

9 September 2015

Senate Standing Committee on Economics (References Committee)
PO Box 6100
Parliament House
CANBERRA ACT 2600

Dear Senators,

Re: Personal choice and community impacts

The Winemakers' Federation of Australia (WFA) welcomes this inquiry into personal choice and community impacts and thanks Senator Leyonhjelm for initiating it.

As the peak national body representing the country's 2,500 winemakers we are particularly interested in the development and application of alcohol policy.

Moderate consumption of alcohol plays an important and legitimate role in the Australian community and is a meaningful part of the social fabric for millions of Australians. WFA notes however, that excessive and irresponsible consumption for a minority of drinkers can cause significant harm. Like many other behaviours, drinking behaviour is shaped by learned, cultural and individual factors. It can be addressed by fostering responsible choices, and the potential for harm can be minimised.

Winemakers play an important role in supporting wine drinkers' ability to make an informed choice about the amount of wine they consume. All wine labels are required to denote the number of standard drinks contained within a bottle or cask of wine. This is done in reference to the National Health & Medical Research Council's (NHMRC) definition on of what constitutes a standard drink and the recommendations on moderate consumption for adult men and women. Additionally, messages on moderation are further communicated through WFA initiatives such as labelling on wine bottles which advise against any consumption of alcohol during pregnancy (done in association with DrinkWise) and advice and resources for wineries to support cellar door staff training on standard tasting pours. WFA promotes responsible marketing of alcohol, directing its members to conform with the Alcohol Beverages Advertising Code.

The public health lobby continues to assert that Australia is confronted by an alcohol epidemic. However, the facts do not support this view. In almost all key metrics, the strong push towards a culture of responsible consumption of alcohol in Australia is resulting in a trend in the right direction, which includes the following:

- A decrease in the overall consumption of alcohol (as reported by the ABS in May 2015 for 2013-14 which found Australians are drinking less alcohol overall than any time in the previous 50 years).

- A decrease in the rate of binge drinking, especially among young people (as reported by the Australian Institute of Health and Welfare (AIHW) 2015 on the National Drug Strategy Household Survey (NDSHS) 2013).
- A decrease in the rate of drinking by pregnant women (as reported by the AIHW 2015 on the NDSHS 2010).
- An increase in the average age of a person's first experience with alcohol (as reported by the AIHW 2015 on the NDSHS 2013).
- A decrease in the level of lifetime risky drinking for all age groups apart from a small increase in 40-to-49-year-olds (as reported by the AIHW 2015 on the NDSHS 2013).
- The biggest recent decreases in lifetime risky drinking are in teenagers and people in their 20s (as reported by the AIHW 2015 on the NDSHS 2013).
- The number of abstainers is at the highest level ever recorded (as reported by the AIHW 2015 on the NDSHS 2013).
- The number of people who drink every day is at its lowest level ever recorded (as reported by the AIHW 2015 on the NDSHS 2013).

While these trends are encouraging, WFA recognises that there continues to be at-risk groups and unacceptable levels of harmful drinking and associated anti-social behaviour in some areas. As a community, we must all continue promoting the important 'moderation message'. However, we strongly reject increasingly strident rhetoric from interest groups seeking to deny wine's legitimate and accepted place in modern society as part of a balanced lifestyle and a healthy diet and their push to effectively punish responsible drinkers through a range of command and control policy measures including tax rises.

The public health lobby continues to advocate for "control of consumption" measures, predicated on the belief that reducing *everyone's* drinking across a population is the most effective and efficient way to reduce the harms associated with excessive alcohol consumption by *some*. Such broad-brush policy control measures include:

- An increase in alcohol taxation;
- Minimum Unit Pricing;
- Unwarranted restrictions on the sale and supply of alcohol; and
- Blanket bans on advertising and sponsorship.

This approach to addressing harmful drinking patterns has been increasingly questioned over recent years through the recognition that while the majority of drinkers do so responsibly, there are specific groups that engage in harmful behaviour and therefore targeted policy measures specific to those groups are a more effective tool for addressing this behaviour.

There are a number of fundamental flaws associated with population-wide control measures for addressing harmful drinking. Such measures are broad and non-specific and as a result they:

- Cannot differentiate between those who drink responsibly and those who abuse alcohol;
- Are insensitive to variations and cultural difference in the role of alcohol in

- society;
- Require legislation and structural change for their implementation;
- Rely on enforcement to be effective;
- Are not tailored to the reality of drinking;
- Are not tailored to the underlying causes of at-risk drinking
- Are inflexible to change and shifting societal needs; and
- Penalise the vast majority of Australians who consume wine responsibly.

In contrast, the aim of targeted interventions is to reduce misuse and the harms that flow from that, not to necessarily reduce overall consumption of alcohol. Targeted interventions seek to reduce the potential for harm by specifically and selectively focusing on problematic drinking patterns amongst those individuals, settings and behaviours where risk of harm from drinking is increased. The benefits of targeted measures are that they:

- Specifically address harm where it occurs;
- Can be tailored to individual, demographic, and cultural differences;
- Do not require structural change or legislation for implementation;
- Make best use of resources that are available;
- Avoid most unintended outcomes by virtue of their specificity; and
- Are flexible and responsive to the immediacy of community needs.

One example that is gaining acceptance as an effective and cost-efficient targeted intervention is 'brief interventions' by health/medical professionals. Brief interventions, that is, screening and interviewing of patients by primary health care providers, has been shown to be effective in Australia and internationally, both in terms of cost and in decreasing risky alcohol consumption, including in 'at risk' groups.¹

School-based preventative intervention programs with secondary students have also been studied and shown to be effective in Australia and internationally in terms of reducing the frequency of alcohol use and quantity of alcohol use by adolescents². Programs targeting this age-group offer the potential to minimise alcohol misuse use by the next generation.

Given the benefits identified above, WFA supports the use of evidence-based, targeted measures as a more appropriate and effective tool for addressing harmful drinking. Artificially increasing the level of wine tax revenue will not impact the consumption behaviours of at-risk population groups and will only serve to penalise the local industry, regional communities and the vast majority of Australians who consume wine responsibly.

Given wine contains alcohol some level of regulation is important and expected. However the balance between supporting personal responsibility and working with industry to action responsible consumption measures, while being able to grow, employ and invest must be maintained. Getting this balance right is important to ensuring the winemaking industry can continue to make an economic contribution to the country and particularly to the nation's regions. (Please refer to Industry Snapshot, attached.)

In regards to future policy making on alcohol consumption, WFA advocates:

- No increases to the level of wine tax revenue and no reforms to wine tax arrangements that are driven by social policy objectives.

¹ Barnes et al. 2014, Ettner et al. 2014, Harris et al. 2014, Duru et al. 2015, Keuhorst et al. 2015

² McBride, 2004, 2007, McKay et al. 2011, Strom et al. 2014

- The use of targeted measures which reduce misuse among identified at-risk groups and known abusers and which address the harms that flow from those behaviours.

We thank Senators for their interest and would welcome dialogue on the issues raised.

Yours sincerely,



Paul Evans
Chief Executive Officer

Attachment:

Snapshot of the Australian Wine Industry

| Snapshot of the Australian Wine Industry | | | |
|--|-------------------------|---------|------------------------------|
| Wine Producers | | | |
| Wineries | | Value | % change over last 12 months |
| 2014 | number | 2,573 | -3.6% |
| # Decrease | number | 92 | |
| Wineries by Size of Crush (2013) | | | |
| < 500 tonnes | number | 2,244 | 0.04% |
| 500-4,999 tonnes | number | 177 | -2.3% |
| 5000-9,999 tonnes | number | 14 | -12.5% |
| >=10,000 | number | 28 | -9.7% |
| Unspecified | number | 110 | 0.9% |
| Direct Employment | | | |
| 2014-15 | number | 16 186 | 0.4% |
| Viticulture | | | |
| Winegrape Crush | | | |
| 2014 | '000 tonnes | 1 700 | -7.4% |
| Winegrape Price | | | |
| Australian average, all varieties (2014) | \$A | 441 | -11.6% |
| Environment | | | |
| Water Use (2012-13) | | | |
| Megalitres per hectare | ML | 2.52 | 21.7% |
| Beverage Wine Production | | | |
| 2014 | million litres | 1 202 | -2.4% |
| Sales & Trade | | | |
| Domestic Sales - Volume | | | |
| 2013 | million litres | 459 | 1.0% |
| Domestic Sales - Value (wholesale, using fob prices) | | | |
| 2012-13 | \$A million | 2 369 | -5.0% |
| Imports - Volume | | | |
| 2013 | million litres | 83 | -1.2% |
| Imports - Value | | | |
| 2013 | \$A million | 610 | 9.0% |
| Exports - Volume | | | |
| 2014 | million litres | 700 | 2.0% |
| Exports - Value | | | |
| 2014 | \$A million | 1 820 | 2.0% |
| Exports - Value per Litre | | | |
| 2014 | \$A/litre | \$2.60 | 0.0% |
| Wine as % of total value of crops export (fob) | | | |
| 2013-14 | % | 8% | |
| Wine Exports' Ranking on major agricultural, fisheries and forestry commodities exports | | | |
| 2012-13 | ranking | 6th | |
| Australian Wine's Contribution to Value of World Wine Trade (2012) | | | |
| Ranking | ranking | 4th | |
| % | % | 6% | |
| Tourism | | | |
| | | | % market share |
| International visitors to wineries (year ending Sep 2014) | no. of people | 696 602 | 11.0% |
| Domestic visitor overnight trips to wineries (year ending Sep 2014) | no. of trips in million | 3 | 4.0% |
| Estimated tourism revenue generated from international and domestic visits (year ending Sep 2014) | \$A billion | 8.20 | |
| Consumption | | | |
| Wine Consumption Per Capita | | | |
| 2012-13 | litres | 29.11 | -2.30% |
| Taxation | | | |
| Net Wine Equalisation Tax 2013-14 | \$A million | 766 | 3.0% |
| <small>Sources: ABARES Commodity Statistics, Australian & New Zealand Wine Industry Directory, IBISWorld Industry Report, Tourism Australia, Entwine Member Database, ABS Domestic Sales and Import Statistics and Wine Australia Export Approval Database via Winefacts Statistics; ABS Catalogue No: 1329.0 Australian Wine and Grape Industry, ABS Catalogue No: 8504.0 Shipments of Wine and Brandy in Australia by Australian Winemakers and Importers, , ABS Catalogue No: 4307.0.55.001 Apparent Consumption of Alcohol ,Wine Australia and Treasury (Budget and Mid-year Economic and Fiscal Outlook), Aztec Report, Australian Taxation Office, Taxation Statistics; WFA analysis</small> | | | |