



The Distilled Spirits Association of New Zealand

Submission to the
Wellington City Council on its
Draft Local Alcohol Policy and Strategy
“The Right Mix”

July 2013

Introduction

The Distilled Spirits Association of New Zealand (DSANZ) is the national trade organisation representing New Zealand's leading producers, distributors, brand owners, importers and exporters of premium spirits and spirit-based drinks.

DSANZ members are Bacardi New Zealand Holdings Ltd, Beam Inc, Brown-Forman, Diageo, Hancocks, Independent Liquor, Lion, Moet-Hennessy, Pernod Ricard New Zealand and The Rum Company (NZ). In addition we have three associate members who are Anchor Ethanol, EuroVintage and Federal*Geo.

Together DSANZ represents over 98% of spirit industry interests in New Zealand.

DSANZ has a direct interest in the development of Local Alcohol Policies (LAPs) as we believe through LAPs, combined with other properly planned and supported interventions, Territorial Authorities have the opportunity to help reduce the harm caused by excessive alcohol consumption.

DSANZ would like to appear before the Council to speak about this submission. We would welcome any further discussion the Wellington City Council might have about the contents of this document.



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Summary Comments

- 1) DSANZ is supportive of the high level intent of Council to develop measures to reduce the harm caused by excessive or inappropriate consumption of alcohol. As an industry the alcohol sector is also committed to helping reduce such harm.
- 2) Our belief is that harm minimisation will only be achieved through a long term evidence-based programme combining good policies and regulations with targeted educational interventions aimed at understanding and then changing harmful drinking behaviours. On this latter point we would point out that the alcohol industry represented by DSANZ, New Zealand Winegrowers and the Brewers' Association of Australia and New Zealand have jointly developed a harm minimisation programme called The Tomorrow Project.
- 3) The Tomorrow Project's outward facing brand is called *Cheers!* which aims to understand the drivers that lead to excessive drinking and its associated negative outcomes and then address these through a range of activities and programmes. We invite the Council to view *Cheers!* online at www.cheers.org.nz.
- 4) The Tomorrow Project would be happy to share with Council the research and thinking behind its approach to harm minimisation and to jointly seek ways of working together to promote a moderate drinking culture.
- 5) We note and support Council's efforts to also attend to the behavioural drivers that underpin harmful drinking. Internationally, as well as in New Zealand, it is understood that alcohol consumption is caused by a complex array of socio-cultural factors including age, gender, social status, ethnicity, perceptions related to the impact of heavy drinking and so on. Under the weight of these multi-level factors DSANZ believes that regulating outlet density, hours of operation and access to venues, by itself, will not necessarily have the generational impact needed to change our drinking behaviour.
- 6) DSANZ supports Council initiatives as detailed in its draft Alcohol Management Strategy to work more collaboratively with stakeholders, including industry, on behaviour modification programmes to reduce harmful drinking. We cannot stress strongly enough that an integrated approach to the issues caused by excessive drinking based on best evidence is what is required which why we do not support LAPs by themselves as a 'silver bullet' for this complex issue.
- 7) We note that Council supports the promotion of minimum pricing as a way of minimising harm. DSANZ does not agree that minimum pricing – or price-related policies - reduces alcohol harm. There is much evidence to suggest that the application of minimum prices, or raising prices through taxation or other means, does not affect the buying patterns of problem drinkers. In fact there is evidence to suggest that price increases can lead to binge drinking.

- 8) We also note Council would ask government to look more closely at 'price advertising' as a means of reducing alcohol-related harm. Council would be aware that:
 - a) The Sale and Supply of Alcohol Act 2012 addresses the advertising and promotion of alcohol and includes clauses directly relating to how alcohol may be discounted and promoted as such.
 - b) Government will shortly announce the terms of reference of a review of alcohol advertising and sponsorship.
- 9) As already stated we believe there is good evidence to suggest that those that drink to harm will continue to so – not based on price but based on their predilection to overindulge. Again – what is necessary is the development of programmes that understand and then de-couple the drivers that lead to problem drinking.
- 10) DSANZ would bring to the Council's attention the recent development of a voluntary industry code relating to the production and distribution of ready-to-drink spirit-based beverages (RTDs). This code (attached as Appendix 1) limits the strength of RTDs by capping the ABV to a maximum of seven per cent and two standard drinks. The full implementation of the code will see approximately 50 per cent of the RTD directly impacted and approximately 6 million litres of product either reformulated or removed from the market.
- 11) If Council saw value in the code then we would welcome its adoption as a special licencing provision. It should be noted that all major retail chains have also agreed to abide by the code.
- 12) Lastly DSANZ believes that whatever the final outcome of the Council's proposed LAP, that its provisions for on and off licences should apply equitably and consistently across all licence types and categories. This equitable treatment not only applies to premises but to alcoholic beverages themselves as it is our belief that the impacts of alcohol are the same whether it comes in the form of wine, beer, cider or spirits.

Drinking Moderately for Enjoyment and Drinking to Excess – The Critical Tension

- 13) We note that the goals and objectives of the draft LAP highlight and acknowledge the tension that exists within communities attempting to address concerns with excessive or inappropriate drinking habits.
- 14) To support a vibrant city environment Council understands the need to encourage and promote accessible, appropriate and enjoyable entertainment options which will include making alcohol available through on and off-premise outlets. The tension exists when access to alcohol is abused and the amenity value of the city and the health and safety of the public is compromised as a result.
- 15) The Council is seeking to better address this tension through the development of an LAP which, under the provisions of the Sale and Supply of Alcohol Act, gives it the ability to alter licence arrangements to, in this case, manage the perceived harm caused by excessive or inappropriate drinking behaviour.
- 16) DSANZ would firstly point out that the vast majority of drinkers do so enjoyably, safely and in moderation and that any regulatory intervention must take this into account.
- 17) Secondly we believe that regulating through means such as an LAP will not, by itself, necessarily reduce harmful drinking. We strongly believe that an integrated approach which links well thought out and introduced regulatory interventions with targeted educative/behaviour modifying programmes is necessary to properly address drinking issues.
- 18) This is because excessive drinking is caused by a complex array of factors that intermingle into a socio-cultural set of drivers including age, gender, social status, ethnicity, perceptions related to the impact of heavy drinking and so on. DSANZ urges Council to take these factors into account when developing policies designed to reduce or manage harmful drinking.
- 19) To illustrate the complex nature of the tension that exists between drinking for enjoyment and drinking to excess we examine briefly the drivers that underpin youth-related drinking patterns.

Youth and Drinking

- 20) Internationally, the prevalence of problem drinking among young people is an acknowledged concern.
- 21) Evidence suggests that an overlapping of poor socio-emotional control^{1 2 3} combined with social pressure and changing social structures⁴ (such as the impact of peer influence and parents) contribute to increases in problem drinking pattern among youth.
- 22) The International Centre for Alcohol Policies⁵ (ICAP) has identified that one of the strongest single factors in predicting negative drinking patterns and consequences in youth is having unrealistic personal expectancies of drinking (e.g. thinking that only positive consequences will come from heavy drinking). In this same review ICAP also identified factors that provided some protection against negative drinking patterns including:
- a) **Family** – good communication with parents and positive family support structures
 - b) **Religion/spirituality** – appears to serve as a protective factor against problem drinking in high school and university
 - c) **Strong social network** – is a positive factor against heavy drinking and drinking problems, especially in stressful situations
 - d) **Accurate perception of peer norms** – young people's perception of how their peers drink appears influential on their own drinking patterns
 - e) **Responsible drinking skills** – evidence suggests that learning to moderate drinking behaviour through early intervention or through programmes of activities (e.g. have a designated driver) changes overall behaviour over time
- 23) Additionally the Chief Medical Officers of England, Wales and Northern Ireland⁶ have also outlined some issues to be considered in relation to alcohol consumption by youth. These include:
- a) Early onset of drinking is shown to be linked to the development of alcohol abuse and dependence
 - b) The establishment of family standards, rules and parental monitoring has been shown to be important in delaying early adolescent alcohol consumption
 - c) Children who begin consuming alcohol below the age of 13 drink more frequently and are more likely to drink to intoxication and to develop alcohol dependence in later life

¹ Dahl, R (2004). Adolescent brain development: A period of vulnerabilities and opportunities. *Annals of New York Academy of Science*, 1021, 1-22.

² Steinberg, L (2007). Risk taking in adolescence: New perspectives from brain and behavioural science. *Current Directions in Psychological Science*. 16, 55-59.

³ Steinberg, L (2008). A social neuroscience perspective on adolescent risk-taking. *Developmental Review*, 28, 78-106.

⁴ Roche, A.M., Bywood, P.T., Borlagdan, J., Lunnay, B., Freeman, T., Lawton, L., Tovell, A. & Nicholas, R. (2007). *Young People and Alcohol: The Role of Cultural Influences*. National Centre for Education and Training on Addiction. Adelaide.

⁵ International Centre for Alcohol Policies (ICAP) Washington D.C. www.icap.org.

⁶ Guidance on the consumption of alcohol by children and young people, 2009. A report by the Chief Medical officer UK Government.

- 24) This snapshot of information illustrates some of the difficulties associated with achieving changes in drinking behaviour – and how regulatory intervention alone will fall short of achieving sustainable reductions in drinking harm. As we have already stated in paragraph (13) above, however, we believe an integrated approach across a continuum of regulatory and educational interventions would have positive impacts on drinking culture.
- 25) We further believe that to develop effective programmes that change drinking behaviour all key participants in the sector including industry, retailers, central government agencies and local government need to be involved.
- 26) The discussion above also serves to highlight that applying strictures on drinkers by limiting access and supply (through LAPs, pricing, taxation, reducing advertising and promotion and so on) may impact alcohol consumption but not necessarily impact the behaviours that underpin problem drinking in the first place.
- 27) This also holds true when consider types of alcohol currently available. Ready-to-drink spirit-based beverages (RTDs) are often cited as being the root cause of our so-called binge drinking culture when there is no evidence to support this.
- 28) Evidence suggests that drinkers under the age of 35 purchase product based on two key determinants – alcoholic strength and price⁷ not on alcoholic type and that they substitute their choice of alcohol actively to meet these two requirements. Based on this DSANZ has recently developed and promulgated a voluntary code for RTDs to limit the alcoholic strength of the product.
- 29) Among other things the code limits the alcoholic strength of RTDs to a maximum ABV of 7 per cent AND two standard drinks. The combination of these two factors combine to impact almost half the RTDs currently on the market and will see approximately 6 million litres of product removed or reformulated once the code is fully implemented.
- 30) As an example of how the code will work consider that currently there are RTDs sold in 440ml containers at an ABV of 8%. Under the code, to stay on the market at 440ml, the ABV would need to drop to under 6% ($ABV = 2 \text{ std drinks} / (0.440\text{l} \times 0.789^8) = 5.76\%$). Conversely, to bring 7% ABV RTDs to market the maximum container size could only be 362ml. We estimate that approximately 6 million litres of product will be impacted by this.
- 31) We attach a copy of the code as Appendix 1 for the Council's attention and would welcome its inclusion, as appropriate, in any debate about licencing provisions – special or otherwise. It should be noted that all major liquor retail chains have agreed to abide by the code but that we, as an industry, have no way of controlling either the parallel importing or straight substitution of different brands of product that fall outside the lower ABV/two standard drink rules as detailed in the code.

⁷ Curia Market Research Limited, 2010

⁸ 0.789 is the specific gravity of ethanol at standard temperature and pressure. This conversion is necessary because a standard drink is measured as 10 grams of alcohol whereas ABV is measured as a percentage of volume).

Minimum Pricing and Price Advertising as a Means to Reduce Harm

32) On page 8 of its draft alcohol management strategy Council states:

Increasing the minimum price for alcohol, particularly for products that are attractive to young people, was a solution suggested by a number of people during the community engagement programme. The Council does not have the ability to place a minimum price on alcohol but we can advocate for the Government to further consider this issue together with price advertising.

33) While we understand that Council is reflecting commentary from its engagement with the community it is critical to point out that minimum pricing as a tool to manage harmful drinking will likely be ineffective – even though price controls are often touted as being a key plank of alcohol harm reduction policy.

34) This seems to be because when studies on the impact of price controls are reviewed moderate drinkers will be affected by price far more than problem drinkers. So even though the overall amount of alcohol consumed may seem to reduce indications are that this is because moderate drinkers reduce their intake – not heavy or problem drinkers.⁹

35) We would also bring to Council's attention a research study published in the journal *Alcohol and Alcoholism* in July 2012 which raises a broad question with respect to the efficacy of price control policy measures in reducing alcohol abuse/binge drinking amongst young people. The study reaches the following conclusion that:

Among all the 40 countries in the present analysis, a non-significant trend was observed, whereby higher prices, higher drinking age and stronger alcohol controls were associated with a lower weekly drinking frequency, but a potentially higher frequency of binge drinking. It is important that future research explores the causal relationships between alcohol policy measures and alcohol consumption patterns to determine whether strict policies do in fact have any beneficial effect on drinking patterns, or lead to rebellion and an increased prevalence of binge drinking.¹⁰

36) A similar argument could be made with regards advertising and the use of price as a driver of harmful drinking behaviour.

37) As already stated above, research into under 35's behaviour with RTDs has indicated that when alcohol strength is combined with price then this does contribute to purchasing decisions. This does not necessarily mean that problem drinking will occur as a result however as the causes of problem drinking are complex and inter-related.

⁹ Nelson, J. P. (2013). Research on alcohol prices, taxes and affordability. Presentation to ICAP, New York 20/06/2013.

¹⁰ Conor Gilligan, Emmanuel Kuntsche and Gerhard Gmel, 'Adolescent Drinking Patterns Across Countries: Associations with Alcohol Policies' (2012) 0(0) *Alcohol and Alcoholism* 1, 5.

38) Council would also be aware that:

- a) The Sale and Supply of Alcohol Act 2012 addresses the advertising and promotion of alcohol and includes clauses directly relating to how alcohol may be discounted and promoted as such.
- b) Government will shortly announce the terms of reference of a review of alcohol advertising and sponsorship.

39) Both industry and Council will have ample opportunity to engage in the review process.

40) It should also be noted that all DSANZ members directly and through our constitution, are bound to abide by the standards for alcohol advertising as promulgated and enforced by the Advertising Standards Authority.

Harmonisation and Equity Arrangements

41) As a principle DSANZ believes that LAPs across Territorial Authority boundaries need to be properly harmonised to prevent confusion or issues with geographical substitution.

42) We ask Council to inform stakeholders as to how it will ensure that the development of its LAP will be co-ordinated with those of neighbouring Territorial Authorities.

43) We also believe, that whatever the final outcome of the Council's proposed LAP, that its provisions for on and off licences should apply equitably and consistently across all licence types and categories.

Appendix 1



Voluntary Industry Code for RTDs

We, the members of the Distilled Spirits Association of New Zealand, have developed the following Voluntary Industry Code for ready to drink beverages and have committed to abide by the details hereunder.

Ready to drink beverages (commonly referred to as “RTDs”) have been part of the New Zealand beverage landscape for many decades. They offer a convenient beverage format providing consistent pre-measured amounts of alcohol, as measured by standard drinks. This, together with clear labelling information about alcohol content, can assist consumers to more accurately measure their alcohol intake.

New Zealand’s leading producers and marketers of ready to drink beverages recognise that RTDs can be a beverage popular with younger consumers. Therefore, extra special attention is required in the product development and marketing. Furthermore, New Zealand’s leading producers and marketers of ready to drink beverages are united in implementing a voluntary set of steps to better ensure these beverages are enjoyed within the ‘norm’ of responsible alcohol consumption in New Zealand.

Definition:

For the purposes of this VIC, an RTD is defined as:

- i. *a spirit-based alcoholic beverage mixed/diluted to an Alcohol by Volume (abv) range of 4% up to 14% (above which products become liqueurs as per S73,75 of the Customs & Excise Act 1996); and*
- ii. *sold in a primary package intended for single serve (i.e. in a vessel with contents of 500mls or less).*

The members of the DSANZ commit to do the following:

1. Limit the production and/or distribution of RTDs to a maximum alcohol strength of 7% ABV and a maximum of two standard drinks per single serve container to all licensed premises in New Zealand.
2. Not produce RTDs containing energy supplements with greater caffeine-equivalence than cola products as set out in Standard 1.3.1 “Food Additives” of

the Australia New Zealand Food Standards Code, which limits the amount of added caffeine in these products to a maximum of 145 mg/L. Nor, will we market/promote the effects of caffeine in any products that meet this commitment.

3. Ensure that the number of standard drinks in each container is clearly visible and displayed on both primary and secondary packaging.
4. Ensure that RTDs are marketed in accordance with the *Code for the Advertising & Promotion of Alcohol* and *Section 237 of the Sale & Supply of Alcohol Act 2012* so they do not have specific appeal to, nor are targeted at, those below legal purchasing age (LPA).
5. Advertise only in media channels or engage in sponsorship where the audience is at least 75% LPA and above.
6. Pro-actively work to improve the drinking culture in New Zealand and help minimise harmful consumption, through industry funded initiatives, such as *The Tomorrow Project* (www.cheers.org.nz).
7. Work with our retail customers to encourage compliance with this code taking due note of all relevant legal constraints (such as those defined by the Commerce Act 1986).

RTDs which do not comply with the above commitments will be progressively removed from the manufacturing and distribution process from March 2013 with the intention that they no longer be supplied into the retail network from the end of September 2013 onwards.

DSANZ Members:

Bacardi New Zealand Holdings Ltd
Beam Inc
Brown-Forman
Diageo
Hancocks
Independent Liquor
Lion
Moet-Hennessy
Pernod Ricard New Zealand
The Rum Company (NZ)