

25 May 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). We write to provide brief comment on the Final Report.

We are pleased that the Panel has recognised that the extent and severity of alcohol-related harm experienced in the community provides a clear justification for appropriate, evidence-based regulation. Alcohol, as a drug of dependence that is highly associated with violence and high-risk behaviour, cannot be treated as an ordinary commodity and any competition considerations must consider alcohol separately from other goods and services. Harms from alcohol remain a major contributor to injury, disease and death in Australia, contributing to an estimated 15 deaths and 430 hospital admissions each day¹. We also note the strong evidence base discussed in our earlier submission² that the availability of alcohol is a key driver of alcohol-related problems^{3,4,5}.

We are particularly pleased that the Competition Review Panel acknowledged the importance of alcohol policy to minimise the harms experienced by the community. In particular, it is reassuring that the Panel clearly articulates the view that the promotion of competition should not trump legitimate public policy considerations such as the minimisation of alcohol-related harm. With this in mind, we support the Panel's recognition that States and Territories should be able to utilise their planning and zoning laws to appropriately regulate the availability of alcohol. We also support the clear statement that the deregulation of trading hours proposed by the Panel should not be applied to alcohol outlets, given the robust empirical evidence that restricting trading hours can significantly

¹ Gao, C., Ogeil, R., and Lloyd, B. (2014). Alcohol's burden of disease in Australia. Canberra: FARE and VicHealth in collaboration with Turning Point.

² Livingston, M., Ritter, A., Shakeshaft, A. (2014). Drug Policy Modelling Program and National Drug and Alcohol Research Centre submission to the Australian Competition Policy Review. Sydney: NDARC

³ Babor, T, Caetano, R, Casswell, S et al. (2010) Alcohol: No Ordinary Commodity - Research and Public Policy, 2nd edition. Oxford: Oxford University Press.

⁴ Carragher N, Byrnes J, Doran C, Shakeshaft A. Assessing the strength of national alcohol policy frameworks: application of the TEASE-16 to the Western Pacific Region. *Bulletin of the World Health Organisation*, 92, 726–33, 2014.

⁵ Livingston, M (2011) A longitudinal analysis of alcohol outlet density and domestic violence. *Addiction* **106**, 919-925.

reduce harm from alcohol^{6,7}. Indeed, we fully support the 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.”⁸

In contrast, we have some concerns over the Panels’ call to review restrictions that currently prevent supermarkets from selling alcohol. International studies have clearly demonstrated that allowing alcohol to be sold in supermarkets leads to increased consumption and rates of harm^{9,10}. The major supermarket chains are already significant players in the Australian alcohol market and there is growing evidence that they engage in practices such as loss-leading that are likely to lead to increased rates of harm in the community¹¹. These practices by supermarkets in the UK have led to bans on below-cost selling in England and an attempt to legislate minimum pricing policy in Scotland^{12,13}. We believe that this is a clear case where the public health risks involved in lifting restrictions on alcohol sales in supermarkets should trump the potential benefits to competition.

In conclusion, we encourage you to ensure that the Panel’s recommendations relating to trading hours deregulation and planning and zoning laws related to alcohol are heeded and that public health and harm minimisation remain the key considerations of state legislation in these areas. We further urge you not to facilitate an increased liberalisation of the liquor market in Australia via the expansion of alcohol sales into supermarkets given the strong evidence that this would lead to increased levels of harm in the community.

Thank you again for the opportunity to provide feedback on these important issues.

Yours sincerely

Michael Livingston

Alison Ritter

Michael Farrell

Drug Policy Modelling Program & National Drug and Alcohol Research Centre
University of New South Wales

⁶ Kypri, K, Jones, C, McElduff, P and Barker, D (2011) Effects of restricting pub closing times on night-time assaults in an Australian city. *Addiction* **106**, 303-310.

⁷ Menéndez, P., Weatherburn, D., Kypri, K. & Fitzgerald, J. (2015) Lockouts and last drinks (Sydney, Bureau of Crime Statistics and Research).

⁸ Australian Government Competition Policy Review (2015). Competition Policy Review: Final Report. Canberra: Commonwealth of Australia. Page 146.

⁹ Wagenaar, A. C. & Langle, J. D. (1995) Alcohol licensing system changes and alcohol consumption: introduction of wine into New Zealand grocery stores. *Addiction*, **90**, 773-783.

¹⁰ Ramstedt, M. (2002) The repeal of medium-strength beer in grocery stores in Sweden -- the impact on alcohol-related hospitalizations in different age groups, in: Room, R. (Ed.) *The Effects of Nordic Alcohol Policies: What Happens to Drinking and Harm when Control Systems Change?*, pp. 117-131 (Helsinki, Nordic Council for Alcohol and Drug Research).

¹¹ Wardle, J. and Chang, S. (2015). Australian and New Zealand Journal of Public Health Vol 39 (2), pp. 124-128. Page 126.

¹² Travis, A. (2014). Sale of ultra-cheap alcohol to be banned in England and Wales. *The Guardian*, 4 Feb, 2014

¹³ Katikireddi, S. V., Hilton, S., Bonell, C. & Bond, L. (2014) Understanding the development of minimum unit pricing of alcohol in Scotland: a qualitative study of the policy process, *PLoS ONE*, **9**, e91185.