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Mr Elton Humphrey
Committee Secretary
Australian Senate
Community Affairs Committee
Parliament House
Canberra ACT 2600

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Dear Mr Humphrey

Re: Senate Inquiry into Ready-to-Drink Alcohol Beverages

Thank you for the opportunity to provide a written submission to the Senate Community Affairs Committee's Inquiry into Ready-to-Drink (RTD) Alcohol Beverages.

Your invitation is gratefully appreciated and we provide the following information on behalf of the National Centre for Education and Training on Addiction (NCETA). Please note that, while this submission broadly addresses some of the Committee's Terms of Reference, the information contained herein provides an overview of the available evidence in relation to understanding the cultural place of alcohol in young peoples' lives.

NCETA supports the Australian Government's proposed changes to the current alcohol excise regime and we note that the current regulatory framework that governs the availability of alcohol does not adequately protect young people from risky drinking. Accordingly, NCETA recommends that the Government's proposed changes should form part of a comprehensive set of strategies that are aimed at reducing alcohol-related harm in the Australian community.

Background

By way of background, and in order to assist the Committee in its deliberations, please find attached a copy of the recent NCETA publication: 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. Additional printed copies of the report are available upon request from NCETA.

The report comprises a comprehensive literature review addressing a wide range of social and cultural factors that potentially impact on young Australians aged 14-24 years in relation to their use and non-use of alcohol. It forms the first part of a two-stage project to examine the cultural factors that influence the drinking behaviours of young Australians.

The overall aim of the project is to examine the key aspects of the social structure and social organisation to determine the context in which young people drink. It examines how related norms and values are established and why some individuals engage in various behaviours, such as risky forms of drinking, and others do not. Its key objectives are to gain an understanding of the following issues as they impact on 14-24 year old Australians:

- The perceptions, motivations, attitudes and behaviours towards 'low risk', 'risky' and 'high risk' alcohol use;
- The cultural factors that underlie 'low risk', 'risky' and 'high risk' alcohol use;
- The motives for 'high risk' alcohol use;
- The differences in gender-related attitudes to drinking alcohol;
- The role of consumerism and individualism and how they influence risk-taking and drinking patterns;
- Leisure and lifestyle factors that may influence drinking-related decisions.

Patterns and Prevalence of Young People's Alcohol Consumption

In order to gain a better understanding of the patterns and prevalence of young people's alcohol consumption, NCETA has examined and analysed the following datasets:

- National Drug Strategy Household Survey (NDSHS) 2001 and 2004: examining information provided by young people aged 12-24 years;
- Australian Secondary Students' Alcohol and Drug Survey 2005: survey of school students aged 12-17 years;
- National Alcohol Campaign Evaluation 2000-2004: examining information provided by people aged 15-17 years.

Please note that while datasets such as the NDSHS provide a relatively comprehensive overview of alcohol use in Australia, it is acknowledged that they may also underestimate the actual prevalence of alcohol consumption in the Australian population. This underestimation may be due to a range of factors including an under-representation of high risk drinkers in the surveys or respondents being unable to recall or to understand what constitutes a standard drink¹.

Based on our analyses, NCETA is able to conclude that²:

- 18-24 year olds report the highest prevalence (46.2% of 19-20 year olds and 45.4% of 21-24 year olds) of risky alcohol consumption (seven or more standard drinks on any one day for males and five or more standard drinks on any one day for females) of all age groups. More importantly, most young people who engage in risky alcohol consumption on at least a monthly

¹ As defined by the current National Health and Medical Research Council's Australian Alcohol Guidelines: a standard drink is any drink containing 10 grams of alcohol. One standard drink always contains the same amount of alcohol regardless of the container size or alcohol type (i.e., beer, wine, or spirit). The number of standard drinks in alcohol beverages is always shown on the label of the container. Source: Australian Alcohol Guidelines [accessed online, 26 May 2008 at <http://www.alcohol.gov.au/internet/alcohol/publishing.nsf/Content/standard>]

² Roche, A.M., Bywood, P., Borlagdan, J., Lunnay, B., Freeman, T., Lawton, L., Tovell, A. & Nicholas, R. (2007) *Young people and alcohol: the role of cultural influences: An examination of the cultural drivers of risk-taking behaviour and their effects on 'low-risk', 'risky' and 'high risk' use of alcohol among 14-24 year old Australian drinkers*. Adelaide: National Centre for Education and Training on Addiction.

basis view themselves as 'light' or 'social' drinkers and do not consider that their behaviour is associated with potentially harmful consequences. Of these, only 3% regard themselves as 'heavy' or 'binge' drinkers.

- Between 2001 and 2004 there was a significant increase in the proportion (from 13.2% to 17.5%) of 21-24 year olds who were consuming alcohol at risky levels for short-term harm (on at least a weekly basis). Equally significantly, during this period there was also an increase in the average quantity of standard drinks (4.7 standard drinks in 2001 compared to 5.2 standard drinks in 2004) that this age group usually consumes in a normal drinking session.
- Over a five year period (2000-2004), there were discernible changes in the types of alcohol beverages that are being consumed by young people with the consumption of spirits increasing amongst both males and females. For males, spirits have generally tended to take the place of beer while for females they have generally tended to take the place of liqueurs, sodas, ciders or coolers.
- The increase in the consumption of spirits among young people can be largely attributed to RTD pre-mixed spirits. According to the Australian Bureau of Statistics (2007b) while there was an overall increase of 1.7% in the amount of alcohol available for consumption in Australia from 2004-2005 to 2005-2006, there was an increase of 9% in the amount of pre-mixed spirits available for consumption, and a 1.5% decrease in other forms of spirits³.
- Between 1990 and 2005, the proportion of 12-15 year old students consuming alcohol at levels of risk for short-term harm approximately doubled (from approximately 2.5% to approximately 5%). Similarly, risky drinking among 16-17 year olds increased from approximately 15% to 20%⁴.
- A study conducted in 2005 by the National Drug and Alcohol Research Centre found that RTDs are the preferred alcohol beverage for 12-15 year olds (particularly females)⁵.

One of the key issues regarding young people's consumption of alcohol is its availability and accessibility. NCETA notes that the majority of young people aged 12-17 years do not report any difficulty in obtaining alcohol. In the NDSHS 2004, 73% of young people aged 12-17 years reported that it was easy or very easy for them to get alcohol if they wanted it. Further, the most common sources for obtaining alcohol was from friends, acquaintances or their parents⁶.

The Impact of Alcohol Marketing, Advertising and Pricing on Young People

There is increasing evidence to suggest that alcohol advertising and marketing significantly influence young people's decisions about drinking and also their expectations in relation to alcohol use. This may include:

- Their initiation into drinking;
- What they drink;

³ Australian Bureau of Statistics (2007b) *Apparent consumption of alcohol, Australia, 2005-06* (No. 4307.0.55.001). Canberra: ABS.

⁴ White, V., & Hayman, J. (2006). *Australian secondary school students' use of alcohol in 2005. Monograph Series No. 58*. Canberra: Australian Government Department of Health and Ageing.

⁵ Copeland, J., Stevenson, R.J., Gates, P. & Dillon, P. (2007) Young Australians and alcohol: the acceptability of ready-to-drink (RTD) alcoholic beverages among 12-30-year-olds, *Addiction*, 102, 1740-1746.

⁶ Roche, A.M., Bywood, P., Borlagdan, J., Lunnay, B., Freeman, T., Lawton, L., Tovell, A. & Nicholas, R. (2007) *Young people and alcohol: the role of cultural influences: An examination of the cultural drivers of risk-taking behaviour and their effects on 'low-risk', 'risky' and 'high risk' use of alcohol among 14-24 year old Australian drinkers*. Adelaide: National Centre for Education and Training on Addiction.

- How much they drink;
- Where and with whom they drink;
- The way they think and feel about alcohol⁷.

Further, alcohol marketing and advertising, which is often well funded by large global companies, uses sophisticated techniques that impact on young adults and adolescents who have not yet started drinking. The marketing of alcohol products defines alcohol as a normal, accepted feature of youth culture by linking it to social and sexual success. It also promotes drinking in positive ways as enjoyable, good fun and free of risk⁸.

As a result, advertising and marketing are now regarded as being important contributors to determining the cultural context in which young people drink. Hence one of the key issues that NCETA is currently investigating is the impact that advertising and marketing have on young people's social behaviour and relationships and subsequently their alcohol consumption.

In its recent submission to the Senate Community Affairs Committee's Inquiry into the Alcohol Toll Reduction Bill 2007, NCETA noted that millions of dollars are currently spent on alcohol advertising in Australia not only in measured advertising, such as television, magazines, radio and billboards, but also on unmeasured forms of promotion, including branded materials, Point-of-Sale materials, giveaways, sponsorships and special events. It is further noted that advertising can be broadly divided into two categories:

- Product advertisements which focus on the merits of a product (e.g. taste, quality and price) – it is noted that this is now a less common form of advertising;
- Image advertisements which attempt to engage the target audience by developing an idealised image or lifestyle associated with the product that reflects the target audience's goals. For young people, the goals are generally focused on fun, relaxation, romance, adventure and sexual or social acceptance. Importantly, it is these same themes and appeals that appear most prominently in alcohol advertising, particularly in youth-oriented television programs and magazines. Young people find meaning in their lives through their patterns of consumption, and alcohol marketing is believed to influence the formation of their social identity. In addition, the pervasiveness of alcohol advertising is likely to have a cumulative effect not only on the target audience, but also on others including very young people (i.e. underage) who may be incidentally exposed to it.

One of the major forms of unmeasured promotions which have a potential impact on young people and which may encourage them to engage in excessive drinking are non-advertising promotions conducted on licensed premises. These forms of non-advertising promotions usually involve the provision of low cost or free drinks (e.g. during 'happy hour' promotions) or the provision of giveaways and prizes. Promotional activities such as 'happy hours' and special price promotions have been shown to be associated with increased consumption and higher levels of consumption in particular during the promotion period⁹.

⁷ Ibid.

⁸ Ibid.

⁹ Ibid.

A key area of concern that has been noted by NCETA is that RTDs appear to be marketed primarily at young ‘starter drinkers’ because these products contain:

- Sweet fruity flavours – there is consistent evidence which suggests that young people have a strong preference for sweet flavours and that the sweet taste of RTDs tends to mask the alcohol hence making it more appealing to inexperienced drinkers;
- Screwtops for easy portability – there is no need to carry glasses, mixers or spirit bottles. There is also some evidence to suggest that some young people prefer to carry a screwtop bottle because this may deter drink spiking;
- Bright colours to assist in brand identification – youth-oriented soft drinks are packaged specifically to get the attention of young people. They portray the personality of the product by using adult images. Young people construct their social identity around the alcohol products that they use and over time, the packaging of alcohol products, particularly RTDs, have become more similar to popular soft drinks, hence drawing young people’s attention to them and smooths the transition from soft drinks to alcohol products;
- Many RTDs contain high alcohol content (up to 18%) for rapid intoxication;
- Relatively low price and general widespread availability – the price of alcohol beverages, particularly at the point of sale, has an impact on young people’s choice of beverage and the quantity that is consumed. Young people weigh up their own criteria, including cost-benefits in deciding which alcohol products to purchase and accordingly they will tend to buy products with a higher alcohol content as it provides them with more ‘bang for the buck’¹⁰.

Structural and Regulatory Frameworks

NCETA notes that there are approximately 17,000 licensed premises in Australia and that the number of licensed premises has increased substantially over the past decade. Licensed premises (and drinking environments in particular) are increasingly being designed and structured with specific images in mind. As such there is a greater emphasis on designing them in a way that will attract a particular age group or a particular type of patron¹¹.

A recent trend that has emerged in Australia and overseas is the issue of ‘vertical drinking’ where patrons are forced to stand (hence drinking vertically) and hold the drink in their hands. The end result is that patrons tend to drink faster, have more direct access to the bar which in turn means faster bar service and consequently excessive drinking.

Related to the issue of ‘vertical drinking’ and encouraging young people to drink more quickly and also greater amounts of alcohol is the trend towards drinking from the bottle. Strategies have been introduced to encourage drinking straight from the bottle such as making alcohol products available in single serve and readily accessible containers. A prime example of this trend is the proliferation of RTDs and the propensity for them to be consumed at a faster rate¹².

From a regulatory perspective, NCETA notes that alcohol, as a consumer product, is known to be price sensitive and that there is an important relationship between the price of alcohol and its frequency of consumption. There is general agreement that as the price of alcohol increases there

¹⁰ Ibid.

¹¹ Ibid.

¹² Ibid.

is usually a concomitant decrease in consumption. Equally importantly, a decrease in price often leads to an increase in consumption¹³. There is also evidence to suggest that following increases in price, some drinkers may substitute cheaper brands or types of alcohol in order to maintain their consumption at the same level¹⁴.

A key strategy that has been used worldwide to control alcohol-related problems is the imposition of taxation measures on price. The evidence suggests that increases in alcohol taxation not only lead to a reduction in consumption but also a reduction in alcohol-related harms such as drink driving, fatal and non-fatal vehicle crashes and violent crime¹⁵.

One of the key issues regarding the Australian alcohol taxation system is that the system is based on the type of beverage and not on the alcohol content of the beverage. NCETA notes that while a Goods and Services Tax of 10% applies to the retail sale price of all alcohol, a (Commonwealth) excise levy is also applied to:

- Cans and bottles of low-strength beer (<3.0%) at the rate of \$6.54 per litre of pure alcohol;
- Cans and bottles of full-strength beer (>3.5%) at the rate of \$38.20 per litre of pure alcohol;
- Brandy at the rate of \$60.42 per litre of alcohol;
- Other spirits at the rate of \$64.72 per litre of alcohol¹⁶.

Consequently, NCETA notes that the major implications of the above taxation regime on RTDs are that these products, until recently, were not taxed at the same rate as other spirit products (bearing in mind that many RTDs are spirit-based products). Instead, they were taxed at the same rate as full-strength beer. The differential excise rates that apply to low, mid- and full-strength beer do not apply to the equivalent low- and mid-strength RTD products. As a result, there is no incentive for RTD manufacturers to produce and promote low- and mid-strength RTD products or for drinkers (especially young drinkers) to consume them¹⁷.

Summary

In summary, and based on the available evidence, NCETA contends that:

- Young people are exhibiting the highest prevalence of risky drinking and that this prevalence is increasing;
- Young people (and especially young females) are displaying a preference for sweet tasting and colourful RTDs with a high alcohol content;
- Through the proliferation of RTD products, there is a greater propensity for young people to be exposed to youth-oriented marketing of alcohol products that is primarily aimed at promoting lifestyle and image;

¹³ Loxley, W., Toumbourou, J., Stockwell, T., Haines, B., Scott, K., Godfrey, C., et al. (2004) *The prevention of substance use, risk and harm in Australia: A review of the evidence*. National Drug Research Institute and the Centre for Adolescent Health.

¹⁴ Gruenewald, P. J., Ponicki, W. R., Holder, H. D. & Romelesjo, A. (2006) Alcohol prices, beverage quality, and the demand for alcohol: Quality substitutions and price elasticities. *Alcoholism: Clinical and Experimental Research*, 30(1), 96-105.

¹⁵ Babor, T., Caetano, R., Casswell, S., Edwards, G., Giesbrecht, N., Graham, K. et al. (2003) *Alcohol: no ordinary commodity*. Oxford: Oxford University Press.

¹⁶ Australian Taxation Office (2007) Wine equalization tax.

¹⁷ Roche, A.M., Bywood, P., Borlagdan, J., Lunnay, B., Freeman, T., Lawton, L., Tovell, A. & Nicholas, R. (2007) *Young people and alcohol: the role of cultural influences: An examination of the cultural drivers of risk-taking behaviour and their effects on 'low-risk', 'risky' and 'high risk' use of alcohol among 14-24 year old Australian drinkers*. Adelaide: National Centre for Education and Training on Addiction.

- Under the current alcohol taxation system, RTDs are taxed at a rate that is equivalent to the rate for full-strength beer (even though full-strength beer may have a lower alcohol content);
- Alcohol (as a commodity) and young people (as consumers) are both sensitive to price – hence an increase in the price of alcohol often leads to a decrease in consumption and a reduction in price often results in an increase in consumption. It should be noted, however, that young people may also engage in brand substitution in order to maintain their current level of consumption.

Yours sincerely



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