



# Spirits New Zealand

Response to the Recommendations of  
the Ministerial Forum on Alcohol  
Advertising and Sponsorship

Prepared for the Ministry of Health  
March 2015



## Introduction

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

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

Spirits NZ represents over 98% of spirit industry interests in New Zealand, and therefore has a direct interest in the on-going debate about alcohol use in New Zealand. We believe that, although the majority of New Zealanders enjoy alcohol in moderation, there is still a need for a concerted focus by both government and industry to reduce the harm caused by excessive or inappropriate drinking. It is essential that the behaviours that lead to problem drinking are identified and mitigated through well-evidenced and properly co-ordinated policy interventions including:

- targeted education programmes; and
- appropriate regulation.

It is in this context that we are responding to your request for further information about the impact of the recommendations of the Ministerial Forum on Alcohol Advertising and Sponsorship. Our response should not therefore be seen as constituting acceptance of or agreement to the Forum's recommendations. For further information on our views on the issues of advertising and sponsorship please refer to our submission to the Forum.

Please do not hesitate to contact me to discuss anything in this document in more detail.



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## Contextual Comments: Spirits Sponsorship

We have endeavoured to collate as much information as possible in response to your request for information, however, this process has been challenging due to the number and complexity of the sponsorship relationships and the timeframe for getting information to you.

You have requested an indication of the total level of sponsorship contribution made by the alcohol sector. In order to respond, we have had to make a number of assumptions about the definition of 'sponsorship'. Based on these, we estimate that on average, on an annualised basis Spirits NZ members spend \$4.2 million supporting a range of community, charity, sporting and music festival events.

This figure represents cash and basic in-kind support only and does not, for example, include arrangements where discounts might be offered on product in return for product or brand acknowledgement. Nor does it include individual off-licence or on-licence arrangements that may include our members' products. If such arrangements were included then the quoted figure would be several magnitudes larger.

Such an approach does not, however, provide a true picture of sponsorship impact. Sponsorship arrangements across the alcohol sector are broad, complex and can be deeply embedded in communities.

It is important that the Ministry of Health develops an understanding of the likely multiplier effect of sponsorship arrangements where events might be under threat should recommendations from the Forum be implemented. From an econometric perspective there has been some work done by the Major Events group within the Ministry of Business Innovation and Employment that would assist with such an assessment.<sup>1</sup>

This work looks at the broader economic impact of the convention market to communities by assessing spending levels of delegates that attend conferences. We believe that, although the type of event being sponsored by Spirit NZ members are not conferences per se, such work indicates that local attendees or attendees from outside the region where the event is being held or from overseas spend considerable sums of money within the region they are visiting on a scaled basis.

Our conservative estimate would be that the average attendee would spend upwards of \$300 - \$310 per day of attendance at an event. We would also ask the Ministry of Health to assess sponsorship benefits more broadly than just economic measures and include assessments of the overall community benefit of having sponsorship properties that support sporting, cultural, festival or charitable outcomes.

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<sup>1</sup> See <http://www.med.govt.nz/sectors-industries/tourism/tourism-research-data/other-research-and-reports/convention-research/pdf-library/convention-delegate-survey/CDS-dec-2014.pdf>

## Specific Comments

Our responses to your specific questions on the Forum's recommendations are set out below.

Note that, while Spirits NZ supports self-regulation and there is ample evidence of the alcohol sector's voluntary compliance with industry-set standards, it was difficult to comment on the specific nature and impact of the Forum's self-regulatory proposals because of their broad and mostly undefined nature.

### *Banning of alcohol sponsorship of sport (Recommendations 1 and 2)*

- Sponsorship of streamed and broadcast sports (as per Recommendation 1) amounts to approximately \$1 million; and
- Sponsorship of all sport (as per Recommendation 2) is \$2.1 million.

### *Banning of alcohol sponsorship naming rights at venues (Recommendation 3)*

No Spirits NZ member has venue naming rights.

### *Restricting alcohol sponsorship of cultural and music events where 10% of patronage are younger than 18 (Recommendation 4)*

Spirits NZ members provide approximately \$1.9 million in support of cultural and music events (and a further \$200,000 for charitable purposes). We do not have figures available for those events where 10% of the patronage would be under 18 as producers as compliance with current industry codes requires a threshold of 75% of the audience to be above the legal purchase age. Nevertheless, we would expect most music festivals supported by our members to fall into this category.

Big Day Out, Homegrown and Rhythm and Vines would be impacted by this recommendation as would just about every music festival in New Zealand. How much they would be impacted is difficult to assess and we are not in a position to estimate this.

We are aware however that the Ministry of Health is consulting with the New Zealand Association of Event Professionals who is specifically seeking feedback from their membership as to the impact to events if this recommendation were applied.

We note that many music festivals, such as Jim Beam Homegrown, already have excellent alcohol management programmes in place to cater for under 18 audiences

*Banning of alcohol broadcast advertising during sporting events and banning alcohol advertising where 10% of the audience is under 18 (Recommendations 7 and 8) and further restrict the hours of broadcast alcohol advertising (Recommendation 9).*

We are not in a position to report on the value of advertising that might be impacted should these recommendations be implemented. It is, however, likely that all outdoor media advertising will be impacted by Recommendation 8.

*Increasing the moderation time to an equivalent of 20% of all alcohol advertising (Recommendation 10)*

It is difficult to assess the costs to the spirits industry associated with the implementation of this recommendation as it is unclear to what extent media companies would pass on costs to industry if moderation time were increased.

We would point out however that the alcohol sector is already levied approximately \$12 million annually to fund HPA alcohol moderation programmes. Additionally the sector contributes almost \$900 million per annum in excise to the consolidated fund.

*Strengthening the co-regulatory model (Recommendations 12 – 14)*

It is difficult for us to comment on the impact of these recommendations since they are broad and undefined. We note that it is premature to seek to strengthen co-regulation when the new co-regulatory approaches introduced in the Sale and Supply of Alcohol Act (2012) are yet to be fully tested.

**Table 1 – List of Sponsorships by Spirits NZ Members**

<b>Cultural/Charity</b>	<b>Sporting</b>	<b>Festivals</b>
Art in the Dark	Auckland Touch Rugby	Big Day Out
Blue Light Disco	Bay of Islands Swordfish Club	Coro Gold Music Festival
Born Too Late Chopper Show	Bay of Islands (Sailing) Race Week	Highlife Entertainment Event
Cranford Hospice Charity Event (Hawkes Bay)	Callum Farnel Racing (Jet Ski)	Homegrown
Cystic Fibrosis Foundation Fundraiser	Canterbury Cricket Association	Northern Bass New Years Eve Music Festival
Fight for Life	Coastal Classic (Sailing)	Pink Floyd Experience
From The Summit (Hillary's Exhibition)	French New Zealand Chamber of Commerce Annual	Renegade Hot Rod Show
Japan Day	Petanque Tournament	Rhythm and Vines
Kakapo preservation sponsorship	Hawkes Bay Rugby (sponsorship of ITM Cup ground)	Shotover Sunshine Festival (Queenstown)
Kiwi preservation sponsorship	King of the Ring Charity Event	Splore Music Festival
Latin American Film Festival	Millennium Cup (Sailing)	The Bedford NYE Festival
Loreal Hair Awards	Mt Eden Bowls Club	The Pride Festival
Moochi Fashion Week	New Zealand Golf Open	Weird Night Out
Mount Albert Grammar School Fundraiser	New Zealand International Petanque Tournament	Winterfest
Movember	NRL 9's	
Music Managers Awards	Omaha Beach Golf Club	
New Zealand Fashion Week	Parklife (Queenstown – Skiing)	
Ohakune Mardi Gras	Ponsonby Rugby Club	
St Patrick's Day – various sponsorships	Richmond Yacht Club Friday Night Series	
The Best Awards	Royal New Zealand Yacht Squadron	
VIVA Speaking Tour	Royal Port Nicholson Yacht Club	
What We Do In The Shadow's - Premieres	The Auckland Regatta	
Women in Business	The Warriors	
	Tongariro Goat Run	
	V8 Super Series	
	Waikawa Boating Club Racing Season	
	Wellington Phoenix	