JUSTIN FIELD:** Thank you gentlemen for being here today. We have heard a lot of evidence today and also in the submissions that the industry supports self-regulation in the voluntary ABAC Scheme. You have just outlined it, and obviously you have a vested interest as well. I appreciate it is a tension. I look at one of the examples that goes to my concern about the capacity for the voluntary scheme to work. In 2010 there was a review of food labelling laws and a recommendation for mandatory pregnancy warning labels. That was not adopted and a voluntary scheme was put in place. A few years later when they reviewed the scheme, only 38 per cent of individual containers displayed a warning label. How can the public have confidence when we know that drinking alcohol when pregnant is not safe. How can the public have confidence that a self-regulation, a voluntary code can ensure that people are getting the right information about these risks and the industry is serious that it is selling a harmful product at the end of the day? I would also like to know whether your brands or your clients choose to use those warning labels for people who are pregnant.

**Mr WAGSTAFF:** I will leap on the pregnancy labelling one. All my members, with a potentially extremely minor exception of some imported single bottles that arrive outside of normal channels, have adopted the voluntary labelling. The last review would be significantly higher than the figures you quoted. There are some small players, and Mr Battaglene can probably talk about this a little more. The large multinational companies take their social responsibilities very seriously and have good systems in place to put those things in place. As a follow-up I would be happy to provide you with some detailed numbers about the percentage of my members' products that are labelled. They are very high.

In respect of the advertising, it is not purely voluntary in that it does have the engagement of the Commonwealth Government representing all governments in Australia. The Commonwealth Department of Health sits on the management committee of the scheme and has the opportunity to engage in the discussions and the content of the code, so it is a sterner one than just industry. It engages the local government. The

adjudication of it is absolutely independent. You heard from the chief adjudicator this morning. The other thing is that, with one exception, industry accepts the decisions even when it does not agree with them. Last year there was a decision made against a beer company relating to some State of Origin promotions. The company appealed the decision. It lost the appeal but it accepted the decision. We have a system that is voluntary in name but is just as effective as a mandatory scheme.

**Mr JUSTIN FIELD:** Before I get others to respond, you mentioned my statistics may be out of date. I grabbed those from a submission. Do you have any idea what the number might be now?

**Mr WAGSTAFF:** The review was tabled at the last meeting with the health Minister. It has not been made public yet. The last survey was conducted in the last 12 months.

**Mr JUSTIN FIELD:** If you can take that on notice it would be useful.

**Mr WAGSTAFF:** Yes.

**The CHAIR:** Can you give us an approximate figure?

**Mr WAGSTAFF:** It varied by take-up but for spirits it was over 90 per cent. I would rather check that figure than be held to it given the opposition, but it was significant.

**Mr BATTAGLENE:** We did our own survey for wine last year and it was 85 per cent. We understand the Siggins Miller report is supposed to be up on the website within a matter of days. We have asked the health Minister and the department for it. They have not yet forwarded it to us. We understand the figures were very good for most categories. There were some categories of smaller producers that were not as high as we would like. From our perspective, we encourage 100 per cent. We agree with what you said—drinking while pregnant should not happen; it is dangerous. We absolutely believe that the voluntary system is working. We encourage everyone to sign up. We have trouble with some small high-value producers who sell at cellar door who think they are not part of the problem. We are in the process of doing it and we have an advocacy campaign that goes out to those. We think it is working well. We concentrate on making sure that it goes through the big retailers that are available to the broader population. We are trying very hard to get as high as possible on that. We think it is working.

I think the Siggins Miller report will show that pregnancy labelling has been effective. There is more work to be done, there is absolutely no doubt about it. It brings back responsibility to where it should be with the industry working with consumers to ensure they understand where the issues lie. We think we need to do more targeted work than just labelling. We do not think labelling works on its own. Labelling does not work anywhere anymore. We are in the twenty-first century; not many people read labels. We think we need more targeted approaches. For the wine industry we are looking at cellar door. A lot of people go to cellar doors so we are looking at targeted responses on pregnancy warnings and working with organisations such as DrinkWise to get the message out to those people who we believe could be at risk or engage in that behaviour.

**Mr JUSTIN FIELD:** If people do not read labels, you would not be opposed to plain packaging?

**Mr BATTAGLENE:** I would be opposed to plain packaging.

**Mr JUSTIN FIELD:** Mr Wallwork do you have a response to that first question in respect of your members and the take-up of labelling?

**Mr WALLWORK:** Yes. I believe compliance is above 99 per cent in my company. The exception being, as Mr Wagstaff remarked, one or two minor brands that are imported from distilleries outside Australia that have a single label worldwide. I believe it is above 99 per cent. I am absolutely happy to swear on oath it is probably 95 plus.

**Mr JUSTIN FIELD:** Obviously advertising marketing is changing a lot and social media is a big deal. Do any of your members or brands use social influences to promote your products?

**Mr WAGSTAFF:** I do not know. I cannot speak on behalf of my members.

**Mr BATTAGLENE:** Do you mean social media?

**Mr JUSTIN FIELD:** No, it is a type of social media use whereby you look for someone who has a significant following or network. It is not a traditional form of advertising. It is like brand placement in some ways. It is a way of promoting a product peer to peer but it is not entirely clear that they are advertising. I am trying to get a sense of whether you use it and whether people are paid to do that sort of work?

**Mr BATTAGLENE:** Most of my guys are struggling to build a website.

**Mr JUSTIN FIELD:** I appreciate this question might be for Mr Wallwork.



**Mr WALLWORK:** This might be one for me. Yes, we do. I would seek to give you some updated information on what companies such as our own do in that regard. First of all, we have a policy that there will be no posts on social media by an influencer that is not highlighted by the use of an appropriate hash tag as an advertisement or a commercial message. While we contract with people to access their media feeds and we are active in that area, it is clear they sign up to guidelines. We give them the responsible marketing training, normally from an in-house lawyer, on how best to represent our brands responsibly.

**Mr JUSTIN FIELD:** Can you give me an example of some influences that your brands might use?

**Mr WALLWORK:** I would have to take that on notice. I am not familiar with the Australian specifics.

**Mr JUSTIN FIELD:** That would be very useful.

**Mr WALLWORK:** I will do that. Let me make a note briefly.

**Mr JUSTIN FIELD:** And the hashtags that are used so I can search them and have a look at how they are being used. That would be fantastic.

**Mr WALLWORK:** Sample posts or something?

**Mr JUSTIN FIELD:** Yes. A hashtag should suffice. If a person viewing it understood what the hash tag meant in that context, they would know that it was a paid placement?

**Mr WALLWORK:** Yes.

**Mr JUSTIN FIELD:** Is that fair?

**Mr WALLWORK:** Yes, that is absolutely the intent and we expect that is the effect.

**Mr JUSTIN FIELD:** Do you use the prescreening process from your social influences that ABAC has to check social posts before they go up?

**Mr WALLWORK:** We do on occasion, yes. Typically the in-house legal team will see every social post that goes up.

**Mr JUSTIN FIELD:** They will pre-vet it before the influencer posts it?

**Mr WALLWORK:** Yes. The way this gets done is marketers in our marketing department work closely with our marketing lawyers and they have to supply a calendar of posts to the legal department for vetting against the ABAC code against our own internal responsible code and all applicable regulations. To the extent that the outcome of that review is that we would welcome ABAC's comment then we will use their pre-vetting service as well.

**Mr JUSTIN FIELD:** What channels do you use? I assume Facebook, Twitter and Instagram. Do you use others?

**Mr WALLWORK:** The ones you mentioned are the main ones. I am not aware in this room of any others. In fact, our company was the company among the alcohol industry to work with Twitter to establish their age-gating before we were willing to put something on. We have a YouTube channel.

**The CHAIR:** Mr Wagstaff, you mentioned in your comments the necessity to avoid what I believe you described as "unfortunate consequences". What are the unfortunate consequences of alcohol consumption?

**Mr WAGSTAFF:** One of the benefits of advertising is that it allows new entrants into the marketplace. In Australia we have something like 130 craft distillers starting their businesses—some in metropolitan Sydney, such as Archie Rose, which is within three or four kilometres of here. I think bans on alcohol advertising would have the unintended consequence of making it more difficult for those new entrants to attract attention to their brands. Anecdotally someone was explaining to me that in France the marketplace has stayed pretty much the same since they brought in alcohol-banning restrictions because it is very difficult to get brand-switching without brand marketing, so it actually favours the incumbent players, the people who have the brand recognition already. That is one example. The other example could be that employment drops in service industries. There is a large number of small marketing firms who do creative material for the alcohol industry. Clearly if that was not available they would have to find other things to do—they may well be able to do that or they may not. They are a couple of the sorts of examples I had in mind.

**The CHAIR:** I noted positive responses regarding your use of those labels. I note that you represent wine and spirits. What is the most consumed alcohol item in Australia? I do not drink alcohol. Is it wine or spirits? Is it beer?

**Mr WAGSTAFF:** I suppose it depends on how you measure it. If you measure it by litres of alcohol, I think it would be beer.

**Mr BATTAGLENE:** Yes, it is not us!

**The CHAIR:** Do any of you represent the beer industry?

**Mr WAGSTAFF:** I represent spirits, and Mr Battaglene represents wine. No beer here today!

**The Hon. ADAM SEARLE:** We had the beer industry earlier.

**Mr WAGSTAFF:** Quality drinks here today—no beer.

**The Hon. ADAM SEARLE:** Some people might argue craft beers are quality drinks too.

**The Hon. SCOTT FARLOW:** Some people might argue VB is.

**The Hon. ADAM SEARLE:** I have not heard that argument!

**The CHAIR:** Mr Wagstaff, in your submission you acknowledge, as others have done, that for your advertising at least 70 per cent of the audience is expected to be above the legal purchase age. Are you acknowledging that 30 per cent is below the legal age?

**Mr WAGSTAFF:** That code was done in 2010 and it was well ahead of the recent changes, so we will be adjusting that code to bring it up to 75. Some of my members use 80 per cent as a number. But, yes, that does acknowledge that in some placements there are up to 25 per cent of underage people who may see that. Again, as Mr Wallwork said, that would probably be inefficient advertising, because you would be wasting a quarter of your budget spend, so you would be seeking to place your advertising somewhere where you had a much higher percentage of legal drinkers watching.

**The CHAIR:** Obviously our concern is not that you are not selling more of your product but the moulding of children's minds to be pro-alcohol.

**Mr WAGSTAFF:** I reinforce that that is not the intention of our advertising. I will make a brief comment too about the impacts on society. Advertising is part of it but in the research I have seen from DrinkWise most underage people experience drinking through their families and parents. That is where their drinking behaviour is modelled; it is not in advertising. That is an important thing. It should be a holistic view. A number of alcohol companies have suggested that there is scope for the education system to include topics about alcohol—and I know there are already some things with the Healthy Harold program to do that—and I think that is very important. There was some government advertising which I think showed pretty starkly how poor drinking behaviour by adults can adversely impact children.

**The Hon. ADAM SEARLE:** In one submission the Committee was told an estimated cumulative audience of nearly 27 million Australian children and adolescents watching Australia's major televised sporting codes—cricket, Australian Football League and National Rugby League—are exposed to 51 million instances of alcohol advertising with nearly half of the broadcasts occurring between 6.00 a.m. and 8.30 p.m. That is a lot of exposure for children. We have also been told about studies of more than 38,000 young people showing that the volume of advertising they are exposed to influences the age at which they start drinking as well as their consumption levels. I am happy for you to take that on notice and I am happy to give you the references.

The Committee has also received submissions that state the primary purpose of alcohol advertising is to increase sales by increasing the amount of alcohol consumed either by more people or in greater amounts among drinkers. On the second point—which is what you say is a choice within the cohort of people who have already made a decision to drink—there is at least some submissions that say that at least one of the functions of advertising is to recruit new drinkers, which is totally contrary to what you have put to us today. I am happy to give you the references, but we would like you to come back with something a bit better than the assertions you have made today and give us some research that you have done or commissioned that refutes this.

**Mr WAGSTAFF:** I am happy to cite some data from the Australian Institute of Health and Welfare National Drug Strategy which recently produced the Commonwealth Government's larger sample.

**The Hon. ADAM SEARLE:** You can be assured that at least a dozen of your industry cohorts—

**Mr WAGSTAFF:** Have already cited those people?

**The Hon. ADAM SEARLE:** Interestingly, you have all cited the same information almost word for word.

**Mr WAGSTAFF:** It is the definitive research—

**The Hon. ADAM SEARLE:** I know, but you have not even bothered to put it into different words.

**Mr WAGSTAFF:** With respect, it is the definitive public policy data. We can have ideology, we can have views, but we like to base our things on data. The figure I was going to use is that, if that was the case, it would be surprising to see that the average age of first drink is increasing. That is the point I made in the opening comments: We should be celebrating the great progress we are making through the public health system—

**The Hon. ADAM SEARLE:** From 14 to 16.

**Mr WAGSTAFF:** Yes, 14.7 to 16.1, so it is heading in the right direction. Would we like to see it be 18? Absolutely, but that brings us to some licensing enforcement rules about how people get that alcohol. We would certainly support strict enforcement of underage drinking and third-party supply of alcohol. We would happily talk about increased penalties for those.

**The CHAIR:** I have read about campaigns by winemakers that changed the Australian culture of drinking beer. I gather that the large consumption of beer has dropped and that wine consumption has increased. Do you have figures on that? Is that what is happening in our culture, trying to make Australia like a European culture?

**Mr WAGSTAFF:** Beer consumption is reduced. Per capita consumption of alcohol generally has reduced significantly over time. There was a slight increase last year but that was the first increase in about 20 years. The mix has definitely changed from being a beer-dominant environment to being more balanced. Within that you have seen the growth of craft beers as opposed to more mass-produced beers.

**The CHAIR:** Do you know the percentage? Is it 50:50 now?

**Mr WAGSTAFF:** I can get that for you but I do not have it off the top of my head.

**Mr BATTAGLENE:** I do not have it off the top of my head but clearly that cultural change of people not just drinking for the sake of having a drink but for occasions and with food is something we supported because it suits our product. That is how we hope people most drink it, and it is happening. It has been positive.

**The CHAIR:** I assume that people who consume wine are not the ones who get involved in alcohol-fuelled violence. Is that correct? Or can that be from excessive wine consumption?

**Mr BATTAGLENE:** Any excessive or inappropriate consumption can evolve into consequences like that. I cannot sit here and say that no person who has consumed wine has been involved. Anything can happen. What we encourage is the consumption of wine with food. Our belief is that there are fewer presentations at emergency wards for the consumption of wine. We believe that the biggest cause of that type of activity are things like ice and drugs rather than alcohol. That seems to be borne out by the evidence.

**The CHAIR:** And the wine has a lower alcohol content? That could vary, I suppose, with different types of wines.

**Mr BATTAGLENE:** Again, it can vary; wine can vary between 6 per cent and 15 per cent. But the thing about wine is that it is normally drunk with food or on occasions.

**The CHAIR:** Is the majority of it though nearer the 6 per cent than the 15 per cent of consumption?

**Mr BATTAGLENE:** No. Most white wine would be around probably 10 or 11 per cent and most red wines probably 13 or 14 per cent—that is generally the rule of thumb.

**The CHAIR:** In your submission, in a paragraph at the very end of your submission you say you welcome the opportunity to partner with the New South Wales Government in exploring avenues to build on the work of both industry and government in approaching alcohol-related harm in New South Wales. What do you think some of those avenues might be, in addition to this legislation we are discussing?

**Mr BATTAGLENE:** One of the things we have been talking about with the Federal Government has been working on fetal alcohol spectrum disorder [FASD] We have a foundation which has money for alcohol-related harm activities and we have talked about partnering with the Federal Government on a campaign on FASD because we think that is a significant issue. We have got around a million dollars. So there is that type of activity. If the State governments are interested in targeted intervention policies, it is something we would certainly look to talk about because we put aside funding to do that. We do not want to waste it, we do not want to fritter it away, we do not want it to be seen as using it for political advantage; we want it to make a difference, so we are looking for some solid outcome. That is the sort of opportunity and, as Mr Wagstaff mentioned, there are issues related to penalties and some of those licensing things. There are issues there that if we can help make the regulatory scheme appropriate but stronger we would be more than happy to put our support behind.

**The Hon. SCOTT FARLOW:** Mr Wallwork, you will be happy to know I was at an event the other night and a representative of Johnny Walker who was speaking there was an American from Kentucky. We have heard Mr Wagstaff outline his concerns with this legislation and what it may do for the industry, but for your company—a fairly entrenched player—why would you not want to have this legislation come in and save that \$12 million you are spending on ad buying in New South Wales?

**Mr WALLWORK:** I think Alec referenced the French example where France introduced something called the Loi Evin, which restricted advertising in content terms. In France you can still advertise in an outdoor and magazine print style, but the law decrees exactly what content you can display to the consumer. What Alec reports is true, it has the effect of calcifying the market in the sense that there is very little dynamism, new entrants—it discourages innovation. Just as entrepreneurs out there in the 130 craft distilleries in Australia would want to get into the market, so we would also like to innovate and change the market for the better. I think we have a common interest with those craft distillers in the sense of bringing information to consumers, and I think also bringing information to consumers in a way to make them make better drinking decisions, to make more responsible drinking decisions. You rightly point out that in the short term it might very well favour an entrenched player such as ourselves, but that is not in the broader industry's or society's interest, in our opinion.

**The Hon. SCOTT FARLOW:** We touched on this before, I think, through the chair's questioning with respect to the changing dynamic and mix of the sales figures that exist between wine, beer, spirits and the like. Not to quote this as gospel, but earlier today we received some information from DrinkWise about that change in the market from 2007 to 2017, one of those changes being—and I will go to wine—that bottled wine at 32 per cent now was 31 previously, but a radical change in cask wine from 9 per cent to 5 per cent of the market. How much of that change would be attributed to the advertising promotions that are done, effectively showing that change in the market? Would that be through advertising or changing preferences? How would those sorts of things be achieved?

**Mr BATTAGLENE:** It is a really tricky question. We are not big advertisers as such, the wine sector, as you probably know, and a lot of our product goes through supermarkets. A lot of it is changing tastes as well. Most of the cask product is owned or controlled by supermarkets—it is not owned or controlled by my producers, so it is either produced as an exclusive brand or directly by them; they are the biggest cask producers in Australia and they have cornered the market. It is not advertised; it is just the preference of people who go in and buy it. What we are seeing, and I am not sure if you call it advertising—it could be your social media—that culture is changing, people are starting to drink wine, as I say, as a lifestyle choice, as part of what they want to do.

So with that consumption and its higher price point, and we have got a wealthier demographic coming through in the millennials and they are choosing to drink that different, authentic product, cask wine does not have that authentic attitude to it, so people are looking for something that they can grasp onto. Is it advertising? Yes, it is websites and social media and people posting, but it is probably not people paying for advertising in a magazine or on the radio or in a journal. So my answer is yes, it is due to the change in cultures, which is part of the rise in recognition, but not probably direct funded advertising.

**The Hon. SCOTT FARLOW:** None of you represent this sector but would be impacted by it on those figures as well. In 2007 ciders were not even recognised but now represent 8 per cent of the market. How much of that would be attributed to an advertising campaign for cider and backing cider rather than a change in preference? Because I imagine people do not just wake up one day and say, "I'd like to try a cider." That is encouraged by advertising somewhat.

**Mr JUSTIN FIELD:** I did. The best decision I ever made.

**Mr WAGSTAFF:** One of the things about cider, and I know it is probably outside the scope of this inquiry, is it has an incredibly beneficial treatment under the Federal Government's taxation regime. A standard drink of cider is taxed at about 20¢ per drink, standard beer is about 47¢, a spirit is \$1.05. If you look at the pricing of cider in the marketplace it is quite aligned to beer. So they have very high profit margins, and my thesis is that they have been able to use those profit margins to invest in category switching. Heavy advertising and marketing has encouraged people to switch categories—beers over to cider, from spirits into cider. So they are getting a free kick from the taxman would be my perspective.

**Mr BATTAGLENE:** I have a slightly different perspective to this. Certainly at one stage there were a lot of imported ciders coming in which had sweeteners added to them and yes that might have been the case. What we are seeing now though, with the growth of people wanting authenticity, they are going to craft beer, they are going to wine, they are going to craft spirits and they are going to craft cider. It is the craft cider category—it has still only got about 20 per cent of the Australian market but it is really growing well and you

are getting these small producers in Tassie and Victoria and New South Wales that are really starting to produce. I think it is that cultural change of people looking for something they can believe in. So I think it is a category that will continue to grow. Again, I do not think it is because there has been a lot of in-your-face advertising—yes, in the early days, but I think the organic growth now is because of that authenticity cultural change.

**The Hon. SCOTT FARLOW:** I asked some of our previous witnesses this question. Having regard to the market and the changes in the market would you say that the market is growing at the more premium end of higher-priced products or is it growing at the lower-priced product end?

**Mr BATTAGLENE:** I can tell you what we want to do. For us, it has got to be the premium end because no-one makes money at the lower end.

**The Hon. SCOTT FARLOW:** But what is the evidence? What is happening?

**Mr WAGSTAFF:** I think the evidence is a premiumisation across alcohol at all categories.

**Mr BATTAGLENE:** Agreed.

**Mr WAGSTAFF:** And if you look at volumes that are pretty flat but values are showing some degree of growth, craft beer is a significant contributor to that, spirits, and one of the roles advertising plays is to upsell people within a brand because ultimately a brand is an intangible, it is a belief, and you can only do that through experience and promotion, and advertising is a critical part of that premiumisation process.

**The Hon. SCOTT FARLOW:** We received some evidence previously advocating for a price floor for a standard drink to be introduced, and that was effectively to combat things like cask wine, low-price spirits and the like. Would you say that the evidence is showing in the market and the way the market is going that that is increasingly a problem, or is that growth in that sort of area less of a problem in the market?

**Mr BATTAGLENE:** My belief is the higher price points are growing quicker and we are moving away from the lower price points. Your point about cask wine, that has dropped down to 5 per cent. That is clear evidence that there is a consumer movement.

**The Hon. SCOTT FARLOW:** The goon bag is not as popular as it used to be.

**Mr BATTAGLENE:** It never was with me.

**The Hon. SCOTT FARLOW:** We had evidence about the problem of low-priced alcohol or price discounting and price promotion. Mr Battaglene, would you say that is something that happens amongst your members, that they are competing on price or that they are promoting price as part of the advertising spend?

**Mr BATTAGLENE:** No, it is not, not from our members. The price discounting we see comes from large retailers and they do it because they get a margin and they can do what they want, so they will run a loss of a product to build other products up. The first way to go broke is price discounting, it is a bad strategy that does not work. We see very little of it by our members. It comes from people who sell through retailers who do it to sell other products and bring people in.

**The Hon. SCOTT FARLOW:** Mr Wagstaff, you provided us with a copy of the code for your members. It mentions in there that it applies to digital media, being the internet and the like. Does that also include social media?

**Mr WAGSTAFF:** It does. That code was done in 2010. The level of social media in 2010, at its introduction it was groundbreaking, it is now probably a bit dated. The ABAC Scheme Limited [ABAC] code has caught up. We are in the process of reviewing it to see if we can take it to the next stage to again be in a leadership position. Yes, it would include social media.

**The Hon. SCOTT FARLOW:** In regard to your code have you had the experience of your members' advertising conflicting with the code? What is the resolution process where that occurs?

**Mr WAGSTAFF:** Not from my experience, I have been in the role for a year and I have not had that. To that extent I would say that the vast majority of our members remain on the ABAC code. The ABAC code is publicized, so it is much more likely that a consumer will complain through the ABAC mechanism rather than through an industry association. Legitimately the ABAC one is independently adjudicated, ours would be run by ourselves. The difference was that when we put it in the ABAC code did not cover placement, it now does as from 1 November. In terms of breaches by my members of that code, I am not aware of any in the last 12 months. They are publicly reported, so that is easily found.

**The Hon. TAYLOR MARTIN:** Mr Battaglione, you spoke earlier of the cellar door operators that you represent. In your opinion would the proposed restrictions in the bill impact tourism to wine regions such as the Hunter Valley?

**Mr BATTAGLENE:** Yes, I think it would. I think that is probably one of the unintended consequences. It has that potential depending on how it was interpreted and how it went in. But the way I read it, it potentially means that you could not advertise anything to do with your brand, so you could not bring it to your cellar door or anywhere to the region based on wine. I think it would have serious effects.

**The Hon. TAYLOR MARTIN:** Mr Wallwork, how much is advertising changing and does that make it challenging for hard and fast regulations rather than self-regulatory models that can evolve and adapt quicker? For instance, we spoke about social media influences.

**Mr WALLWORK:** Absolutely. The answer is that it is very dynamic, as Mr Field highlighted with his question regarding social media influencers and going into what platforms through which we can communicate. I believe I can probably speak for my colleagues as well, we see this as a clear advantage with a co-regulatory system that we can keep up to date with those advancements. My global chief executive, together with 11 of his peers, recently joined an announcement back in September to underline at a global level the industry will undertake a commitment to update all digital codes on a worldwide basis to reflect that changing media environment. We think that is something that is an opportunity afforded by a co-regulatory system that is not there relative to legislation.

**The Hon. TAYLOR MARTIN:** A question for each of you: Do you believe, or does your organisation believe, that there is a causal relationship between alcohol marketing and high-risk alcohol consumption? Can responsible advertising mitigate that risk?

**Mr WAGSTAFF:** Certainly there is a role for advertising in terms of social behaviour, in terms of the DrinkWise type of advertising. There is a role for advertising and marketing to promote responsible alcohol consumption and to model that in the best way. From my experience—it is only from my experience—the causes of problem drinking are incredibly complex. They can involve social disadvantage, they can involve health and they can involve psychological profiles. So I think to link an advertising correlation to alcohol problems would be incredibly simplistic; it is a complex problem.

**Mr WALLWORK:** I would support that. It is our clear view of the science that there is not a causative relationship. I know this Committee will have received a lot of evidence around possible associations and that is something that the industry pays serious attention to in common with stakeholders connected with the industry in all dimensions. Certainly our understanding at the moment is that there is no direct causative effect proven.

**Mr BATTAGLENE:** I would echo that view. To my knowledge I do not know of anything that creates a clear causal link. There is a lot of research I have not read, but just to my knowledge. I think there is a place for the work being done by people like DrinkWise that promote cultural change through advertising in that respect. I think that is effective and works well. It certainly works in that direction.

**The Hon. SCOTT FARLOW:** Mr Wagstaff, you spoke of ABAC and your members and how they would submit their ads or that would be the port of call. What is the need for your independent code with ABAC standards and how do they work together or complement each other?

**Mr WAGSTAFF:** My members are largely multinational companies. The code for industry association reflects their international practice. At the time it was developed the ABAC code lagged best practice international. That has changed and I think that will continue to change. To pick up the point about the speed at which the code will change, I would imagine you will now see regular amendments to the code whereas in the past it was seen to be a major thing. The code is not always popular with advertising companies, I can tell you. It is driven by the suppliers. Sometimes they find it inconvenient and they push back when we try and tighten the code. For instance, with some of the outdoor placement things there was a bit of resistance from that. All the alcohol companies were absolutely determined to push that through. When we make it a condition of advertising the advertisers have to follow the code. I think you will see more of that. Whether we need to continue to have a separate industry code, I am not sure. We probably would like to have one just to be at the bleeding edge rather than the leading edge.

**The Hon. SCOTT FARLOW:** Mr Wallwork, from your experience as a corporation acting under both the Distilled Spirits Industry Council of Australia Inc. [DSIC] code and the ABAC code, have you had to change your advertising to be responsive to those codes? From your perspective—you are in an Asia-Pacific role—how is that different from other markets in which you might operate?

**Mr WALLWORK:** The way I would answer it is to say we are very happy when we survey a particular country's regulatory landscape and see provisions already in place. In Australia we have ABAC, that is fantastic news for us, because it provides a framework that we think is balanced. We are members of Mr Wagstaff's DSICA organisation and very many similar organisations internationally. From our point of view those codes are statements of intent. They are membership organisations and we say to the public at large we commit to follow these codes, even in the absence of anything else. In Australia that is less impactful because you have ABAC anyway and it broadly mirrors, but it is very impactful and a source of pride to us where we go to markets, many in Asia which do not have similar schemes in place, and we undertake this voluntarily. We say to the world at large, "This is the code we live by," and we are very proud of that. We hope people do not underestimate that.

In terms of whether we have to change our ways or whether we are resistant to that framework—not at all. I made an allusion earlier to the fact that my company, Brown-Forman, has led in very many respects. We refused, for example, to advertise on Twitter until and unless Twitter put an age gate on the system. Twitter responded to us and said, "We don't know how to code it," so Brown-Forman IT helped code Twitter's age-gating system, which is now regarded as best in class. But our undertaking was that we would not go on that platform until such time as we could be confident that there was a technological solution to make sure that underage people would not be unduly exposed to our messaging on that platform. That is the kind of leading position we try to adopt. Frankly, we have very little difficulty complying with these codes because they only describe the standards that we would hold ourselves to in any event.

**The Hon. SCOTT FARLOW:** I imagine with brands like Jack Daniels and so on you would have global advertising campaigns—ads that were produced offshore that were then applied to different markets. Have you had to amend or alter any of those ads because of the codes that exist, either through the Distilled Spirits Industry Council or through ABAC?

**Mr WALLWORK:** I can remember one specific episode that I was directly involved with. I am a UK qualified solicitor so I am also an in-house counsel at the company as well as my director of corporate affairs role. You may recall from a few years back there was a Southern Comfort advertisement which actually did not air in Australia. It featured a somewhat portly fellow with a handlebar moustache walking down a beach. You guys may or may not be familiar with it.

**The Hon. SCOTT FARLOW:** I cannot say I am—I will google it.

**Mr WALLWORK:** That was a globally produced ad. There were two things about it: First of all, the man was walking on beach—not consuming, just walking—and it was the view of ABAC at the time that that should not be broadcast in Australia because Australia has particular sensitivities to mixing alcohol and water sports. They were of the view that that should not run. When we were filming that ad, I was on set to provide the most extreme version of pre-vetting that you can with the director. He wanted fireworks to go off at one stage and we said, "No, you can't have fireworks because of danger and what have you." There is quite a process to go into to make sure, but in that particular case we were very happy with the ad on a global basis but we chose not to run it in Australia because we were appreciative of particular sensitivities around water in this country. That is one example of where differential standards applied internationally. But in terms of alcohol consumption and what we portray or seek to model in our ads, we tend not to have any trouble with the standards, not because they are weak but because they are the way we want to do things anyway.

**The Hon. SCOTT FARLOW:** Thanks very much.

**The CHAIR:** Thank you very much, gentlemen, for your evidence.

**Mr JUSTIN FIELD:** Chair, in the couple of minutes we have got, could I ask one more question?

**The CHAIR:** No, I think we have run out of time. Thank you very much for coming and for the care that you are taking in handling your products. We appreciate that. If there are any questions on notice, you have 21 days to answer them. Sometimes the Committee may send you a question after you have attended this hearing, and you will have 21 days to answer that question.

**The Hon. ADAM SEARLE:** I have submitted a couple of questions to the secretariat for these gentlemen.

**Mr BATTAGLENE:** Chairman, if anyone wishes to talk to us out of session, I would be more than happy to answer any further questions.

**The CHAIR:** Thank you for that. We appreciate your help.

(The witnesses withdrew)





**ELIZABETH ELLIOTT, AM**, Fellow, Royal Australasian College of Physicians, affirmed and examined

**KATHERINE CONIGRAVE**, Fellow, Royal Australasian College of Physicians, affirmed and examined

**The CHAIR:** Thank you very much for agreeing to be witnesses at our hearing. We appreciate your presence and your excellent submission. Would either of you like to make a short opening statement?

**Professor ELLIOTT:** Yes. Firstly we will just introduce ourselves. I am Elizabeth Elliott and I speak on behalf of the Royal Australasian College of Physicians. I was on the working party that developed the college alcohol policy. I am a professor of paediatrics and child health at the University of Sydney and a paediatrician at the Children's Hospital at Westmead. I have a particular interest in the harms of alcohol to children, including the unborn child. I head the New South Wales fetal alcohol spectrum disorder assessment clinic and was the chair of the Australian Government's national fetal alcohol spectrum disorder advisory committee.

**Professor CONIGRAVE:** I am Professor Kate Conigrave. I am an addiction medicine specialist, so I am treating alcohol problems and other drug problems. I am also a conjoint professor at the University of Sydney and a public health physician.

**Professor ELLIOTT:** I will give a statement on behalf of the college. You have received our written submission. The Royal Australasian College of Physicians is the largest specialist medical college in Australasia. It educates and advocates on behalf of over 25,000 physicians and trainee physicians in Australia and New Zealand. The college's policy and advocacy work on alcohol is grounded on up-to-date clinical and research evidence and the expertise and experience of frontline clinicians. We welcome the opportunity to provide evidence on measures contained in the Alcoholic Beverages Advertising Prohibition Bill 2015.

Physicians working in addiction clinics, emergency departments, paediatric hospitals, orthopaedic wards, rehabilitation centres, liver clinics and cancer wards know firsthand the harms that alcohol can cause, including the harms to others, including children, but of course by alcohol related violence, motor vehicle accidents and alcohol use in pregnancy. Alcohol use is the leading risk factor worldwide for death and disease burden in young people aged 14 to 49 years. These harms are, of course, potentially preventable. We are also aware of the economic impact of alcohol misuse. The New South Wales Auditor-General estimated the cost of alcohol misuse was \$3.8 billion per annum, or \$1,565 per household per year. These costs, of course, could be saved.

We know that advertising and promotion of alcohol increases the use and misuse of alcohol. In contrast to the previous evidence that we have just heard, we have provided you evidence that alcohol advertising does increase the harmful use of alcohol. We know that children are particularly vulnerable to advertising messages and we have a precedent in Australia in the banning of tobacco advertising and promotion. We have seen the huge impact and benefits that that has had on tobacco use and harms. Therefore the matters considered by the inquiry of great importance to the Royal Australasian College of Physicians and our members. Our submission focuses on aspects of the bill that propose prohibiting all advertising and promotion activities aimed at assisting the sale of alcoholic beverages. Because of my clinical background in paediatrics I will also comment on the impacts of alcohol advertising in children and young adults.

We have clear evidence that young people in Australia are exposed to large amounts of alcohol advertising across a range of media. Research by Kerry O'Brien from Monash University showed that in one Australian Football League [AFL] season, alcohol advertising broadcasts totalled 16 hours, a large time considering that most advertisements are 30 to 60 seconds. During the 2012 National Rugby League [NRL] State of Origin season there were over 4,000 incidents of alcohol promotion, on and off field, a total of 199 minutes. We know that 300,000 children aged 5 to 17 watch these games. In 2015 in the AFL season there were 1,900 free-to-air alcohol advertisements and 47 per cent of these occurred in the time slots 6.00 p.m. to 8.30 p.m. which are watched by children and young people.

Overall in one year the cumulative audience of 27 million children were exposed to 51 million incidents of alcohol advertising in live sport in the AFL, NRL and cricket broadcasts. The industry knows that advertising works. In 2012 in a just two-month period \$15 million was spent on alcohol advertising in Australia. We know that there is strong evidence that exposure to alcohol advertising is linked with early onset of drinking in young people and development of alcohol abuse disorders, and we have provided some of that evidence in our submission. For example, we know that children who are familiar with alcohol advertising are 45 per cent more likely to engage in binge drinking one year later. We know that in Scotland children aged 13 who were engaged by the alcohol industry—for example, they received branded materials—were 30 per cent more likely to have commenced drinking two years later than non-exposed children.

Interestingly, we know that the average age of developing a significant alcohol misuse disorder is only 18 years in Australia so we really have to target this young group. We know that advertising puts people at greater risk of harmful and risky alcohol consumption. It must be remembered that alcohol affects the development and function of the brain, which continues to form and mature during adolescence. Therefore, there is a compelling case for statutory restrictions on alcohol advertising, particularly when it is directed at young people or when the exposure of young people cannot physically be avoided or minimised. In particular we support a ban on outdoor advertising of alcohol, including at sporting events and on public transport, a ban on alcohol industry sponsorship of sporting events, competitions, teams and individuals who so often serve as role models for young people. We support a ban on media advertising during prime time.

The evidence of harm associated with inappropriate advertising of alcohol to children is clear and concerning and a bill focused on reducing these harms would be highly effective and welcomed by the community. We know that the evidence from Australia and internationally is that industry self-regulation of alcohol advertising is ineffective and does not curb exposure of people to alcohol advertising. We strongly support the proposal to establish an alcohol advertising prohibition committee and recommend that the bill explicitly prohibits representatives with links to any commercial interest in alcohol from being a member of that committee. In closing, I just wish to flag an issue of recent concern to the College of Physicians, namely, the unregulated and increasing use of social media for advertising alcohol, which should be investigated and addressed by government. Thank you.

**The Hon. ADAM SEARLE:** On page 4 of your submission you state that a systematic review has found conclusive evidence of positive associations between exposure to alcohol sports sponsorship and self-reported alcohol consumption. It then leads to footnote 12. Is footnote 12 the source of that or is some other document the source of that? It is not a trick question; if you cannot put your finger on it now, you can take it on notice?

**Professor CONIGRAVE:** Can we take that one on notice? I am certainly familiar with individual studies that show it, like the study of Kypros Kypri in New Zealand. In the study by Kypros Kypri and colleagues in New Zealand in sports teams that received alcohol sponsorship, the players consumed more alcohol. Certainly at just a commonsense level, having these young, striking, fit heroes on the field having XXXX or whatever branded on their chest is a very powerful role model to young people to drink alcohol and it is very unfortunate to combine the healthy activities of exercise with promoting things that for young people in particular are particularly risky.

**Professor ELLIOTT:** We will follow that up because a systematic review is important because it gathers all the studies that are in the published literature and tries to combine them.

**The Hon. ADAM SEARLE:** The paragraph above 3. on page 5 and footnotes 15 to 18 contain a wealth of material. Previous witnesses invited us to accept the proposition that all the millions of dollars the industry spends on advertising has nothing to do with recruiting new drinkers and only is directed at existing drinkers to influence the choice between different alcoholic beverages. What do you say to that proposition?

**Professor ELLIOTT:** I think I just gave you some evidence in my opening statement that people exposed to advertising were more likely than those who were not exposed to initiate drinking. We also know that those people, particularly the earlier the age of onset, are then more likely to be continuous drinkers and to develop alcohol misuse disorders.

**The Hon. ADAM SEARLE:** It is like a form of grooming?

**Professor ELLIOTT:** Yes. We can provide you with more detail if required but certainly we would refute that evidence.

**The Hon. ADAM SEARLE:** Interestingly you give very specific information there "that for every increase of 1000 Targeted Rating Points ... the odds of an adolescent drinking in the past month increased by about 10%, while the odds of an adolescent engaging in past-week risky drinking increased by 16%"? Can you explain why that would be the case?

**Professor CONIGRAVE:** It is an observation of association; it is exactly as it says. When people are exposed to advertising, their drinking is higher. As a researcher I have to point out you cannot always assume association is causation but when young people are at stake, and they are pretty precious, it is likely that when alcohol is being advertised and often held up as something that goes along with being successful, being popular, being sexually attractive, there is every reason to suspect that it is influencing young people's drinking.

**Professor ELLIOTT:** If we go back to the basis of advertising, it is to persuade people to adopt a certain behaviour, whatever that behaviour might be. We know it works.

**The Hon. ADAM SEARLE:** Presumably people would not spend millions or billions of dollars on it if it did not produce greater sales, one would assume.

**Professor CONIGRAVE:** Yes.

**The Hon. PETER PRIMROSE:** Can you elaborate on the second last paragraph of the first page of your submission, which states, "The evidence of harms associated with inappropriate advertising of alcohol to children is clear and concerning, and we believe that a Bill focusing on reducing the harms to young people would be highly effective, welcomed by the community, and more achievable than a proposal to ban all alcohol advertising." Can you talk to that and how you would change what is proposed in the bill?

**Professor CONIGRAVE:** We would support a reduction in alcohol advertising. We think young people are a particularly important target. For example, if we look at research from Sweden and young men, there is a linear association with the amount young men drink and their risk of dying so young people are a particularly important target. The low hanging fruit is to stop advertising to young people. From the research that Professor Elliott has mentioned, there is good evidence to suggest that advertising does increase consumption so stopping that advertising reaching young people would seem a particularly important point. Also, young people are forming their habits in their teenage years and young adulthood. That is when their habits for their lifetime are being laid down. Also for young women it is a time when their bodies are particularly vulnerable to alcohol. The risk later of adult breast cancer is strongly influenced by how much young women drink in the time between when they have their first period and when they have their first baby.

**The Hon. PETER PRIMROSE:** I asked earlier witnesses this question: If we are talking about focusing the bill on a particular age group, what is a young person? Clearly defining that in legislation is very complex, particularly when you are talking about restricting something in the community. The answer we received was the legal drinking age is 18. That is the age that they were choosing. It is complex but how would that be worded in legislation? If we simply said "young people", that could mean aged up to 25 or 30.

**Professor CONIGRAVE:** I think it is particularly important that we are limiting exposure of people less than age 18 to alcohol because, as you pointed out, legally they are not allowed to drink anyway. But as Professor Elliott has pointed out, the brain is developing up to age 25. To have a clear cut-off, I would say below 18 is most important.

**Professor ELLIOTT:** Yes, I think that is a most vulnerable age. To suggest we might be able to provide the wording, obviously it is a complex issue and we would support a decrease in advertising across the board. What we are saying is that there is a large group of young people and children who are exposed who could have significant decreased exposure by addressing the things we talked about—outdoor advertising, public transport, sportsmen, prime time television. We cannot comment on how the bill would look but we can say that young people are a particularly vulnerable target group.

**The Hon. PETER PRIMROSE:** We have heard from some witnesses today that rather than being general we should be focusing on specific issues. If the bill is ever to become reality we have to have some way of conceptualising what that is. Are you familiar with a similar operational principle in law anywhere in the world?

**Professor CONIGRAVE:** Anecdotally I have heard there are countries that have banned advertising but I would have to take that question on notice.

**The Hon. PETER PRIMROSE:** Not so much banning advertising; where they have been able to focus on restricting it for young people in particular?

**Professor ELLIOTT:** No, I am not aware of that. Australia has a precedent in tobacco advertising. The oldest of my children is 27. He has never seen an advertisement for tobacco but I could relay many of them—billboards and television advertisements. At some stage we have to grapple with the issue overall. How it could be put in place? It could be introduced, as Professor Conigrave said, by going with the legal age of alcohol use as the logical cut point.

**Mr JUSTIN FIELD:** We heard some evidence this morning that points to us moving in the right direction. The starting age for drinking is increasing and the overall level of consumption is decreasing. As professionals, as academics, is the harm associated with alcohol use getting better or is it getting worse?

**Professor ELLIOTT:** A lot of my work is done with children who are exposed to alcohol in utero and we are increasingly seeing children who have been exposed. With the sort of feminisation of the workforce and the opportunities for education, young women are not more likely to be engaging in risky drinking than in the past. I think that is a very vulnerable group of women and potentially their offspring. As we know, unprotected or unwanted sex is often associated with alcohol use. I hear anecdotally from my colleagues in adult medicine

that they are increasingly seeing young women who started drinking early who are presenting with cirrhotic liver disease in their thirties, whereas in the past, as trainees, we did not see cirrhotic liver disease often except in usually older men.

**Professor CONIGRAVE:** I will add to that. I think there have been some gains. We are seeing some reductions in the number of young people who are drinking, or the proportion. However, those who are drinking seem to be potentially drinking in a more risky way. Even though the number of abstainers has gone up, the amount of harm has also gone up.

**Mr JUSTIN FIELD:** It is important to measure the right practice.

**Professor ELLIOTT:** Exactly. We also heard from the previous witnesses that drinking is a complex thing and associated with socio-economic disadvantage. We know that in young women it is those who are most educated and perhaps from the higher socio-economic status who are more likely to drink at risky levels. We certainly have a pervasive problem in Australia.

**Mr JUSTIN FIELD:** You make a compelling argument with evidence that shows a link between exposure to advertising and drinking consumption levels and potentially risky behaviour. That is an important counter to the messages the Committee is receiving from others. I am particularly interested in children. Is there a type of advertising that you think matters most which influences them to start drinking early or to drink more than they otherwise would?

**Professor ELLIOTT:** I am not an expert. I think you need to speak to experts in the advertising industry to see how they target children. But certainly, as Professor Conigrave mentioned previously, kids growing up in Australia have role models. Many of those role models are prominent sportsmen and many of them are branded with alcohol labels. The advertising industry realises that is a prime way to access children and hence it spends many hours of advertising time and many millions of dollars on targeting young people through that sort of advertising.

**Professor CONIGRAVE:** In regard to children I think concerns have been expressed by other researchers on the use of things like the Bundy Bear—having a cuddly character. Apparently there is a high recognition of that amongst children. I agree with Professor Elliott about sporting heroes. If I can just cross to those who are slightly older, the teens, the social media is very concerning. Like Professor Elliott, I can draw on what I have seen over the shoulders of my five children—she does not have five children; she was smarter—when they were on the internet—things like club promoters, young people being paid to bring other young people into clubs and pubs and the more that come the more they get paid. University clubs are given discount alcohol or are being paid to get people to walk through the doors of clubs. For me I think all the club sponsorship by alcohol is of particular concern, and the social media and sports sponsorship.

**Mr JUSTIN FIELD:** The sports sponsorship is interesting. The industry's own code states, "A marketing communication must not show the consumption or presence of an alcohol beverage as a cause of or contributing to the achievement of personal, business, social, sporting, sexual or other success." Do you think it is viable to advertise on a sports club inside a sport, be the sponsor of a sports club and make the case that you are not using their success in that sport as a way of promoting your brand? It would seem to me to be an invalid argument to make.

**Professor ELLIOTT:** I would have to agree with you.

**Professor CONIGRAVE:** You make a very good point. You have a strong, muscular man with a sporting logo. All the young ones think, "If I want to be strong and muscular this is part of the answer."

**Mr JUSTIN FIELD:** I questioned the last witnesses about alcohol warnings for pregnant women. They said the industry voluntary code arrangements for the health warning labels for not drinking when pregnant were working well and that there was a high level of uptake. They quoted figures of around 80 per cent, 90 per cent plus and 99 per cent. Is that your experience? Working closely in that area do you think that the voluntary code for warning labels is working?

**Professor ELLIOTT:** I think we have been messing around with this for several years now. I have seen surveys with much lower rates of uptake. Even if there is uptake, often the logo is difficult to read, it does not have a direct message and may refer, for example, to the DrinkWise website. Often it is not easily visible, particularly in a dark pub. We know that raising awareness is an important aspect of preventing alcohol use in pregnancy. We think that women deserve to know that alcohol may harm both them and their unborn children with lifelong consequences resulting from brain injury. We really should be having a mandatory code. A recent report has come out, which I have not seen, which suggested an increased uptake. If you go to the bottle shop

and look for the labels, they are not there. If you go to Canada and buy Australian wine, the labels are quite clear that alcohol use in pregnancy may harm the unborn child. I believe this should be mandated by law.

**The CHAIR:** Thank you again for coming in. You are relating the situation that we are trying to protect young people and the argument seems to be that perhaps we should target advertising for young people, but then you looked at this bill and thought it is better to have a blanket prohibition as I put in the bill for tobacco advertising, which has been far more successful than anyone could have anticipated. This is the dilemma we face. Do we take a little bite at this stage and hope we can stop children and young people seeing the advertising? And we know we cannot if the advertising is there. Do you have some sympathy for the objective of the bill to have a total prohibition on alcohol advertising?

**Professor ELLIOTT:** It is a complex issue and perhaps the way into it is to say that we are most concerned about preventing harm in adulthood and, therefore, we are targeting everyone but there is a particular interest in young people. I am not sure how you are going to resolve that issue.

**Professor CONIGRAVE:** We agree, the tobacco bill has been a striking success. We also support the ban of alcohol advertising in public places because it is impossible to stop young people seeing it, including government property. We feel it would be simple and easy for the Government to act and ban alcohol advertising on buses and sports stadiums that are government owned or heavily subsidised by government.

**Professor ELLIOTT:** One last comment from me is that we know prevention of harm is a complex issue and advertising is one component of that. But we also have to look, as we have with the tobacco industry, at pricing and taxation and availability through opening hours and the number of liquor outlets. This is one very important peg in the prevention campaign.

**The CHAIR:** It is very important if there is any prohibition on anything, particularly advertising, to have the support of the community. From some of your evidence in your submission there seems to be a strong recognition by the public of the harm of alcohol, even if people drink. In the same way that the tobacco issue eventually gripped the conscience of the public so there was no resistance to the prohibition of tobacco advertising and smoking in public places and smoking in cars. People originally said they did not agree with it and they would break the law, but everybody fell into line and said this is the best for our society. I am always an optimist and believe we can have the same cultural change in Australia with alcohol.

**Professor CONIGRAVE:** There is every reason to be optimistic. We can have change. As you say, some 77 per cent of adults in the community identify that their children have been exposed to alcohol advertising and there is a general sense of concern that this is not appropriate. When you look at the socio-economic cost of alcohol harm, even apart from the fact that alcohol is the lead cause of morbidity and mortality in young people, when you look at the years of life lost from disease and disability, there is every reason that support should be growing and we should be optimistic about progress.

**The CHAIR:** I am trying to get to the point in your submission—you would know it—of the recognition in society and the high level of understanding of the harmfulness of alcohol.

**Professor ELLIOTT:** With tobacco there was a tipping point and perhaps we are approaching that with alcohol. I sense a change in the media. There has been more interest in promoting measures that will decrease harm. It is a major problem in the work that we do.

**Professor CONIGRAVE:** I would add that there is a lot of emphasis on irresponsible drinking. I think we need to bear in mind that alcohol does have very well-established carcinogenic properties. It is a risk factor for cancers of the breast, mouth, throat, colon, rectum. Reducing the promotion of an agent that has those known harms makes very good sense.

**The CHAIR:** In the same way that I believed with the tobacco legislation, I believe now with alcohol that there has to be an education campaign that goes along with legislation. You cannot just have a hard, cold bang. There has to be an education campaign with legislation even with the goodwill we have already. We need to build on that so the public supports this approach with legislation. Do you agree with that?

**Professor ELLIOTT:** I totally agree we need legislation and awareness raising, but the evidence suggests that unless that is underpinned by legislative change, through whatever means, which decreases access to alcohol and decreases its promotion, education alone does not work. Certainly it is an important partner.

**The CHAIR:** That is what I was getting at. If legislation was passed, there is to be an education period before it takes effect, 12 months or perhaps a bit longer.

**Professor CONIGRAVE:** Yes, you make a very good point. If legislation were to come in, then accompanying it by education would be very important.

**The Hon. TAYLOR MARTIN:** Do you have any concerns that restrictions on alcohol may see people, especially young people, move towards substitutes, such as illicit drugs?

**Professor CONIGRAVE:** I will comment on that because I treat alcohol and drug problems. We are talking about restricting the promotion of it when this bill is not about restricting access, although I agree with Professor Elliott that sensible, reasoned measures to control access are indicated. In respect of harms, alcohol causes far more harms across the population than illicit drugs do, both because of the number of consumers but also the nature of the substance. If drugs such as heroin are taken in overdose it harms the body, but it is not causing direct harm to the body if it is taken legally in regulated, closely supervised amounts. Yes, illicit drugs are a concern. We are not proposing alcohol prohibition in any shape or form because that would then turn alcohol into an illicit drug with all the harms that go along with the illegal status of drugs—the criminalisation and marginalisation of individuals. But it does not make sense to be promoting a substance that is known to have so many harms, particularly to young people who are a particularly vulnerable group.

**The Hon. TAYLOR MARTIN:** Earlier it was said that the intention is to stop advertising reaching children. Correct me if I am wrong, but I think you said words to that effect. How could that be achieved? Surely the RACP is not calling for a total ban on advertising at this stage?

**Professor CONIGRAVE:** At present the advertising on sport is happening on weekend television in prime child awake hours. Many kids are sitting watching the sport with their parents. That is one really obvious way. I agree, if you have any advertising remaining it will be difficult stopping every child seeing it but that would be an obvious way to reduce it, that and reducing advertising in public places such as trains because so many schoolkids are going back and forth on trains and buses and seeing the advertisements on the subway tunnels.

**The Hon. TAYLOR MARTIN:** The Coalition of Major, Professional and Participation Sports argues on page 7 of its submission No. 28 that sponsorship fees paid by alcohol companies to sporting organisations are critical to the ongoing viability of many sporting events. I will summarise further. It says that if sponsorship were not available it may have a detrimental impact on grassroots sporting clubs and subsequently reduce participation in sport and have a negative impact on overall health and wellbeing of the community. What is your reaction to that statement?

**Professor CONIGRAVE:** Exactly the same argument was used when tobacco sponsorship in sport was stopped. It would be important to put in place substitute arrangements because particularly grassroots sports are incredibly important. At present, we are sending a mixed message to young people: Come and play sport, you will be sponsored by the alcohol industry. You might get discount drinks at the pub at the end of the season. I was meeting with a community health service in Queensland last week. They were saying that, at the end of the season, all the players get a \$200 bonus if they win and the bus takes them directly to the pub.

**The Hon. TAYLOR MARTIN:** That is something that is happening in Queensland.

**Professor CONIGRAVE:** Yes, but I know this sort of thing happens here too. I think trying to break the very strong link between alcohol and sport so that fitness, success and celebration are not all revolving around alcohol would be really a useful thing.

**Professor ELLIOTT:** Conversely, I have seen examples in remote Aboriginal communities of where they have sourced alternative sponsorship because of their concerns of high levels of alcohol use and particularly fetal alcohol spectrum disorders in those communities. There is always an alternative source. I think if we did the sums, the Government could be sponsoring the sporting teams and saving a hell of a lot of money from the harms of alcohol. There is always an alternative.

**The CHAIR:** That was a surprise with the tobacco sponsorship: how quickly major companies filled that gap. It happened almost overnight. They wanted to advertise; they were not accepted.

**The Hon. SCOTT FARLOW:** Professor Conigrave, you mentioned differences in drinking levels. I think you said that those who are drinking now are drinking in a more risky way. Do you believe that that can be attributed to advertising?

**Professor CONIGRAVE:** I do not think that the evidence there is fine-grained enough for us to say so. I think there are lots of things. As Professor Elliott has said, it is a bit like the women dying to be equal. They take up the increased smoking rates because they can smoke and do what the men said were as before it was socially stigmatised. I think the young women are increasingly trying to match the guys. They also see the social media to party and to have fun involves getting drunk or having alcohol. I think they are sometimes trying to match the guys in the amount that they drink. How much of that is due to advertising I do not think we can separate out. We have seen evidence that young people who see more advertising tend to drink more. That is

certainly highly suggestive but I think it is also all that subtle product placement in movies. If you are stressed, you reach for alcohol; if you are happy, you reach for alcohol. I think there are subtle influences that tend to increase alcohol consumption.

**The Hon. SCOTT FARLOW:** Professor Elliott, I note your previous comments with respect to higher socio-economic groupings being at risk in this regard, which is quite different to a lot of public health areas you would be looking at. One of the suggestions that was raised before the Committee was a per-standard drink minimum price being imposed. Do you think that would have an impact, or is it happening at a different level and price is not necessarily the issue?

**Professor ELLIOTT:** We know that pricing is a big influence on alcohol consumption. With a minimal increase in price you get a decrease in consumption, and that will reverse. I am not an expert on minimal pricing, and Professor Conigrave might like to comment on that, but I know my colleagues in the policy area are very keen on introducing minimum pricing.

**Professor CONIGRAVE:** I believe there is good evidence it reduces alcohol-related harms, particularly in vulnerable populations like young people who typically have slightly less disposable income. I think the evidence is there. Incidentally, when you have things like pricing measures or tax measures for alcohol, you also see a reduction in sexually transmitted infections, which I think links to the fact that when people are drunk they are much more likely to take risks on that level too.

**The CHAIR:** Thank you very much for your submission and for attending this hearing. I know you are both very busy as professors with a heavy responsibility in your respective roles. Thank you for giving us your time.

**(The witnesses withdrew)**

**(The Committee adjourned at 4.53 p.m.)**