

13 February 2023

Director, Digital Competition Unit
Market Conduct Division
The Treasury
via email: digitalcompetition@treasury.gov.au

To the Director of the Digital Competition Unit,

Re: Digital Platforms – Consultation on Regulatory Reform

We are writing to submit our thoughts and recommendations on the consultation regarding the ongoing ACCC Digital Platforms inquiry. This submission focuses on the issue of unhealthy marketing on digital platforms and the need to protect consumers, especially children and young people, from its negative impact.

The Alcohol and Drug Foundation (ADF) is one of Australia's leading not-for-profit organizations that works with communities to prevent harm from alcohol and other drugs (AOD). The ADF's flagship *Good Sports* program, focused on alcohol management, is Australia's largest and most successful health promotion initiative in community sport. It has been proven to have a positive community impact and has a reach of over 2 million Australians. The ADF advocates for positive social change to reduce the harms related to alcohol and other drugs.


The rise of digital technologies has brought many benefits to our society, including social connectivity, access to learning opportunities, and flexible working arrangements. However, digital platforms have also enabled harmful marketing for unhealthy products, including alcohol. The lack of standards for how these products are marketed on digital platforms is a pressing concern that must be addressed.

Alcohol takes a significant toll on our communities, causing violence, injuries, and deaths. In 2018, alcohol was responsible for 4.5% of the total burden of disease and 15% of the overall burden of injury¹. Alcohol use is linked to over 200 disease and injury conditions and causes at least seven types of cancer². The expansion of digital platforms has given the alcohol industry the opportunity to market products in highly targeted, time-relevant, and interactive ways, which has only amplified the problem. Algorithms developed by digital platforms allow the industry to target heavy users and new consumers in a range of markets and demographics, including children and young people.

The online tracking, profiling, and data collection enabled by digital platforms have facilitated harmful marketing of alcohol. During the COVID-19 pandemic, the alcohol industry used digital platforms to

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aggressively promote rapid delivery services and drinking at home, exacerbating vulnerabilities already caused by the pandemic. The lack of transparency and visibility in online marketing makes it difficult to gauge the full extent of its negative impact. However, research has shown that young people's exposure to alcohol marketing online is linked to increased alcohol use, and that the constant flow of pro-alcohol messages is challenging for those trying to reduce or stop their use of unhealthy products³.

The existing regulatory system, relying largely on voluntary, industry-managed codes and practices, has proven to be ineffective in protecting the community from the negative impact of unhealthy marketing. The industry's clear conflict of interest means that the industry-led processes will never restrict alcohol marketing in a genuinely effective manner. Existing codes do not adequately restrict alcohol companies from marketing on digital platforms that are heavily used by children, and there are concerning examples of alcohol advertising directed to children online. The limited provisions that do exist are poorly adhered to, demonstrating a clear need for effective monitoring and compliance mechanisms. Leaked documents from Meta clearly demonstrate this, as personal data from young people is used to create profiles of people with interests in harmful products including alcohol, smoking, and gambling⁴.

It is clear that the existing framework for regulating unhealthy marketing on digital platforms fails to protect the community, especially children and young people. Therefore, we recommend that mandatory regulation be put in place. The ACCC's Digital Platform Services Inquiry should address the issue of online marketing of harmful and addictive products via digital platforms. We believe that higher standards for unhealthy product marketing on digital platforms are necessary to better protect the community and that the online tracking, profiling, and data collection of children and young people for marketing purposes must be prohibited. The ADF therefore makes the following recommendations:

1. The ACCC should explicitly consider harms related to the advertising of harmful products as a part of the Digital Platform Services Inquiry
2. Minimum standards for digital platform organisations should be set to ensure that they do not act in a way that puts users of those platforms at risk of harm
3. A legislated regulatory framework is developed to manage alcohol marketing on digital platforms, with effective mechanisms and resourcing for deterring non-compliance. Regulation should be comprehensive and mandatory and protect consumers from digital marketing practices which put them at harm. This should include specific provision for children and young people, and others at risk of greater harm.
4. Mandatory measures are put in place to make advertising information accessible, including data practices and automated decision systems.

Sincerely,

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CEO

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References

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