

# DIAGEO

AUSTRALIA

DIAGEO AUSTRALIA'S SUBMISSION TO:  
THE DRAFT DETERMINATION OF THE ACCC DATED 14 AUGUST  
2014

IN RESPECT OF  
OLGR'S APPLICATION FOR REVOCATION AND SUBSTITUTION  
OF AUTHORISATIONS A91224 AND A91225

3 September 2014

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## SECTION 1

### EXECUTIVE SUMMARY

Diageo Australia welcomes the opportunity to provide a written submission to the ACCC in respect of its draft determination (“**Draft Determination**”) proposing to grant conditional re-authorisation of a proposed Queensland pro-forma liquor accord agreement (“**PLAA**”), which restricts price and supply terms, for 5 years.

As a global premium drinks company, Diageo promotes the positive benefits associated with responsible drinking and wishes to work with a range of stakeholders to eliminate the negative impacts of alcohol misuse.

- Diageo recognises that alcohol related issues have escalated in some precincts. We believe that it is unacceptable that the actions of a very small minority of drinkers are creating problems for some local communities. Accordingly we support effective action by local communities, to find relevant local solutions to local issues.
- Diageo fully supports most of the PLAA as reasonable suggestions for members to agree to adopt in their own local liquor accords should they see fit. However, Diageo considers the new price and supply restrictions proposed in the PLAA to be wholly unnecessary and they should be removed.
- We believe that focussing on one type of beverage alcohol (as per the Townsville liquor accord) as the source of local problems is ineffective and not justifiable. Spirit or spirit based products which comply with all legal requirements and which are marketed and served responsibly, pose no greater risk than any other alcohol product.
- We believe that the solution to alcohol related issues lies not just with liquor accords but in a more comprehensive approach which looks at the wider issues of standards of responsible service of alcohol in venues, the accountability of drinkers for their behaviour, effective police enforcement of existing licensing laws and regulations and education about responsible consumption. Diageo calls on venues and community members to re-focus efforts and resources on more effective solutions. These include better application of responsible service of alcohol (RSA) in venues, and stronger enforcement of existing penalties for both licensees and drinkers who breach the law.
- While all accords share similarities, one size or shape does not fit all. A unique approach is needed for each entertainment area and key issues are different depending on the mix of membership

As a member of the Distilled Spirits Industry Council of Australia (**DSICA**), Diageo Australia fully aligns itself with the submission made separately by DSICA on the Draft Determination.

## SECTION 2

### PROPOSED PLAA

#### 2.1 THE PROPOSED PRICE RESTRICTIONS

##### SUMMARY

Diageo rejects the express inclusion of “agreed minimum pricing” in the definition of “Extreme Discounts” of the PLAA as it is wholly unnecessary. There have been no price and supply controls adopted by Queensland liquor accords over the last 4 years, save for the Townsville liquor accord (“**TLA**”) and the Whitsunday Liquor Accord (which subsequently dropped the price controls as they were considered to be ineffective to address the harms for which they had been adopted).

##### REASONING

###### Background

Liquor accords are permitted in Queensland under the Liquor Act 1992, but they are not exempted by legislation from the competition provisions of the Competition and Consumer Act 2010 (“**CCA**”). As a result of this, liquor accords which include price and/or supply restrictions risk contravening the CCA and, to obtain protection against legal action for such conduct, ACCC authorisation is required to “authorise” anti-competitive conduct.

###### Queensland liquor accords

There are over 100 liquor accords in Queensland many of which, according to paragraph 22 of the Draft Determination, use the existing PLAA. However Diageo understands that since the adoption of the existing PLAA in October 2010 only two liquor accords, the Townsville liquor accord (“**TLA**”) and the Whitsunday liquor accord, implemented price and supply controls, raising the requirement for ACCC authorisation. The Whitsunday accord decided not to continue with the price controls in May 2012, after a 6 month trial, and therefore it is only the TLA (which commenced in July 2012) which continues to operate.

Diageo recognises there are likely to be common liquor-related issues faced by a number of localities, which are well placed to be contained in a PLAA and adopted by local liquor accords, but Diageo notes that the price and supply restrictions set out in the existing PLAA have only been adopted and continued by one liquor accord, the TLA (from July 2012 to present).

Diageo is of the view that the setting of minimum pricing in the TLA was (amongst other things) technically an extension of the permissions in relation to price restrictions in the existing PLAA, but Diageo acknowledges that the ACCC granted authorisation to the TLA because it was convinced that the benefit to the public from the anti-competitive conduct outweighed any public detriment. Therefore Diageo considers that this was a one-off situation, specific to the Townsville circumstances and based on a wide (but ACCC authorised) interpretation of the existing PLAA price restrictions and should not be expressly set out in the PLAA.

Diageo rejects the express inclusion of “agreed minimum pricing” in the definition of “Extreme Discounts” of the PLAA on the basis that it is wholly unnecessary, as:

1. paragraph 28 of the Draft Determination notes that originally 25 out of 27 licensed venues in Townsville were members of the original liquor accord, but “the ACCC understands that membership by licensed venues has reduced since the accord first commenced”. Diageo therefore queries why the PLAA is attempting to include further price and supply restrictions when

the only liquor accord to adopt them since October 2010 has also since reduced in membership (number unknown to Diageo);

2. the ACCC at paragraph 115 of the Draft Determination states “Given the majority of liquor accord bodies have previously decided that price or supply controls were not necessary for their local area, the ACCC anticipates that few liquor accord bodies in the future will need to seek registration of their accords”; and
3. since October 2010 only the TLA believed (and ACCC authorised) that the setting of minimum pricing for spirits at specific times and date were both (a) encompassed by the existing PLAA and (b) a requisite action in the specific locality to combat intoxication and violence.

Due to the lack of liquor accords in Queensland adopting the price and/or supply restrictions in the existing PLAA there is no evidential requirement to expressly include “agreed minimum pricing” in the proposed PLAA.

Furthermore Diageo considers that to expressly include the “agreed minimum pricing” in the proposed PLAA and to circulate it to over 100 current liquor accords in Queensland, creates the potential for other liquor accords (regardless of the OLGR proposed controls) to:

(a) be encouraged to adopt this in their liquor accords without the necessity to consider local issues of harm minimisation - as condition C3A states for the liquor accord to be registered a copy of the executed or proposed liquor accord must be presented to OLGR and the “price or supply conditions of which must be in the same express terms as the 2014 pro-forma liquor accord, or in narrower terms”; and

(b) adopt the “agreed minimum pricing” in their liquor accords with the aim of reducing competition between them irrespective of any requirement to address alcohol related harms in the particular local area. (In any event there is no evidence that price restrictions necessarily lead to less alcohol related harms).

This should not be a “standard” option in a PLAA encouraged to be adopted as a default but rather, if necessary at all, only included by an express application by a liquor accord in relation to a specific local harm (as was the case for Townsville) for ACCC and OLGR to consider when reviewing each individual application.

Diageo fully supports the proposal set out in Condition C2 whereby the TLA will expire within 2 months and require re-submission for authorisation (subject to Diageo’s submission that the “agreed minimum pricing” should be removed from the express scope of the PLAA). However, if the TLA is granted authorisation on the same terms, (again subject to the “agreed minimum pricing” being removed from the PLAA) Diageo partially supports the proposal for OLGR to have the power to decide whether the price and/or supply controls in the TLA (and any other liquor accord adopting such price and/or supply controls) are:

- (a) appropriate for reducing an identified harm; and
- (b) proportionate to the harm sought to be addressed

throughout the term of the authorised liquor accord and, if not, that OLGR will have the power to revoke it. However, we would like to see some more detail around what OLGR considers to be appropriate and proportionate in this context, with some objective tests applied.

Diageo submits that the TLA and its specific price and supply restrictions, if approved to continue in its current form, can be appropriately reviewed and assessed by OLGR using its proposed new powers (as set out in the proposed Conditions) and there is no requirement for “agreed minimum pricing” to be expressly included in the PLAA.

## 2.2 THE PROPOSED SUPPLY RESTRICTIONS

### SUMMARY

Diageo rejects the express inclusion of “alcoholic drinks commonly known as shots or shooters” in the definition of “Drinks that by their method of consumption encourage irresponsible drinking habits and are likely to result in rapid intoxication” of the PLAA as this proposal:

- (a) affects only spirits and liqueur products and not other categories of alcohol such as wine, beer or cider
- (b) depending on the definition of “shots”, does not necessarily impact only products that are designed to be consumed rapidly, but potentially also other forms of spirits such as neat malt whisky serves and cream liqueurs (Diageo believes that adult consumers who choose to drink responsibly should have fair and equal access to their preferred spirit beverage); and
- (c) singles out spirits unfairly - a standard drink of spirit is the same as a standard drink of any other product. This is known as “alcohol equivalence” and the Australian (NHMRC) guidelines are based on this measure.

### REASONING

#### Background

The TLA includes a ban on shots or shooters after 2am, despite this not being expressly contained in the existing PLAA.

The proposed PLAA now proposes to expressly include “alcoholic drinks commonly known as shots or shooters” in the definition of “Drinks that by their method of consumption encourage irresponsible drinking habits and are likely to result in rapid intoxication” alongside the previous non-standard glasses (test tubes and water pistols), skolling games and laybacks.

Diageo believes that shots may be served and enjoyed responsibly and consistently with Responsible Service of Alcohol (RSA) principles. Diageo takes particular care in how its shot serves are marketed and promoted, to not encourage multiple or excessive consumption by individuals.

#### **There is no evidence to support restrictions on spirits serves.**

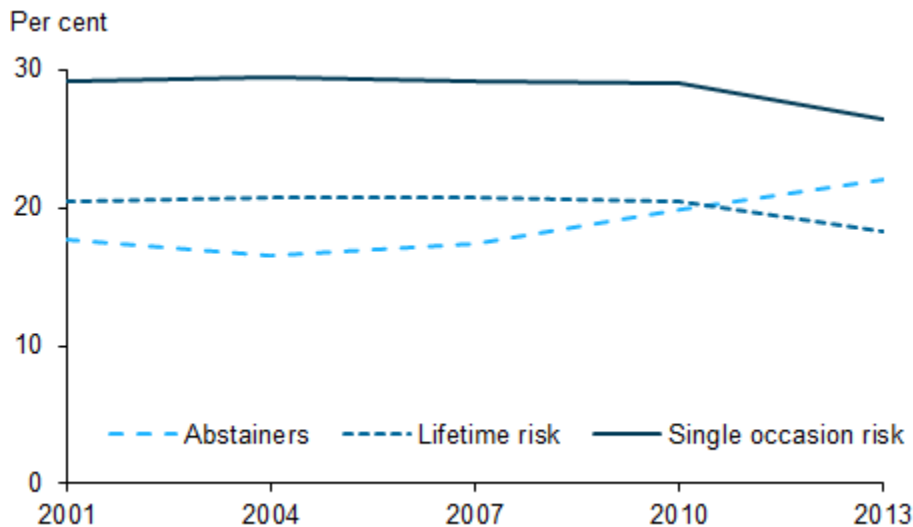
As a producer of some of the world’s leading spirits brands, we have not seen any evidence that shows spirits can be disproportionately linked to excessive consumption or intoxication compared to any other alcohol category, or that restrictions of only certain alcohol product types or categories reduces harmful alcohol consumption patterns or behaviour. The proportion of Australians who misuse alcohol are influenced by a range of factors and are likely to misuse all types of alcohol product rather than limit themselves to one specific type.

The *Newcastle model* which applied a suite of restrictions to venues provides no specific evidence that spirits constraints on their own are effective in reducing specific harms. Indeed, the National Drug Strategy Household Survey 2013 shows that risky drinking has significantly declined between 2001 and 2013.

- Compared to 2010, fewer people in Australia drank alcohol in quantities that exceeded the lifetime risk and single occasion risk guidelines in 2013.
- In 2013, 18.2% of people aged 14 or older exceeded the lifetime risk guidelines. This is a significant decline from 2010 when 20% drank at these levels.

- The proportion of those who exceeded the single occasion risk guidelines at least once a month also declined significantly from 29% in 2010 to 26% in 2013.

**Figure 1: People aged 14 years or older, drinking alcohol riskily or abstaining, 2001–2013 (per cent)**



- Males were twice as likely as females to exceed the lifetime risk guidelines (26% and 10%, respectively) and men in their 40s and late 20s were most likely to drink at risky levels (32%), while for women it was young adults aged 18–24 (14.6%).
- People aged 18–39 were less likely to drink alcohol in risky quantities in 2013 compared to 2001.
- Although 1 in 6 (15.6%) people in Australia had consumed 11 or more standard drinks on a single drinking occasion in the past 12 months, this was significantly lower than in 2010 (16.8%).<sup>1</sup>

Data also shows that riskier drinkers are choosing products other than spirits as their main drink of choice – with beer being the drink of choice for riskier male drinkers and wine being the beverage of choice for riskier female drinkers.<sup>2</sup> While we are committed to supporting effective policy solutions that target problem drinking and problem drinkers, we remain opposed to any express restrictions on spirits.

There is no specific evidence to support the view that spirits are more harmful than other products. Singling out one product category as the problem fails to address issues amongst the minority who choose to drink to excess. It only penalises the responsible spirits drinker who should be able to choose a neat serve of spirit such as Johnnie Walker® Scotch Whisky if they wish.

It is not clear what the definition of “shots” is in the proposed PLAA. If this would include neat serves of spirits or liqueurs, or indeed such drinks “on ice” which are not promoted for rapid consumption, then Diageo would object to the inclusion of this restriction in the PLAA. Currently the TLA is the only authorised liquor accord implementing the “no shots” supply restriction without the express permission in the existing PLAA and, in the event the TLA is justified in continuing in this manner (following its re-submission for approval based on its specific circumstances), there is accordingly no requirement for this

<sup>1</sup> <http://www.aihw.gov.au/alcohol-and-other-drugs/ndshs/2013/alcohol/>

<sup>2</sup> Beverage consumption patterns and risk category, 2013, Gray, E. Australian Demographic and Social Research Institute

to be extended to the proposed PLAA for the same reasons Diageo submitted that the “agreed minimum pricing” should not be expressly set out in the PLAA.

Diageo encourages responsible decision making regarding drinking or not drinking by adults, and discourages abusive consumption of its products. Nevertheless it is the obligation of each consumer who chooses to drink to enjoy alcohol products responsibly.

## **2.3 PROPOSED FIVE YEAR TERM**

### **SUMMARY**

The authorisation should be for no more than 3 years (regardless of whether the new price and supply controls are included in it)

### **REASONING**

The new authorisation (regardless of whether the new price and supply restrictions remain) should not be for the proposed period of 5 years.

The alcoholic beverage market is constantly changing and evolving and, although the PLAA is voluntary, it should not be fixed for such a long period to avoid becoming out of date and not adequately addressing current issues which many of the local liquor accords are facing. This may lead to the PLAA not being adopted by many of the local liquor accords in Queensland if it is not appropriate for addressing local harms.

If the proposed PLAA is adopted in its current form (which Diageo opposes) then, due to the nature of the new price and supply restrictions noted above, it should only be approved for a maximum of 3 years. Condition C7 sets out that OLGR must report annually to ACCC on a number of items including the number of authorisations given, so it would be prudent to allow the PLAA to be re-assessed after 3 annual reports have been submitted. It may be that no liquor accords have required authorisation and registration, in which case the effectiveness of including the new price and supply controls in the PLAA can be reviewed.

## SECTION 3

### THE TOWNSVILLE LIQUOR ACCORD

#### SUMMARY

Diageo disagrees with the minimum pricing and supply restrictions on shots and shooters (if this restriction would include neat serves of spirits or liqueurs, or indeed such drinks “on ice” which are not promoted for rapid consumption) in the proposed PLAA and accordingly the inclusion of them in the TLA. However, if the TLA is to be re-authorised, including the price and supply restrictions should OLGR see this appropriate, Diageo submits these:

1. should not be restricted to the spirits category only; and
2. should not reflect a minimum price at all times as this is not proportionate, or appropriate to a specific harm.

#### REASONING

Diageo acknowledges that the TLA (including its restrictions on pricing and supply) has been operational since July 2012 but, in addition to its submissions in section 3, wishes to make further points in relation to the specific circumstances of the TLA.

It is clear to Diageo that Townsville (as a one off in the State of Queensland) considered the minimum pricing for spirits and the supply restriction on shots and shooters to be justifiable and necessary to address specific local harms and the ACCC, approving this, had the same view.

Diageo’s submissions respond to various comments in the Draft Determination and the TLA itself as follows:

#### **The reduction [in anti social behaviour] can be directly attributable to the introduction of pricing controls**

The TLA Body “general consensus of accord members is that the reduction [in anti social behaviour in and around their licensed premises] can be directly attributable to the introduction of pricing controls in relation to spirit based drinks” and ACCC at paragraph 56 of the Draft Determination submitted that without the “price and supply controls contained in the PLAA and the use of those provisions by liquor accords in Queensland, liquor accord bodies will have fewer measures available when deciding which terms to adopt to most effectively target problematic behaviour..”

Diageo submits that:

1. **The TLA contains other measures.** The TLA contains a number of other measures, which have been in place since July 2012, and it cannot therefore be shown that the minimum pricing on spirits was the sole factor for reduction in anti-social behaviour in and around their licensed premises.
2. **There are other effective measures.** There are other effective measures being taken to reduce alcohol and drug related violence in Queensland. Funding was announced by the Newman Government in Queensland to assist with the provision of new safety measures in the night-time Safe Night Precincts – public toilets, public safety barriers, counsellors, CCTVs in public areas. These measures, together with increased police enforcement powers, represent rational, targeted measures directed to the issue of alcohol related violence with the aim of bringing increased accountability to the minority who do not obey the law. We believe these measures will bring improved safety and amenity to the local areas without diminishing the night time economy in the precincts affected. The purpose of the these measures is not to penalise the majority, but to

“make troublemakers accountable for their actions, while still ensuring those who do the right thing can go out and have a good time in a safe environment,”<sup>3</sup>.

Diageo also notes that alongside this, venues have a responsibility to ensure their staff comply with responsible service of alcohol.

3. **The problem may be shifted.** The PLAA is voluntary, so those venues who are members of the TLA imposing the price restrictions may find that the problem is merely shifted from their venues. To draw a comparison to NSW, anecdotal evidence suggests that patrons are moving away from the Sydney CBD Precinct area in which similar restrictions have been implemented and choosing to seek entertainment in other areas on the city fringes that aren't affected by the restrictions.<sup>4</sup> Diageo rejects that this is an argument for extending the Sydney CBD Precinct restrictions outside the CBD Precinct, but rather cites that this is evidence to show that consumers are seeking entertainment outside the CBD Precinct where the restrictions aren't in place. This shows a potential shift of the issues from one local community area to another rather than addressing them with actions targeted at the reckless minority.
4. **There is no evidence that restriction of products will reduce violence.** Minimising risks or reducing harm through excessive consumption is best delivered through responsible service of alcohol and targeting of problem drinkers, not through restrictions on supply or price of one product over another.

Diageo believes that the solution to reduce alcohol related harm lies in a more comprehensive approach which looks at the wider issues of standards of responsible service of alcohol in venues, the accountability of drinkers for their own behaviour, effective police enforcement of existing licensing laws and regulations and education about responsible consumption, rather than the restrictions on availability.

### **The minimum pricing being applicable to spirits only**

The TLA sets out minimum pricing for spirits from 8pm on Tuesdays, from 5pm the day prior to a public holiday and for all other times.

Diageo submits that:

1. **Consumers will switch from spirits to other products rather than reduce their consumption.**

If OLGR sees it appropriate to re-authorise the TLA (on its current terms) then Diageo submits that such agreed minimum pricing should apply also to other categories including wine, beer and cider, as one standard drink of spirit is the same as one standard drink of any other alcohol. Paragraph 91 of the Draft Determination makes reference to the fact at the time of agreeing to minimum pricing for spirits, the TLA Body said the focus for heavy discounts were on spirits, but that strategies would be discussed for other types of drinks if required. After 2 years of the TLA restricting the price of spirits in this manner it would be interesting to see whether (a) customers have declined in attendance perhaps favouring venues which are not members of the TLA or (b) moved into drinking from other categories. Singling out one product category as a problem (such as the TLA does in respect of spirits) fails to reduce or slow down consumption amongst the minority of the population who choose to drink to excess.

The failed 2008 'alcopops' tax on RTD spirits products showed that regulating one product type leads to substitution into other unrestricted types of drinks. The Australian Bureau of Statistics data released in January 2011 confirmed that the dramatic decrease in consumption of RTDs

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3 Premier The Honourable Campbell Newman, Media Release Tuesday, June 03, 2014; 'Safe Night Out Strategy' supported in State Budget

4 Daily Telegraph, Sydney; 18 Aug 2014, "Rival Kingdom – Late night revellers cross town to party in Newtown" by Naomi White Ben McClellan, Matt Bamford

seen in the 2008-09 financial year, following the tax increase, has been more than offset by an increase in consumption of spirits, beer, wine and cider products during that same period<sup>5</sup>. This highlights that any restriction on one product category will fail to achieve the desired outcomes of reducing harmful consumption.

Minimising risks or reducing harm through excessive consumption is best delivered through responsible service of alcohol and targeting of problem drinkers, not penalising the majority of consumers who behave responsibly.

All the evidence shows that no single product type or category is preferred by those who choose to misuse alcohol. It's not what people drink but how they drink that's relevant. Restricting responsibly produced, legal products removes the focus from more effective measures such as Responsible Service of Alcohol. It also penalises the majority of the population who drink responsibly and would like to choose the form of alcohol they drink at a particular time.

We support an effective policing framework and responsible service of alcohol that focuses on stopping harmful drinking behaviours rather than any drinking behaviours, and provides appropriate and enforceable penalties for individuals who breach the law. These include RSA, appropriate security measures, visible policing and enforcement, and transport and lighting.

2. **The times in the TLA were not appropriate for reducing an identified harm.** The TLA Body submitted that these were introduced due to "Cheap Tuesday" and the spreading of this practice (of standard nips being as low as 80cents) to Friday and Saturday nights. Therefore Diageo sees no basis for the spirit minimum pricing to be applicable at all times in those venues who are members of the TLA. Again, this penalises the majority of the population who drink responsibly.
3. **Dangers to competition.** Such agreements can result in higher pricing for consumers, limit consumer choice and also affect profits of those venues who do/do not participate. Not every venue in Townsville is a signatory to the TLA. Therefore such agreements as to minimum pricing may increase profits of participating venues (if consumers purchase the same number of drinks as they ordinarily would have prior to the TLA) or alternatively turn the consumers to non-member venues for cheaper prices. As the spirit pricing is currently at different agreed minimums at all times of the week, this means responsible drinkers are (every single day) paying for the cost of the behaviour of a minority. There is also a risk that venues may participate in the TLA with the aim of reducing competition as opposed to addressing a specific harm.
4. **Pre loading.** Drinking in venues is not the sole contributor to intoxication and this emphasises Diageo's position on there being other effective measures being available including education of consumers. Recently, commencing in August 2014, front line Queensland police and Griffith University have partnered with the help of federal funding from the National Drug Strategy Funding Committee to survey and breath test people as they start their night out in the Brisbane CBD. "Senior Sergeant Corey Allen said so-called "pre-loading" was part of a worrying trend that led to violence and medical problems later in the night. He said pubs and clubs copped the brunt of the blame for the state's binge-drinking culture, but there needed to be a stronger focus on personal accountability."<sup>6</sup>

Diageo supports ACCC's decision in Condition C2 requiring the TLA to be re-registered with OLGR (should the TLA wish to continue with such price and/or supply restrictions) within 2 months of the commencement date of the proposed PLAA the subject of the Draft Determination and welcomes the role of OLGR in assessing each liquor accord which seeks to implement price and/or supply restrictions, to ensure it addresses a specific harm appropriately and is proportionate. Therefore Diageo submits that

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<sup>5</sup> Australia Bureau of Statistics- *Apparent Consumption of Alcohol Australia* (2011)

<sup>6</sup> <https://au.news.yahoo.com/a/24813946/drinking-habits-study-partygoers-quizzed-breathalysed-as-part-of-pre-loading-research/>

OLGR considers the reasons in this submission against the singling out of spirits for the minimum pricing and the fact that the times are applicable on a permanent basis is disproportionate to the harm caused.

## DIAGEO: OUR BUSINESS, RESPONSIBILITY AND ALCOHOL IN OUR COMMUNITY

### Diageo: Our business

Diageo is the world's leading premium drinks company with market-leading brands such as Johnnie Walker® Scotch whisky, Smirnoff® vodka, Gordon's® gin, Baileys® Irish cream liqueur and the iconic Queensland brand, Bundaberg® Rum. We operate in 180 markets around the world.

In Australia, Diageo is the third largest alcohol beverage supplier and largest supplier of spirits products – both full strength bottled spirits and ready-to-drink (RTD). Diageo operates from three sites in Sydney. Our national head office is located in North Sydney, and we have a manufacturing plant in Huntingwood and a distribution centre in Erskine Park.

### Diageo and Responsibility

Responsible drinking is at the heart of our business interests. Our reputation as a business and the reputation of our brands are damaged when alcohol products are misused. We do not want to be targeted as a cause of alcohol misuse or negative societal issues. Governments, regulators and the community rightly act to curtail alcohol misuse where it occurs.

However, inappropriate and ineffective legislation and regulatory actions cause disproportionate damage to our industry, unfairly penalise the majority of responsible drinkers and fail to tackle the specific problems.

On this basis, we support a **targeted, evidence-based** and **proportional** approach to alcohol policy, delivered in **partnership** with **all stakeholders**.

- ✓ **Targeted interventions or measures** that address problem drinking behaviours or social harms
- ✓ **Evidence** on drinking patterns and their outcomes, as a sound scientific basis for policy development
- ✓ **Proportional measures** that recognise the place of moderate consumption in Australian society and fit with the expectations of the responsible majority who have the right to access and consume alcohol without further regulation or restrictions
- ✓ **Partnerships** that allow for public and private sectors, and the community, to contribute towards a common goal of a safe and responsible drinking culture

We believe our own contribution to addressing the issues, including those outlined in the terms of reference, is in the following:

1. **Products and practices:** Setting world-class standards for our industry in responsible marketing and providing consumers with information about alcohol.
2. **Programmes:** Working either directly or in partnership with others to run programmes that raise awareness of alcohol misuse and seek to change negative attitudes and behaviour.
3. **Policy and partnerships:** Promote and contribute to evidence-based public policy on alcohol.

In Australia, Diageo has a strong track record of performance in all these areas. We actively engage in policy processes; deliver responsible product innovation and marketing across our spirits portfolio; and run initiatives such as our effective social marketing campaign “*Don't see a great night wasted*” aimed at 18-25 years socialising in and around Sydney licensed premises and our Diageo Bar Academy which has trained more than 10,000 bar staff this calendar year including Responsible Service of Alcohol elements.

## Alcohol in our community

Diageo acknowledges that there is considerable debate surrounding the harmful use of alcohol in Australia. For the minority who consume alcohol at harmful levels, this behaviour can lead to negative health and social consequences, in the short and long term. While some claim that 'binge drinking' has reached epidemic levels, the fact is that Australians are drinking less than ever before and the majority of Australians drink in a moderate way.

**Table 9: Alcohol drinking status, people aged 14 years or older, 1991 to 2013 (per cent)**

Alcohol Status	1991	1993	1995	1998	2001	2004	2007	2010	2013
Daily	10.2	8.5	8.8	8.5	8.3	8.9	8.1	7.2	6.5#
Weekly	41.0	39.9	35.2	40.1	39.5	41.2	41.2	39.5	37.3#
Less than weekly	30.4	29.5	34.3	31.9	34.6	33.5	33.5	33.8	34.5
Ex-drinker <sup>(a)</sup>	12.0	9.0	9.5	10.0	8.0	7.1	7.0	7.4	8.0#
Never a full serve of alcohol	6.5	13.0	12.2	9.4	9.6	9.3	10.1	12.1	13.8#

# Statistically significant change between 2010 and 2013.

(a) Consumed at least a full serve of alcohol, but not in the previous 12 months.

Source: 2013 National Drug Strategy Household Survey (NDSHS) Data and References; <http://www.aihw.gov.au/alcohol-and-other-drugs/ndshs/2013/data-and-references/>

As reported in the 2013 NDHDS Survey:

- ✓ Daily drinking declined significantly between 2010 and 2013 (from 7.2% to 6.5%) and was at the lowest level seen since 1991. Rates fell for both males and females.
- ✓ Between 2010 and 2013, there was a significant increase in the proportion of people who had never consumed a full serve of alcohol (from 12.1% to 13.8%).
- ✓ Fewer people aged 12–17 are drinking alcohol and the proportion abstaining from alcohol increased significantly between 2010 and 2013 (from 64% to 72%).
- ✓ Younger people are continuing to delay starting drinking—the age at which 14–24-year-olds first tried alcohol has increased since 1998 from 14.4 to 15.7 years in 2013.
- ✓ Compared to 2010, fewer people in Australia drank alcohol in quantities that exceeded the lifetime risk and single occasion risk guidelines in 2013.
- ✓ In 2013, 18.2% of people aged 14 or older exceeded the lifetime risk guidelines. This is a significant decline from 2010 when 20% drank at these levels.
- ✓ The proportion of those who exceeded the single occasion risk guidelines at least once a month also declined significantly from 29% in 2010 to 26% in 2013.

Roy Morgan research shows that the proportion of Australians aged 18-24 years who drink any alcohol in an average four weeks has progressively decreased each year for the last five years<sup>7</sup>

<sup>7</sup> 2012 findings from independent research in Roy Morgan Research's report on Alcohol Consumption, for the five year period from July 2007 — June 2012

## **Summary of Diageo's approach**

We want to be a leader working within a responsible industry, which consumers, Governments and the public can trust to behave with integrity and act in the public good. So we will continue to show real and public leadership of our industry to promote responsible drinking, and be a valuable and valued partner with our stakeholders in changing our drinking culture for the better.

When we discuss the roles that we believe various stakeholders should undertake in tackling alcohol misuse, we mean the influence that they can and should bring to bear to tackle misuse and promote responsible drinking rather than a strict sense of legal liability. We are not seeking to pin the blame for the problems on any particular stakeholder or group of stakeholders. Rather, our goal is to determine which stakeholder or group of stakeholders can most effectively address aspects of the problem in the fulfilment of its social responsibilities. There is a significant overlap between the responsibilities of producers, retailers and the Government.

That is why Diageo believes that an active and co-operative partnership between these groups is an integral and critical element of alcohol policy and delivery.