

18 June 2015

The Hon Mr Bruce Billson
C/- General Manager
Small Business, Competition and Consumer Policy Division
The Treasury
Langton Crescent
PARKES ACT 2600

Dear Mr Billson

SUBMISSION TO THE COMPETITION POLICY REVIEW FINAL REPORT

Thank you for the opportunity to provide a submission to the *Competition Policy Review Final Report* (Final Report). I write to provide comment on the Final Report and to provide my support to the submission prepared by the Foundation for Alcohol Research and Education (FARE) to the Final Report.

Alcohol is not an ordinary product, it is a drug that has a depressive effect on the central nervous system, is an addictive substance, is a known carcinogen, a known cause of birth defects, a contributor to more than 200 diseases and has a significant role in poor mental health,¹ family violence,² child maltreatment^{3,4} and road traffic injuries and fatalities.^{5,6}

Despite this alcohol is increasingly sold and promoted⁷ as a being product that is as common as cornflakes.^{8,9} Research has consistently demonstrated that if you increase the availability, affordability and promotion of alcohol there are resultant increases in alcohol consumption and social and health harms.¹⁰ This has happened in Australia with the application of previous rounds of Competition Policy that have resulted in unprecedented growth in the availability of alcohol, decreases in price¹¹ and increases in alcohol harms. In 2014 *'Alcohol's Burden of Disease'* showed that in the ten years (from 2000 to 2010), alcohol-related deaths increased by 62 per cent alcohol-related hospitalisations doubled, from 76,467 to 157,132.¹² Presented another way, 15 people die and 430 are hospitalised due to alcohol each day, making the reduction of alcohol harms one of Australia's greatest preventive health challenges.¹³

Because of these reasons I am pleased to see that the Competition Review Panel in its Final Report acknowledging the clear need and justification to regulate alcohol due to the harms that it causes. In particular the Panel said that: *"The risk of harm to individuals, families and communities from problem drinking and gambling is a clear justification for regulation"* and that *"...given the Panel's view that the risk of harm from liquor provides a clear justification for liquor regulation, any review of liquor licensing regulations against competition principles must take proper account of the public interest in minimising this potential harm."*¹⁴

I believe that harm minimisation should be the primary principle of alcohol regulation and I urge you to ensure this is the case in the development of and implementation of the revised national Competition Policy. The application of Competition Policy principles to alcohol must prioritise the minimisation of harm. Failing this I recommend that alcohol be declared a special product exempt

from Competition Policy. This reflects the harm that alcohol causes and is in the public interest and for the public's benefit.

I am also pleased that the Competition Review Panel has recognised the importance of state and territory governments being able to set their own controls in terms of planning, zoning or restricting trading hours of licensed premises in their jurisdiction. Demonstrated by the Panel's statement that it "*...does not propose that the recommendation to deregulate trading hours for sellers of 'ordinary' goods and services (see Recommendation 12) should prevent policymakers from regulating trading times for alcohol retailing (or gambling) in order to achieve the public policy objective of harm minimisation. Similarly, the recommendation that competition be taken into account as an important part of the planning and zoning process (see Recommendation 9) should not be interpreted as removing any ability for governments, in dealing with planning and zoning, to take full account of harm minimisation as an objective.*"¹⁵

However I am disappointed that the Competition Review Panel did not recommend restrictions on the sale of alcohol in supermarkets.

The major supermarket chains already account for 60 per cent of the retail sales of alcohol in Australia.¹⁶ Unfortunately alcohol is often used a loss leader with the practice being described as common in research published in April 2015 stating that "*loss leading in alcohol may be as prevalent as it has been in the fuel sector.*"¹⁷ This research highlights that loss leading with alcohol by supermarkets serves to reduce the effectiveness public interventions to reduce excessive drinking.¹⁸ Alcohol sales in supermarkets are associated with increases the physical and economic access to alcohol, which in turn increases alcohol harms.

It seems incomprehensible to me that the Government would consider undermining its own interventions to reduce harmful drinking by allowing further deregulation of alcohol sales through supermarkets. This sentiment is echoed by the Competition Review Panel that stated in relation to alcohol that "*... it is certainly not the Panel's view that the promotion of competition should always trump other legitimate public policy considerations.*"¹⁹

In conclusion I urge you to ensure that harm minimisation is the primary principle of all alcohol regulation and that further liberalisation of alcohol sales through supermarkets does not occur. This would be detrimental to the health of Australians if the application of Competition Policy meant that alcohol was made more available and contributed to further alcohol-related harms.

Thank you once again for the opportunity to raise these important issues with you.

Yours sincerely

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- ⁴ Laslett, A.-M., Room, R., Dietze, P., & Ferris, J. (2012). Alcohol's involvement in recurrent child abuse and neglect cases. *Addiction*, 107(10), 1786-1793.
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- ⁸ Babor et al, 2010, *Alcohol No Ordinary Commodity Research and Public Policy Second Edition*, Oxford University Press
- ⁹ Roche, A., Bywood, P., Freeman, T., Pidd, K., Borlagdan, J. and Trifonoff, A. (2009). The social context of alcohol use in Australia. National Centre for Education and Training on Addiction, Adelaide
- ¹⁰ National Drug Research Institute. (2007). *Restrictions on the sale and supply of alcohol: Evidence and outcomes*. Perth: Curtin University of Technology.
- ¹¹ Marsden Jacob Associates. (2005). *Identifying a framework for regulation in packaged liquor retailing*. Report prepared for the National Competition Council as part of the NCC Occasional Series, Melbourne.
- ¹² Gao, C., Ogeil, R., and Lloyd, B. (2014). *Alcohol's burden of disease in Australia*. Canberra: FARE and VicHealth in collaboration with Turning Point.
- ¹³ Gao, C., Ogeil, R., and Lloyd, B. (2014). *Alcohol's burden of disease in Australia*. Canberra: FARE and VicHealth in collaboration with Turning Point.
- ¹⁴ Australian Government Competition Policy Review (2015). *Competition Policy Review: Final Report*. Canberra: Commonwealth of Australia. Page 145.
- ¹⁵ Australian Government Competition Policy Review (2015). *Competition Policy Review: Final Report*. Canberra: Commonwealth of Australia. Page 146.
- ¹⁶ Lin, R. (2014). *IBISWorld Industry Report G4123: Liquor retailing in Australia*. Melbourne: IBISWorld.
- ¹⁷ Wardle, J. and Chang, S. (2015). *Australian and New Zealand Journal of Public Health* Vol 39 (2), pp. 124-128. Page 126.
- ¹⁸ Wardle, J. and Chang, S. (2015). *Australian and New Zealand Journal of Public Health* Vol 39 (2), pp. 124-128
- ¹⁹ Australian Government Competition Policy Review (2015). *Competition Policy Review: Final Report*. Canberra: Commonwealth of Australia. Page 47.