

WOOLWORTHS LIMITED

Woolworths Limited

Preventing Alcohol-Related Harm in Australia: A
window of opportunity

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1 Executive summary

Woolworths Liquor Group is one of Australia's leading retailers of alcoholic beverages. The group operates 1,105 packaged liquor licences in all Australian states and territories under the BWS, Woolworths/Safeway Liquor, and Dan Murphy brands. Some of these outlets are owned by Australian Leisure and Hospitality (ALH Group), a joint venture company that is 75% owned by Woolworths Limited. ALH also operates 260 hotels across Australia.

The packaged liquor industry in Australia is a vibrant \$13 billion industry. Across Australia, local liquor stores play a positive role in the economic and social life of many communities, through employment of local people.

Woolworths Liquor Group fully acknowledges that the sale of alcoholic beverage products brings with it considerable responsibilities. Many of these responsibilities are reinforced by legislation which seeks to protect individuals and society from the harm caused by excessive alcohol consumption. As a responsible retailer we go beyond regulatory compliance and abide by a strict company charter that governs all aspects of our liquor operations. The charter includes nine principles that aim to avoid the sale of any product that appeals to minors, encourages inappropriate drinking practices or makes inappropriate associations. These practices send a strong message to the community and manufacturers that products targeting minors and/or encouraging illicit drinking will not be ranged in our stores.

While we believe that alcohol consumption is ultimately an issue of individual responsibility, as a responsible retailer our aim is to operate our liquor business beyond the required standards of legal compliance to a position of industry leadership, and to ensure that our business adds value to communities that we serve rather than contributing to harm.

Woolworths has always been a willing and conscientious participant in efforts by state and territory police, local councils and community groups to tackle problem drinking. We have voluntarily introduced a range of measures (above the license requirements) to assist local communities to better manage alcohol related issues.

However, we believe that it is important to note that the majority of Australians drink responsibly, and that any measures to reduce alcohol-related harm in the community should be targeted at retailers that are not compliant with the law. For example, Woolworths supports the introduction of a merit/demerit system for licensees to reward responsible service initiatives and to punish poor behavior. The introduction of differential license fees to penalize those operators with a poor record for responsible service is another possibility to reduce alcohol-related harm in offending venues.

Further, research suggests that Australia's policies with regard to the control and sale of alcohol in Australia compare favourably to other countries. While Woolworths supports the efforts to reduce alcohol-related harm, we believe that there is an opportunity to increase the effectiveness of the existing policies through greater enforcement, and the removal of inconsistencies between state legislation regulating the sale of alcohol.

2 Trends in alcohol consumption

Alcohol has long been part of the Australian lifestyle and is consumed responsibly by the majority of Australians. Nine out of every ten Australians have tried alcohol at some point in their lives and 82.9% have consumed alcohol in the last twelve months.

Between 2004 and 2007 it should be noted that the proportion of the Australian population drinking daily fell significantly, and the average age at which people had their first full serve of alcohol (17 years) remained stable. Significantly, consumption for younger Australians also fell during this period. The proportion of Australians aged 14+ who have never had a full serve of alcohol grew from 9.3% in 2004 to 10.1% in 2007. The proportion of teenagers drinking at least weekly fell from 24.4% in 2004 to 21% in 2007. During this period, the proportion of teenagers aged 14-19 consuming alcohol at levels considered risky or high risk for long term harm fell from 10% to 8.8% **(1)**. Taken together these statistics indicate that the current legislative controls on alcohol are beginning to have some positive impacts on harmful drinking patterns.

Despite these positive trends, Woolworths recognises that there are still a number of Australians who misuse or abuse alcohol. Further, Woolworths recognises that the misuse or abuse of alcohol is associated with a number of harmful effects including road accidents, violence and anti-social behaviours, which can all result in death or serious injury. We take our responsibilities as Australia's largest retailer of alcoholic beverages seriously, and have a code of practice, beyond the required standards of legal compliance, to ensure our business adds value to the communities we serve rather than contributing to alcohol-related harm.

3 Best practice in prevention of alcohol-related harm

3.1 Regulating the physical availability of alcohol

A recent survey of alcohol control policies in 30 developed countries, which ranked countries on the parameters of physical availability, drinking context, alcohol prices, alcohol advertising and motor vehicles, placed Australia's alcohol policy regime within 5 percentage points of the world's best practice and more than 50% above the median score **(2)**. In terms of the controls on the physical availability of alcohol, Australia ranked 4th in the world. Other than the USA, the only countries that were ranked higher on controls of physical availability of alcohol were those where alcohol distribution is in the hands of a government monopoly.

The idea of licence saturation or an optimum number of licences within a particular area is a dangerously broad-brush and simplistic approach to what is a very complicated issue. There is little evidence to support the contention that increasing the density or concentration of packaged liquor outlets will inevitably lead to irresponsible sales of liquor or increased levels of alcohol related harm. In Victoria for example the number of packaged liquor licences increased from 819 in June 1988 to 1,851 in December 2007. If there was a direct relationship between the number of packaged liquor licences, consumption, crime and alcohol related harm there would have been a corresponding explosion in harm in Victoria during this period but this has not occurred.

The specific Australian research into this area is sparse and the research referenced in the NPHT report (Chikritzhs, Catalano, Pascal, and Henrickson 2007) makes specific reference to the lack of quality data on the volume of alcohol sales in specific outlets and areas, and the lack of differentiation between different types of licences.

While there has been a relaxation of restrictions around the granting of liquor licences in some Australian jurisdictions over the past two decades the major impact of this change from a practical point of view is that it is no longer possible for existing licensees to object to an application by a potential competitor. There are still significant hurdles in the way of applicants for liquor licences in the form of development consents, mandatory community notification and consultation processes, and mandatory social impact assessments that must be completed by applicants. Even in so-called “deregulated” markets such as Victoria, off-licences are regularly traded for six and seven figure sums, and the high prices placed upon liquor stores compared to comparable retail businesses is a reflection of the difficulty and cost involved in obtaining a licence.

3.2 Taxation and Pricing

Taxation on alcoholic beverages in Australia is collected by means of excise taxes on beer and spirits and wine equalisation tax on wine. In addition to this all alcoholic beverages are subject to a 10% GST.

Taxation revenue from alcoholic beverages increased from \$3.37 billion in 1998-99 to \$5.11 billion in 2004-5. The additional excise on RTDs imposed in April 2008 is expected to lift alcohol tax revenue by approximately an additional \$2 billion.

Australia’s reliance on excise and customs duty of 3.4 per cent of GDP is the third highest of the OECD-10 and around one percentage point higher than the OECD-10 average. **(3)**

In Australia, the rates of excise duty for alcohol (other than wine) are adjusted every August and February in line with half yearly CPI movements. Rates on beer, wine and spirits are indexed yearly in New Zealand and rates for excise duties are usually increased in the annual Budget in the United Kingdom. On the other hand, rates of excise duty seem to increase rarely in the United States (federal excise duties), Canada and Japan. **(3)**

A comparative study of alcohol specific taxation conducted by the World Health Organisation categorised the relative severity of alcohol taxes in the 60 responding countries by measuring tax as a percentage of retail price. According to the study taxes on all 3 major alcohol categories are higher in Australia than the average taxes in the 60 countries where data was collected. **(4)**

In the NPHT paper that this submission responds to, there is an acknowledgement that given the complexity of the relationship between alcohol price and consumption, increasing alcohol taxation does not necessarily lead to a linear reduction in the levels of alcohol-related harm. Further research is required to ensure that any proposed increase in taxation would actually reduce alcohol related harm, and not simply place an increased financial burden on citizens who engage in responsible drinking, particularly in the lower socio-economic income bracket.

3.3 Responsible Service of Alcohol

Woolworths fully acknowledges that the sale of alcoholic beverages brings with it considerable responsibilities, many of which are reinforced by legislation. We are proud

that as a responsible retailer we go beyond regulatory compliance and we abide by a strict charter that governs all aspects of our liquor operations. The charter includes nine principles that aim to avoid the sale of any products that appeal to minors, encourage inappropriate drinking practices or make inappropriate associations. These practices send a strong message to the community and manufacturers that products targeting minors and encouraging harmful drinking are not welcome in our stores.

Woolworths requires compulsory Responsible Services of Alcohol (RSA) training for all staff engaged in the service of liquor, even in those jurisdictions where it is not required by law.

Preventing the sale of alcohol to underage customers and to people supplying them is one of the challenges facing our 8,000 staff working in licensed premises. To help our staff make the right decisions we have implemented the ID 25 program. As part of this program staff are trained to ask for ID from anyone that looks under 25, to ensure liquor is not being sold to minors. Prominent in-store signage supports the program. The ID 25 program is further supported by the "Don't buy it for them" secondary service program.

3.4 Regulating promotion

Woolworths has always been a willing and conscientious participant in efforts by state and territory police, local councils and community groups to tackle problem drinking. We have voluntarily introduced a range of measures (above the license requirements) to assist local communities to better manage alcohol related issues.

These have included:

- developing ongoing point-of-sale information campaigns on responsible drinking. Examples include, explanations of standard drink icons, a campaign to encourage consumers to measure rather than free-pour spirits, and a campaign targeted at Schoolies areas;
- placing voluntary ranging restrictions on products that may contribute to alcohol related harm in particular areas, for example removing types of "long-neck" beer and wine casks in some Northern Territory stores;
- working with local police and licensing authorities to introduce voluntary restrictions on trading hours in areas that are prone to alcohol related harm; and
- abiding by the 9 principles in our charter, which ensure that products that we range:
 1. do not have the potential to appeal to minors,
 2. do not have an appearance that could potentially lead to confusion with confectionary or soft drinks,
 3. should not have an appearance which may cause confusion about its alcoholic nature or strength,
 4. should not draw any association with the drug culture,
 5. does not encourage illegal or immoderate consumption,
 6. does not suggest any association with dangerous or anti-social behaviour,
 7. does not suggest an association between consumption and success,
 8. should not feature offensive imagery or language, and
 9. should not suggest consumption will result in a physical or mental health benefit.

4 Policy imperatives

Woolworths is fully committed to reducing alcohol-related harm in Australia, but notes that Australia's current policy framework compares favourably to other countries.

We believe rigorous enforcement of the current legislation relating to under-age service, secondary service, and the service of intoxicated persons could go a long way to reducing alcohol related harm. Currently the enforcement effort is concentrated on issues such as signage and record keeping, which do not have the same direct impact on harm minimisation.

Woolworths notes that in the NHPT report there was an acknowledgement that the majority of alcohol-related incidents occur in a minority of high-risk licensed venues (Briscoe and Donnelly 2001). We believe that the concentration of enforcement resources on these outlets, as well as outlets with a poor record of responsible service would also greatly reduce alcohol-related harm.

The introduction of CCTV security systems in all packaged liquor premises may also help in alcohol related harm minimization.

Aside from greater enforcement of existing policies, there is also an opportunity for reducing alcohol related harm by the introduction of nationally consistent secondary service legislation relating to the supply of alcohol to minors. Addressing other inconsistencies in state liquor control legislation, particularly in the crucial areas of underage service, secondary supply and service of intoxicated persons, would also have a significant impact on harm minimization, without having an adverse economic impact on law-abiding citizens.

Woolworths also supports the introduction of a merit/demerit system for licensees to reward responsible service initiatives and to punish poor behavior. The introduction of differential license fees to penalize those operators with a poor record for responsible service is another possibility to reduce alcohol-related harm in offending venues.

5 Conclusion

Woolworths supports the efforts by the Australian Government to reduce alcohol-related harm in Australia. As the leading retailer of alcoholic beverages in Australia, we recognise the role we can play in preventing alcohol-related harm, especially through the responsible service of alcohol. We are proud of the steps we have already taken to work with communities and governments to prevent alcohol-related harm.

We believe that Australia's policy framework is adequate, and is already demonstrating signs of success. However, greater enforcement of these policies is needed to further reduce the incidence of alcohol-related harm, particularly among those high-risk elements among the population, such as those under 25. Furthermore, ensuring policy consistency between the States in regards to liquor legislation will also contribute to reducing the incidence of alcohol-related harm.

6 References

(1) Australian Institute of Health and Welfare National Drug Strategy Household Survey 2007

(2) Department of Medicine, New York Medical College, Comparative Analysis of Alcohol Control Policies in 30 Countries

Donald A Brand, Michaela Saisana, Lisa A Rynn, Fulvia Pennoni, and Albert B Lowenfels

(3) Australian Government Treasury – International comparison of Australia's taxes Warburton, Hendy 2006

<http://comparativetaxation.treasury.gov.au/content/default.asp?NavID=003>

(4) World Health Organisation Global Status report: Alcohol Policy, 2004.