

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 Wednesday, 14 February 2018

The Committee met at 1:10 pm

PRESENT

Reverend the Hon. Fred Nile (Chair)

The Hon. Scott Farlow
Mr Justin Field
The Hon. Ben Franklin
The Hon. Taylor Martin
The Hon. Peter Primrose
The Hon. Adam Searle

The CHAIR: Welcome to the third hearing of the Portfolio Committee No. 1 inquiry into the Alcoholic Beverages Advertising Prohibition Bill 2015. The inquiry is examining the bill, 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 also will consider the bill's proposed declaration of local option areas within which the purchase, sale, or delivery, or consumption in a public place of alcoholic beverages will be an offence. Before I commence, I acknowledge the Gadigal people, who are the traditional custodians of this land. I also pay respect to the elders, past and present, of the Eora nation and extend that respect to any other Aboriginals who may be present.

Today is the third and last hearing we plan to hold for this inquiry. We will hear from the Coalition of Major Professional and Participation Sports [COMPPS] as well as from National Rugby League [NRL] and the Football Federation of Australia. I state for the record that the Committee has agreed to the request from the NRL to redact a sentence beginning, "Our partners" down to "reduction". The Committee has agreed to that request. Before we commence, I will make some brief comments about the procedures for today's hearing. In relation to adverse mention, I remind those present that this Committee's hearings are not intended to provide a forum for people to make adverse reflections about others under the protection of parliamentary privilege. I therefore ask that those present focus on issues raised by the inquiry's terms of reference and avoid naming individuals.

As today's hearing is open to the public, it 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 also remind media representatives that you must take responsibility for what you publish about the Committee's proceedings. It is important to remember that parliamentary privilege does not apply to what witnesses may say outside of their evidence at the hearing. I urge witnesses to be careful about any comments you may make to the media, or to others, after you complete your evidence, as such comments would not be protected by parliamentary privilege if another person decided to take an action for defamation. The guidelines for the broadcast of proceedings are available from the secretariat.

There may be some questions that a witness could answer only if they had more time or with certain documents to hand. In those circumstances, witnesses are advised that they can take a 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 microphones. In addition, several seats have been reserved near the loudspeakers for persons in the public gallery who have hearing difficulties. Finally, I request everyone to please turn their mobile phones to silent for the duration of the hearing. I now welcome our witnesses.

MALCOLM SPEED, AO, Executive Director, Coalition of Major Professional and Participation Sports [COMPPS], sworn and examined

JAYMES BOLAND-RUDDER, Head of Government and Community Relations, National Rugby League, and a member of the Steering Committee for COMPPS, sworn and examined

TIM HOLDEN, Head of Legal and Business Affairs, Football Federation of Australia, and a member of the Steering Committee of COMPPS, affirmed and examined

The CHAIR: Do any witnesses wish to commence with a short opening statement?

Mr SPEED: Thank you for the opportunity of coming before the Committee to supplement any matters raised in our submission and answer any questions. The coalition consists of the seven major professional sports in Australia: the four football codes, Football Federation Australia, National Rugby League, Rugby Australia and the Australian Football League; Cricket Australia; Tennis Australia; and Netball Australia. They are not-for-profit organisations. Each is the governing body of its sport. Between them they have approximately nine million members and 16,000 clubs across the country. Where those sports have a common interest, usually in relation to matters raised by governments, they come together under the banner of the coalition and this is such a case.

I am supported here today by the National Rugby League and Football Federation Australia. That is not the say the other sports are not interested. We do not seek to wheel out all seven of the sports whenever we make a submission, so their absence should not be taken as any lack of respect or lack of interest in this issue. By way of opening comment, I would like to take you to page 6 of our submission about halfway down the page where we summarise our position that we oppose the prohibition of alcohol advertising. I would like to widen that to include the next part of our submission that deals with sponsorship. There are five basic points there that I would like to emphasise by way of opening comment:

- such an offence will have a detrimental effect on the revenues of grassroots sporting clubs across the state and, as a result, the positive health and other community benefits that flow from these clubs will be diminished;
- the current mix of self-regulatory, co-regulatory and legislative provisions serve to protect the public against exposure to unsuitable content;
- the proposed amendment would have a significant adverse impact on the value of rights fees paid to sports organisations and as shown above could have significant flow-on effects;
- if the proposed amendment were to be enacted, it is naive to expect that the volume of alcohol advertising would diminish, and in fact rates of alcohol consumption in Australia are falling; and
- the Sports have adopted responsible drinking programs as part of the advertising regimes, including restrictions on marketing to minors. The consistent message has been to urge sports fans to be responsible for their actions.

They are the major points that we seek to make in our submission. We are very happy to answer any questions that emerge from those or other matters.

The Hon. ADAM SEARLE: Why should the regulation of alcohol advertising be different from that which regulates tobacco advertising?

Mr BOLAND-RUDDER: I think there is a really key difference here and I note that you have received similar responses from other witnesses. As we know, each cigarette does damage and therefore each time you smoke it has the potential to harm you. The evidence also shows that alcohol consumption if done in moderation is not a harmful product. Therefore I think it is really important to differentiate between those two products, those two substances.

I also note that from a National Rugby League perspective and the other members of the Coalition of Major Professional and Participation Sports [COMPPS] who do have alcohol sponsorship, a lot of the sponsorship and consequent advertising is focused on promoting responsible drinking and doing so in moderation. For example, in our current agreement with Carlton United Breweries, who is our official beer and cider partner, there is a requirement that 50 per cent of what they call LED signage, the signage that you see in stadiums, is reserved for the promotion of responsible consumption messaging. We take it very seriously as a sport, and I know that colleagues in the other sports also take that message very seriously because we want to ensure that any consumption of alcohol is done in a manner that does not result in harm to one's health.

The Hon. ADAM SEARLE: I understand that we have received a similar response, except for this: I think it is the case that with cigarettes you are also harming or offending anybody else in the vicinity, not just the user, and that a critical difference from alcohol consumption. But we have received evidence from some witnesses, including on behalf of the Public Health Association, that contests that drinking in moderation has no

health effects. Looking at society at a macro level and the net damage done to the public purse as well as to society by alcohol and tobacco, you can see that they both have a profound negative social impact particularly on public health finances. Again, given that effect on public finances as well as on wider society, why should the regulation of alcohol not be the same or very similar as for tobacco, notwithstanding what you have said?

Mr BOLAND-RUDDER: There is also a large body of evidence that does support the contention that consumption of alcohol in moderation does have positive health impacts. I was reading a Harvard report yesterday and it noted that there were also more than 100 other supporting reports. I would be happy to share with the Committee a link to that article that I read.

The Hon. ADAM SEARLE: We would welcome that, I am sure.

Mr BOLAND-RUDDER: I just wanted to make clear up-front that there is a strong body of evidence around responsible consumption. I come back to that as a premise as to why I think it is important to differentiate between the two. Also it is important to consider the broader benefits that sports are able to deliver through the utilisation of the funding that we receive from alcohol sponsorship. It enables us to deliver a number of programs that encourage further participation in sport, which then has a net positive health benefit for the community. In that respect if this bill was successful, meaning that we could no longer receive alcohol sponsorship or there was no longer alcohol advertising, it would reduce that ability of national sporting organisations. At a local level a number of clubs or larger associations that administer competitions receive sponsorship and so it would diminish their ability to deliver sporting programs that ultimately have a positive health benefit.

The Hon. ADAM SEARLE: I note that in your opening statement you mentioned the negative financial consequences. Beyond that opening statement, are you able to give us specifics and details of those claims of negative financial impacts? I am happy for you to take the question on notice.

Mr SPEED: I do not believe we are able to give you numbers which support that. The principle that we are arguing is in terms of alcohol advertising that arises as a result of a contract between the alcohol manufacturer and the broadcaster. The advertiser pays the broadcaster. The broadcaster in the meantime has entered into an agreement with the sport for exclusive coverage of the sport. That is the main funder of professional sport in Australia and most places around the world.

If a category of advertising such as the alcohol category is taken away from the broadcaster, it will either be replaced by another category or it will not be replaced. It may be replaced at a level that is lower than the alcohol industry was paying. That ultimately reflects itself in the rights fee that the broadcaster will pay for the sport. Each sport negotiates its various rights fees at different times. Some sports are in the midst of it at the moment and others have done them recently, so it is not possible to say, "If this were to happen, the effect of the diminution in rights fees would be \$X million," or whatever the figure is, other than to say that that is the best summary we can give of it. Many people involved in sport in Australia, myself included, have negotiated rights fees with broadcasters. If there is a diminution in advertising revenue, it is visited on the sports in the negotiation.

The Hon. ADAM SEARLE: I appreciate all of that, but you must have some reasonably firm understanding of what is at stake. For you to be able to come here and make the submissions you have, you must have a pretty good idea about the potential jeopardy for your member organisations.

Mr BOLAND-RUDDER: Building on the point that Mr Speed was making, it is very hard to quantify in terms of the associated reduction in the value of the broadcast rights. But in terms of the second part of the bill, which would ban the sponsorship component, I am across the value of alcohol sponsorship for the National Rugby League [NRL]—I cannot speak for the other sports—and it is in the millions of dollars. I am not going to give the exact value because it is commercial in confidence.

Mr JUSTIN FIELD: Can you give a percentage of total sponsorship that was alcohol related?

Mr BOLAND-RUDDER: Of our total sponsorship or of our total revenue? It constitutes about 3 per cent of our revenue base. As you can imagine—let me put this in terms of government—if your taxation income reduced by 3 per cent then you are either going to have to make cuts in your expenditure of 3 per cent and you are going to cut from areas that are discretionary and therefore it is going to have an impact, or you are a government that decides that you will operate in deficit. My view on that is probably a negative one. I was always told that your revenue should be no greater than your expenses, and that is a practice we would apply in the business even though we are not for profit. Therefore, in terms of answering your questioning, what we probably see is the discretionary elements of our expenditure cut.

When you think about the core purpose of the business and therefore how we derive our revenue, it is by putting on an elite competition—the NRL competition—and associated events like the State of Origin and our representative football. The elements that are more discretionary are the very positive ones that have positive outcomes for community and the associated programs—so I think about programs that promote positive mental wellbeing, focus on the reduction of domestic violence and use sport as a means to create greater social harmony and acceptance of new multicultural communities. I also think of programs that help transition young Indigenous students from their high school into further education or employment. Unfortunately those are the types of programs that would probably have to be reduced. I am not going to say they would be cut but they would probably be reduced in their reach to make up for the reduction in consequent sponsorship dollars.

The Hon. ADAM SEARLE: I am happy for you to take this on notice. You have told us the percentage of total revenue attributable to alcohol sponsorship is 3 per cent for NRL. Can you please give us the corresponding figures for the balance of your member organisations?

Mr BOLAND-RUDDER: You mean the NRL clubs and—

The Hon. SCOTT FARLOW: Or are you referring to COMPPS?

The Hon. ADAM SEARLE: I am referring to the other COMPPS members. I am happy for you to take it on notice.

Mr SPEED: We would have to take that on notice, but I believe we could do that.

The Hon. ADAM SEARLE: That would be great. Notwithstanding the fact that you are in the business of promoting the responsible consumption of alcohol, you would accept, I am sure, that associating sporting activities and leading sports figures with alcohol does promote that product to people who might be exposed to the advertising—otherwise, presumably, there would be no value in having the advertising in the first place. We have received evidence as to how many young people are exposed to that advertising. It must therefore have an impact on persuading people who are presently underage to take up drinking. That cannot be a good public policy, can it?

Mr BOLAND-RUDDER: It is important to look at a number of things here. The first is that the alcohol market is a mature market and it is shrinking in size. In terms of consumption of alcohol, it is reducing. I know the Committee has been given evidence by experts in that respect—that since the 1970s there has been a reduction in alcohol consumption. Therefore the sponsors are really competing for a share of market as opposed to increasing their consumption. When you look at that, for example, with the NRL, there are strong components of our agreement—I will refer to Carlton and United Breweries [CUB] agreement here—that explicitly direct them not to target minors and not to target vulnerable individuals. As I mentioned earlier, there are also responsibilities around promoting responsible drinking messages. That is a really important issue for the Committee to consider.

In terms of exposure to minors, when you look at the broadcast statistics for our sport, approximately 90 per cent of the viewers of our sport are aged over 18 years. Only 10 per cent are under 18 years of age. Therefore, again, the exposure is very much minimised. And, finally, built into our agreements are requirements to comply with the self-regulatory models around advertising that are put forth by the Alcohol Beverages Advertising Code [ABAC] Scheme, who the Committee has heard evidence from, and also the codes that are put forth by Commercial Radio Australia, Australian Subscription Television and Radio Association [ASTRA] and Free TV Australia, all of which have strong requirements around minimising exposure to minors.

The final point I make is that as sports evolve so do our digital assets and our digital businesses, because of the changing nature of the way people consume sport. They will do so increasingly on their mobile phones or various hand-held devices. Something we have implemented is an age-gating exercise so that if people are under 18 years of age they will not receive messages around alcohol sponsorship. They will not receive messages around gambling either. It is something we as a sport take seriously. We will do everything we can in a responsible manner to ensure that minors are not exposed to such advertising.

The Hon. SCOTT FARLOW: My question is directed to Mr Speed. There was a bit of a discussion earlier about supply and demand and what would happen if you were not able to have alcohol advertising at all. You said that potentially that space would be taken up by somebody else. In terms of your members rights agreements is there any ramification for your members—whether it is NRL, Cricket Australia or the like—if there was any change of legislation like this? Is there any instant recourse within those agreements?

Mr SPEED: I know of no such provision in any of the agreements, but those agreements are commercial and highly confidential, so I have not seen them. I could ask that question if you wished for that to happen. What you are saying there is: Is there a trigger clause within those contracts—if legislation were

enacted that banned alcohol advertising in broadcasts or alcohol sponsorship, would they be paid less? I would be surprised if that were the case but, as I say, I do not know.

The Hon. SCOTT FARLOW: I imagine that, if there was no trigger clause, your members or perhaps those who have bought the rights, such as the television stations and the like, might seek to take recourse from someone else—potentially the New South Wales Government or the like. Is that something that has been canvased at all in consideration of this bill amongst your members or any of the stakeholders?

Mr BOLAND-RUDDER: I note the question was directed to Mr Speed but, if I may, I am familiar with our rights deals which sit with Fox Sports and Channel 9. Those deals are in place for five years, from this year through to 2022. Whilst there is not a recourse within our deal, there are two points I would like to make. Firstly, we know that the future deals would be reduced in value because there would be a reduced ability to monetise. Secondly, the lived experience where the Federal Government has changed legislation around the ability for those free-to-air and subscription television providers to show gambling advertising, what the Federal Government decided to do at the same time was create a special \$32 million fund—that figure is off the top of my head—for subscription television to access to subsidise the production of sports content. There was also an agreement to reduce the licence fees paid by free-to-air television. The value of that reduction was approximately \$100 million per year.

The Hon. SCOTT FARLOW: And that was compensated by the Federal Government.

Mr BOLAND-RUDDER: The Federal Government made those policy decisions at the exact same time that they announced the gambling advertising. I would not purport to say that it was—

The Hon. SCOTT FARLOW: Were they necessarily connected?

Mr BOLAND-RUDDER: I do not think the Government would call it compensation, but I note that all those policy changes were announced as one holistic package.

The Hon. SCOTT FARLOW: I take it that no action was taken by any of the rights holders.

Mr BOLAND-RUDDER: No. The rights holders decided they would conduct those negotiations direct with the Government. Unfortunately ultimately the sports are the ones who have missed out in that circumstance. The bill deals with two important components—one is the advertising component, which very much comes to life through the broadcasters; the second is the sponsorship component, which is where there is a direct contractual arrangement between the sport and the sponsor. The NRL has sponsorship agreements with CUB, Diageo and Treasury Wines. In those agreements there is a trigger, as Mr Farlow put it, for there to be a renegotiation of the value of that sponsorship should there be a change in the legislative landscape. We would therefore expect to see a reduction in the value of the sponsorship—if the sponsorship could exist at all.

One of the clauses of the bill that is very concerning from our perspective is the clause that says any sponsorships that are renewed since the bill was table would in essence be rescinded should the Parliament pass that bill. When you think about the life cycle of an agreement—for example, our beer agreements are usually on five-year cycles, so our last cycle expired in 2017 and our new cycle has started this year; we have naturally gone through and renegotiated that—one of our great concerns is, should the Parliament pass this bill, the sponsorship is no longer valid. That would have a very sizeable impact on our revenue base. In the same way governments do, we project our revenue in forward cycles—ours are not four-year cycles but five-year cycles. We have baked our forward expenses into our revenue projections, so it would have a direct financial impact.

The Hon. SCOTT FARLOW: Mr Holden, Mr Boland-Rudder outlined earlier that the NRL's exposure is approximately 3 per cent. Mr Speed has undertaken to come back the percentages for all other COMPPS members. From the perspective of Football Federation Australia [FFA], is your exposure in a similar vicinity of 3 per cent of your revenue?

Mr HOLDEN: FFA does not currently have an alcohol sponsor, so it would have a nil impact on our current revenue.

The Hon. SCOTT FARLOW: What about with respect to rights holders in the television space and the like?

Mr HOLDEN: Our current rights deal was completed in 2016 and runs for a six-year cycle of which we are in the first year. We have a broadcast rights deal that is locked in until 2023. The immediate impact on that would not be seen until that deal was renewed.

The Hon. SCOTT FARLOW: How much alcohol advertising takes place as part of that rights deal and the programs in place?

Mr HOLDEN: During football content?

The Hon. SCOTT FARLOW: Yes.

Mr HOLDEN: I will have to take that on notice and come back with an estimate of what that looks like. Obviously in our case that is controlled by Fox Sports Australia and Channel Ten.

The Hon. TAYLOR MARTIN: Mr Boland-Rudder, you stated earlier in response to the Hon. Scott Farlow that the legislation may have a detrimental impact on your financial plans in the near future. What impact might that have at a grassroots level?

Mr BOLAND-RUDDER: As I said, my title is Head of Government and Community Relations. I oversee the delivery of all our community programming. My direct expenditure in our community programming is approximately \$5 million a year. When I think about a reduction in revenue and compare that to our Coles sponsorship, that more than wipes out my entire budget. I do not think I would be made to wear the entire reduction, but it gives the Committee a sense of potential impacts. The programs I oversee the delivery of include a program called State of Mind, in which we work with local grassroots clubs to educate them on the signs and symptoms of mental illness and empower them to have those initial discussions with teammates, should the teammates exhibit those signs and symptoms, and refer them to expert services.

There is a program called Voice Against Violence in which we again work with local rugby league clubs to educate them about the impacts of domestic violence and the forms that violence takes and, with our partners, create a network of advocates against violence. I also oversee the delivery of a program called School to Work, which helps 500 Indigenous students each year with the completion of their Higher School Certificate and transitions them into employment or into the further studies needed to achieve their employment goals.

The other programs that we run are not overseen directly by me but in the community. We have a network across the country of approximately 400 game development officers. About 180 of those are located in New South Wales. They go into schools and local communities and encourage people to participate in rugby league and, more broadly, to get active and participate in sport. That has a major health benefit for the community. I note that, ironically, the intent of the bill is to try to combat some of the perceived negative impacts of alcohol consumption, but a consequence may be that it creates a greater negative health impact because of a reduced ability to encourage sports participation.

The Hon. TAYLOR MARTIN: Mr Holden, do you wish to add anything from the Football Federation?

Mr HOLDEN: No, I do not.

The Hon. BEN FRANKLIN: Mr Speed—or any of the witnesses—do you think there would be a similar effect on the programs of the other five sports involved in COMPPS as that described by Mr Boland-Rudder?

Mr SPEED: Netball does not have an alcohol sponsor at the moment. Each of the other four sports—AFL, cricket, tennis and rugby—has alcohol sponsorship. We will ascertain whether the impact of losing that sponsorship would be 3 per cent of revenue or a higher figure or a lower figure. But, yes, there would be a reduction in their sponsorship if this bill became law. I thought Mr Boland-Rudder's example of the impact on his portfolio of community relations was a very good example. Each of the sports has a similar position with someone overseeing and operating a budget for community relations, community programs, grassroots programs. My experience over many years is that if money is short, that is one of the first areas that is cut. It is always a difficult decision to make cuts in that area but it is discretionary spending and that is one of the first areas that goes.

The Hon. BEN FRANKLIN: Do you think that impact would likely be the same in those other sports?

Mr SPEED: It is likely to be the same but I cannot be specific about the percentage.

Mr JUSTIN FIELD: This question is probably best directed to Mr Boland-Rudder, but it is open to all three witnesses. Why do you think alcohol brands want to advertise with NRL?

Mr BOLAND-RUDDER: It is a very good question. The NRL is a sport with a strong presence across the broadcast network, so there is quite good exposure. When you measure the impact or the value of your sponsorship, the way that you do it is to try to calculate the number of eyeballs that are seeing that sponsorship. Look at our broadcast numbers for the State of Origin, for example. When you look at the programs on television with the highest total audiences each year, State of Origin usually takes three of the top

five spots, and that is across all television, not just sports. You look like a fan of *The Bachelor*. It is better than *The Bachelor*, for example, or *My Kitchen Rules*.

Mr JUSTIN FIELD: It is very interesting to me that the Football Federation does not have an alcohol sponsor. It is a pretty big sport and it is a growing sport. I imagine it would expect to challenge the NRL and the State of Origin over time. Why do you not have an alcohol sponsor?

Mr HOLDEN: If our head of commercial and sponsorship was here, he would say it is not for a lack of trying. As always, the sport is looking for revenue. We are a growing sport. We have a large participation base. We are looking for revenue in order to invest in the sport both across the A league, national leagues and teams, and also in grassroots and communities. It is a lucrative category for a sport, but sports sponsorship is also cyclical in terms of where the money goes and where the sponsors seek to invest. To reiterate, it is not for a lack of trying. It is not a policy position of the FFA to not have sponsorship in the alcohol category. It is not a decision we have made to date, but, to date, we do not have one and we have not had an alcohol sponsor for a few years.

Mr JUSTIN FIELD: Clearly you are one of the biggest, growing sports in Australia. You do not seem to have an issue attracting other sponsorship and growing the brand of the sport—particularly the grassroots aspects of the sport in Australia. The way football has taken off in Australia is well known in the Australian community. It would seem you do not have a barrier to all of the issues raised by Mr Boland-Rudder about growing the sport, growing the grassroots aspect and servicing the community without an alcohol sponsor—would that be fair?

Mr HOLDEN: We are doing our best, for sure. But I reiterate the point that we are looking for sources of revenue.

Mr JUSTIN FIELD: We have talked around it a little bit. If alcohol sponsorship is not allowed or available whether it is because of the law or due to being unable to attract sponsorship, do you feel you will not be able to get the same revenue from alternative sponsors—either direct brand sponsors or sponsors that are prepared to buy rights associated with the television?

Mr BOLAND-RUDDER: It is a very difficult marketplace in terms of attracting sponsorship. If you do lose an entire category, it is not easily replaced. The potential impact of a ban in New South Wales, when you think about the overall impact, is that it would be very hard for us to execute a sponsorship deal as a national sport, so that impact in New South Wales would be compounded nationally.

Mr JUSTIN FIELD: But would you not have said the same of tobacco a few years ago?

Mr BOLAND-RUDDER: I was not involved in the tobacco discussion. I am not quite of that age.

Mr JUSTIN FIELD: It would be fair to assume that that would have been the concern at the time, and you have come through that.

Mr BOLAND-RUDDER: As I said, I was not part of the discussion then, but the marketplace is constricting in terms of the availability of sponsors. We also note that this discussion is taking place in parallel with discussions at the Federal level around greater restrictions on gambling advertising. When you think about the two growth areas of advertising and sponsorship, all of a sudden one potential category is in the process of being restricted and a second category could be restricted as well, so it has a significant impact. Should the Parliament pass such legislation, the question that raises is: What next?

Mr JUSTIN FIELD: Gambling will be next.

Mr BOLAND-RUDDER: If The Greens get into power.

Mr JUSTIN FIELD: I think that the community conversation is going that way. I appreciate your concern. It is interesting that you note that you are worried about what is next. I think it is because of the fact that alcohol and gambling seem to heavily target sport. I was trying to get to the bottom of why you think that is—that was my reason for raising that.

Mr BOLAND-RUDDER: It is eyeballs—sports programs are watched extensively. I am sorry, Reverend the Hon. Fred Nile, to cut into your time for questions, but I want to address this. Both gambling and advertising accept that there is community concern there. That is why strict restrictions on what can be advertised and who can be targeted are built into all the sponsorship agreements. I am privileged enough to sit on the executive committee of the NRL. There is always an extensive debate at that table because we have to balance the commercial imperatives to pay for what we do against the community concern that we do hear. When you think about our fan base, it includes people who enjoy having a beer and do not want to feel that there is a slight on them because they consume alcohol, people who like to have a punt and, equally, members of the

community who are concerned about exposure to advertising. That is why we build very strong controls into our deals. Likewise, they are complemented by the self-regulatory regime that ABAC outlined and the advertising codes as well. There is a good, strong framework there.

The CHAIR: I again thank you for appearing before our Committee. It is a bit odd for me because I also took part in the inquiries over the tobacco industry and cigarettes. The arguments are the same as those raised in those days: "We will lose all our sponsors," "We will never get sponsors," and so on. We heard that sponsors from some industries were kept out of the area—in order words, there was favouritism towards the cigarette industry in those days. Today there seems to be favouritism towards the alcohol industry. I wonder whether KFC, McDonald's and others would get the same fair opportunity to advertise in your sports.

Mr BOLAND-RUDDER: KFC is one of our major partners.

Mr HOLDEN: McDonald's is a partner of the FFA.

Mr BOLAND-RUDDER: So yes, they do get the opportunity to advertise in our sports. This year with our State of Origin teams, for example, Brydens have become the major partner of the New South Wales team and Intrust Super have become the major partner of the Queensland team. As a result, you will no longer see alcohol sponsorship on the jersey of either of those teams. It is a reflection of our sport taking our responsibility to the community very seriously. Where possible we look at what other categories are there, but the impacts of the proposals in the bill would be quite severe. As a result you would see reductions in our ability to monetise our broadcast rights and in our ability to attract sponsorship, with the direct flow-on effect at the grassroots. We do take it seriously. We do look for alternate sponsors. It is something we are listening to loud and clear.

The CHAIR: Thank you very much for your answer. I think you have just proved my point. In your submission, though, you argued strongly as to the difficulty in getting sponsors other than alcohol sponsors.

Mr SPEED: I was around during the tobacco debate as a senior executive of a sport. I have no recollection whatsoever of sponsors being held out. My recollection is that when tobacco disappeared it was not possible to get another sponsor to pay at the same level as the tobacco sponsors. There was a diminution in sponsorship value at that time. There were other sponsors who were attracted, but they paid less than tobacco. It was a difficult time for sports but, yes, they survived. If alcohol as a category disappeared, yes, it would be replaced but it would be very difficult to get a new sponsor to pay the same or a similar amount to the amounts alcohol companies are paying.

Mr BOLAND-RUDDER: It is also important that we go back to the pretty clear evidence that tobacco is a product which, when consumed, results in death. There is direct harm there, whereas alcohol products, if consumed in moderation—our sponsorship deals encourage only alcohol in moderation—there is no evidence that shows that has a harmful impact.

The CHAIR: There is growing evidence that it does have a harmful impact.

Mr BOLAND-RUDDER: In moderation?

The CHAIR: We now have a ban, virtually, on pregnant women drinking alcohol at all because of the damage it does to the baby they are carrying.

Mr BOLAND-RUDDER: I stand corrected in the circumstance of pregnant women. Thank you for correcting me.

The CHAIR: That is certainly one category.

Mr BOLAND-RUDDER: Yes. We would not want to encourage consumption by pregnant women. I note that on most bottles of alcohol there are little labels that say that pregnant women should not consume alcohol. I would encourage them to follow that advice. Likewise, we would never encourage minors to consume alcohol either.

The CHAIR: Are you aware of evidence of the impact of alcohol on people in the age group of 18 to 25 years as opposed to minors?

Mr BOLAND-RUDDER: In terms of harm?

The CHAIR: Yes, because of the developing brain.

Mr BOLAND-RUDDER: I am not familiar with such evidence. The body of evidence we have read indicates that when consumed in moderation there are not harmful effects, but I am not familiar the evidence to which you are referring.

The CHAIR: That is why all State Governments have brought in such strict laws about driving when you consume alcohol and so on, especially in that age group.

Mr BOLAND-RUDDER: Because of the impact it will have on their ability to drive.

The CHAIR: The impact on the brain—it may not affect someone who is 40 or 50 years old but it does affect someone who is 18-25 years old because their brain is still developing.

Mr BOLAND-RUDDER: I thought it was in terms of their driving experience and their ability to act proficiently behind the wheel.

The CHAIR: Mr Speed, you represent seven organisations. They are not all here today. Did they all get copies of your submission? How do you ensure that you speak on behalf of those seven organisations? Different sporting bodies—the Football Federation, for instance—have different policies. How did you collate the views of those seven organisations?

Mr SPEED: In effect, they write the submission. What happens is: The terms of reference are issued, in this case by the Committee; generally I will write the first draft of a submission and circulate it to Mr Boland-Rudder, Mr Holden and their equivalents at each of the sports; invariably they edit it heavily; and ultimately all seven will sign off on the submission before it is lodged. We have had cases where we have gone through that process and been unable to reach agreement—where one or more sports has said, "We don't agree to this part," or, "We don't agree to that part." If we cannot agree, we do not lodge a joint submission and the sports will lodge their individual submissions. But in this case each of the sports saw and agreed to this submission.

The CHAIR: In your submission you state:

... the alcohol industry is one of the major funders of sport in Australia.

Do you feel that dependence on the alcohol industry is a healthy situation for sport in Australia?

Mr SPEED: Yes, subject to the work sports do in terms of responsible drinking. We sought to emphasise that in the submission and gave two quite long examples—one from cricket and one from the NRL—and a shorter one from Rugby Australia. Subject to that, yes, I believe that is a healthy position.

Mr BOLAND-RUDDER: Another important point is that funding does not only come to the national sporting organisations. Quite often there is an agreement between a local club and an alcohol sponsor. If there was no longer the ability to have those types of agreements, there would be a significant impact at that grassroots level. For example, up in the Northern Rivers, where the Hon. Ben Franklin is from, the Northern Rivers rugby league association has an agreement with Tooheys, as I recall. As a result of that agreement, Tooheys product is served at senior games. It is not allowed to be distributed at junior games. Each club there derives a benefit from that, and that financial benefit is important for the sustainability of the clubs.

The CHAIR: I would like you to answer this question on notice. I am pleased that in your submission you have indicated for the National Rugby League and for Rugby Australia the commercial relationships with the various alcohol providers. Could you provide the names of the alcohol providers with whom the seven affiliated organisations have a commercial relationship?

Mr SPEED: Yes, I believe so. I am happy to do that.

The CHAIR: Thank you very much for attending the hearing. Answers to any questions taken on notice are to be returned within 21 days.

(The witnesses withdrew)

(The Committee adjourned at 14:09.)