

EDUCATION AND HEALTH STANDING COMMITTEE

INQUIRY INTO THE ADEQUACY AND APPROPRIATENESS OF PREVENTION AND TREATMENT SERVICES FOR ALCOHOL AND ILLICIT DRUG PROBLEMS IN WESTERN AUSTRALIA

**TRANSCRIPT OF EVIDENCE TAKEN
AT PERTH
WEDNESDAY, 23 JUNE 2010**

SESSION TWO

Members

Dr J.M. Woollard (Chairman)
Mr P. Abetz (Deputy Chairman)
Ms L.L. Baker
Mr P.B. Watson
Mr I.C. Blayney

Hearing commenced at 10.10 am

MALONE, MR DAVID JOHN
Executive Director, Healthway,
examined:

The CHAIRMAN: On behalf of the Education and Health Standing Committee, I would like to thank you for your interest and your appearance before us today. The purpose of this hearing is to assist the committee in gathering evidence for its inquiry into the adequacy and appropriateness of prevention and treatment services for alcohol and illicit drug problems in Western Australia. You have been provided with a copy of the committee's specific terms of reference. At this stage I would like to introduce myself, Janet Woollard, and other members of the committee: Mr Peter Abetz, Mr Ian Blayney and Ms Lisa Baker; our principal research officer, Dr David Worth, and we have Denise from Hansard.

The Education and Health Standing Committee is a committee of the Legislative Assembly of the Parliament of Western Australia. This hearing is a formal procedure of Parliament and commands the same respect given to proceedings in the house. Even though the committee is not asking you to provide evidence on oath or affirmation, it is important that you understand that any deliberate misleading of the committee may be regarded as a contempt of Parliament. As a public hearing, Hansard is making a transcript of the proceedings for the public record. If you refer to any documents during your evidence, it would assist Hansard if you could provide the full title for the record. Before we proceed to your submission and the questions we have for you today, I need to ask you a series of questions. Have you completed the "Details of Witness" form?

Mr Malone: Yes.

The CHAIRMAN: Do you understand the notes at the bottom of the form about giving evidence to a parliamentary inquiry?

Mr Malone: Yes.

The CHAIRMAN: Did you receive and read the information for witnesses briefing sheet provided with the "Details of Witness" form today?

Mr Malone: Yes.

The CHAIRMAN: Do you have any questions in relation to being a witness at today's hearing?

Mr Malone: No.

The CHAIRMAN: Then would you please state your full name and the capacity in which you appear before the committee today?

Mr Malone: David John Malone, Executive Director of Healthway.

The CHAIRMAN: Thank you. David, before you make your presentation and take questions from the committee, I will advise you of what some of the questions will be so that during your presentation you can possibly cover those areas. There have been concerns raised by various sectors in the community to individual members of the committee and the committee. I am sure it was not just to me as an individual member but also to other committee members. We are aware that sporting groups have united because they are very upset at the new, I believe very progressive, way in which Healthway is trying to assist in this area to combat the problems we have with alcohol. They are very unhappy that some sectors of the sporting area are basically being told that if they are going to take funding from alcohol, they will not necessarily be eligible, without certain criteria, to

receive that funding from Healthway. Yes, we would like you to address the committee's specific terms of reference, but this is also a very good opportunity, I believe, for you to provide the committee with more information in relation to the new approach that Healthway is taking in this area. If you could do both, that would be wonderful.

Mr Malone: I am pleased to hear that, because the presentation I have prepared today largely addresses the issues that the chair talked about in her preamble.

The CHAIRMAN: Can we interject as you go along, or would you rather we kept quiet until the end?

Mr Malone: I am happy to take questions whenever the committee wants to ask them.

The CHAIRMAN: Thank you.

Mr Malone: I thank the committee for the opportunity to present today. Healthway, the Western Australian Health Promotion Foundation, seeks to promote and support healthy lifestyles to reduce the burden of preventable disease in Western Australia. Healthway also provides sponsorship to sports, arts, and racing organisations to promote healthy messages, facilitate healthy environments and increase participation in healthy activities. In addition to this, we also provide grants to a diverse array of organisations to encourage healthy lifestyles and advance health promotion programs. The current priorities for Healthway in our current strategic plan are reducing harm from tobacco, reducing harm from alcohol, reducing obesity and promoting good mental health. I will not spend a lot of the committee's time referring to the link between alcohol and health; I expect the committee has received a lot of that information already. Needless to say, the burden of alcohol on the Western Australian community is very significant. It is notable that between 1991 and 2001, Western Australia was the only state in Australia to show an overall increase in per capita alcohol consumption. Western Australia also had the second-highest consumption at levels associated with short-term and long-term harm, when last measured in 2001.

After those opening remarks, I will perhaps go to sponsorship as a strategy —

The CHAIRMAN: Why is it 2001 data you are relying on and giving us today?

Mr Malone: For that particular statistic, the best data we have is from 2001. One of the problems with this particular area is that there is not as much data as a lot of people would like, and I think that is broadly recognised. It was highlighted in a range of reports and reviews.

The CHAIRMAN: Could I ask you a question, if not now by way of supplementary information? I think the industry is unhappy and is saying that we should not be collecting data on wholesale sale of alcohol, because it says it is not accurate. There is some alcohol coming across the border from the Northern Territory et cetera. It may be that, rather than throwing the baby out with the bathwater, we need to improve the collection of that data and go a little further in terms of data collection. If you are saying that you are giving us data from 2001, could you consider, maybe by way of supplementary information, providing the committee with, I guess, your views on what data should be collected and how it should be collected, at both the state level and federal level.

Mr Malone: I would be happy to do that, but the data around consumption is somewhat older than the data relating to some of the effects of alcohol sponsorship, which is really the main focus of this presentation.

The CHAIRMAN: That is fine.

Mr Malone: That is a good thing, because we are relying on much more recent data on that particular issue.

Sponsorship has been a key feature of the Healthway business model since Healthway started in 1991. The objectives of the Healthway sponsorship program are to encourage healthy lifestyles through the promotion of health messages relevant to Healthway priority areas; to facilitate structural and policy change within organisations and venues to create healthy environments; to

facilitate opportunities for priority population groups to participate in healthy activities with physical activity and/or social engagement benefits; and, importantly, the fourth objective is to reduce the promotion of unhealthy messages or brands that are inconsistent with Healthway priority areas. Independent evaluation of the Healthway sponsorship program has demonstrated the effectiveness of sponsorship as a strategy to achieve high levels of awareness and comprehension of health messages promoted through sponsored events. It also leads to self-reported behaviour change. Healthway promotes the “Alcohol—Think Again” message through a number of our sponsorships. This campaign is the community education and marketing component of the Western Australian effort to reduce the impact that risky alcohol use has on our community. Healthway sponsorship has also been an effective stimulus for policy changes resulting in healthier environments. Over the past 20 years, this has primarily been focused on the introduction of smoke-free areas and more recently the availability of healthy food choices and nutrition for spectators and participants at events. Examples of changes relating to alcohol include bans on alcohol being provided as prizes or awards and non-alcoholic choices being available, should alcohol be available at sponsored events.

I turn now to alcohol marketing through sponsorship. This issue is related to Healthways efforts through sponsorship in the Western Australian community. Alcohol companies deploy sophisticated promotional practices to target specific groups, such as beginning drinkers, teenage drinkers, and established youth drinkers. The marketing utilises diverse modalities, including sponsorship, in order to influence the formation of youth identities in ways that orient strongly to the consumption of alcohol.

Mr P. ABETZ: To what extent is it the consumption of alcohol, and to what extent is it the particular brand? Is there any information available on that?

[10.20 am]

Mr Malone: There is good information on that. Perhaps I could cut forward to another section of the —

Mr P. ABETZ: You can come to it later.

Mr Malone: I am going to cover that issue in some depth. Nielsen Media research from 2008 suggested alcohol sponsorship spending in Australia equates to approximately \$300 million per annum. By comparison, total paid alcohol advertising—direct paid alcohol advertising, excluding sponsorship, is estimated to be approximately \$119 million per annum. The size of the investment and sponsorship highlights the importance of this marketing modality to the alcohol industry. Alcohol marketing through sponsorship is particularly effective, firstly, in increasing brand awareness; and, secondly, creating and reinforcing social norms where alcohol consumption is considered normal in a range of social situations, such as sporting events. A growing body of evidence links alcohol advertising with increased alcohol consumption in young people and new drinkers. In the light of this evidence a number of major reports and reviews recommended bans or increased regulation of alcohol marketing through modalities with high exposure to young people, such as sponsorship.

A recent systematic review of longitudinal studies examined the impact of alcohol advertising in media exposure on adolescent alcohol consumption. The study concluded that alcohol advertising and promotion is associated with an increased likelihood that adolescents will start to use alcohol and to drink alcohol more if they are already using alcohol.

Another recent study of the effects of ownership of alcohol-branded merchandise by young people found that among those who had previously not drunk alcohol, alcohol-branded merchandise ownership is independently associated with increased susceptibility and initiation to drinking and binge drinking.

In the report “Australia: the healthiest country by 2020” the National Preventative Health Taskforce expressed concern about the high levels of alcohol advertising and promotion to its adolescents and young Australians who are exposed during live sport broadcasts, during high adolescent/child viewing times, through sponsorship of sport, cultural events and through oriented print media and internet-based promotions. In the strategy prepared for the federal Minister for Health and Ageing last year, the task force recommended a staged phase-out over the period of 2010–13 of alcohol promotions from times and placements that have high exposure to young people aged up to 25 years, including the sponsorship of sport and cultural events.

The World Health Organization has also recommended that governments be supported to effectively regulate the marketing of alcohol beverages, including effective regulation of banning sponsorship of cultural and sporting events, particularly those that have an impact on younger people.

I would like to spend a moment talking about the Healthway co-sponsorship strategy. Unlike tobacco advertising, which was banned in Western Australia in 1990, there are no alcohol advertising bans in Australia. Further, there are no specific statutory restrictions on alcohol promotion through sponsorship. In the absence of effective regulation of alcohol promotion through sponsorship, it is imperative that Healthway strategically utilises its significant investment in sponsorship to reduce the harmful effects of this form of alcohol promotion in Western Australia.

Healthway acknowledges the positive benefits to the community that can flow from the arts, sport and racing activities. Indeed, Healthway invests approximately \$12 million per annum into its sponsorships in the arts, sport and racing sectors. This accounts for nearly 60 per cent of total annual Healthway expenditure. Sponsorship is the largest part of our business by expenditure. However, Healthway does not accept the premise that the community outcomes derived from alcohol sponsorship of the arts, sport and racing organisations outweigh the detrimental effects of alcohol promotion linked to the activities of these organisations. Healthway is not aware of any evidence to support this claim. In contrast there is compelling evidence that alcohol advertising increases alcohol consumption by young people. In accordance with section 65 of the Tobacco Products Control Act 2006, children and young people are considered a high priority population group by Healthway. Few people would dispute the suggestion that children should not be exposed to alcohol sponsorship and other forms of alcohol advertising. In this context it is important to note that Healthway funds very few arts, sport or racing activities not involving children as either participants or spectators.

The formation of social norms strongly associated with the consumption of alcohol particularly amongst young people, is a key feature of the drinking culture in Western Australia. Healthway’s co-sponsorship policy, which was first introduced in 2006 and more recently revised in 2009, seeks to reduce the influence of alcohol sponsorship on the development of these social norms.

The CHAIRMAN: Before you go on, David, I would like to thank you very much for providing this submission to the committee. We will read through it very carefully afterwards. Really, we would like to hear from you as a person working in the area. We would like you to put it in your own words. We thank you very much for this submission. It will help get the message across if you can, maybe, look at these areas and tells us about these areas.

Mr Malone: Sure. Thank you. If I may, you mentioned in your opening comments that you had received submissions and concerns from other groups.

The CHAIRMAN: Yes.

Mr Malone: Perhaps I could cut to that issue and deal with it and then take questions. I will respond to some of the issues that have been raised by sporting organisations, in particular, in Western Australia. Critics of any moves to regulate alcohol sponsorship of sport will often argue that all it really achieves is changing of brand preference. The argument goes something like this:

this sponsorship is about changing brand preference and it has no impact on total consumption. That is a flawed argument and does not stack up against the evidence. There is very strong evidence, and it is a growing body of evidence, that alcohol advertising through mediums such as sponsorship does indeed have a significant impact on alcohol consumption, particularly in vulnerable segments of the community. I am talking about teenagers, new drinkers and young people. The overall market has a very high threshold to a dose-related effect. Alcohol sponsorship probably does not have a huge impact on middle-aged people who have been drinking for a very long time and their drinking habits are very established. It does have a profound effect on the groups that Healthway is most interest in; that is, young people and first-time drinkers. It has a profound effect on the drinking culture in that segment.

Another issue that is brought to the attention of Healthway is that some sporting organisations claim their participation programs would not survive without the revenue derived from alcohol companies' sponsorship. Typically this argument is presented from the perspective of a total ban, with no consideration of restrictions. Ironically, many of the same organisations made similar claims 20 years ago when faced with the prospect of losing tobacco companies' sponsorship.

A number of case studies can be cited to refute the implication that grassroots programs are somehow dependent upon alcohol sponsorship. For example, the sport of netball has some 36 000 registered and playing members across 72 associations affiliated with Netball WA. The peak netball body and all 72 affiliated associations have agreed not to accept alcohol sponsorship. The sport is growing; it is successful and it is viable.

It should also be noted that alcohol sponsorship is most often associated with higher profile sporting codes with more avenues from which to generate revenue than a lot of other sports in Western Australia through television rights, membership, ticket sales and so on.

Another argument that is often made is that alcohol sponsorship through community events, in particular sport, is in some way regulated. This is not true. It is incorrect. In reality alcohol promotion through sports sponsorship is not addressed by any specific legislation. Direct alcohol advertising is covered by the industry's alcohol beverages advertising code scheme, but the current system does not apply to advertising through sponsorship. Sporting organisations may adopt policies to limit the direct exposure of alcohol sponsors to junior programs, and some do. However, these efforts are self-regulated and typically overlook many forms of exposure, both direct and indirect. I can give some examples of that if we come back to it.

The CHAIRMAN: We might stop for a moment.

Ms L.L. BAKER: David, I have four questions relating to exactly what you have been talking about. Some hard data from you would be useful. What percentage of organisations that apply for Healthway funding under your new conditions around alcohol sponsorship actually miss out on funding?

[10.30 am]

Mr Malone: The revised approach to co-sponsorship issues and the co-sponsorship policy was made effective for all contracts entered into post-1 July this year. We have had one round to date of organisations applying under that new framework. In that particular round—I will check my notes—we had 45 organisations apply for sponsorship, which is about the number that we would expect for this time of the year; it is not an abnormal number. Of those, 41 were offered sponsorship contracts. Of the 41, seven were offered contracts with extraordinary conditions—all our contracts were offered conditionally to some extent, but over and above the standard conditions extraordinary conditions related to existing sponsorship arrangements for seven of the 41.

Ms L.L. BAKER: Can you give us an example of the type of condition that you might put on it?

Mr Malone: Sure. Triathlon WA applied for funding for the Busselton Festival of Triathlon. Healthway has sponsored that in the past. It is a longstanding partner of Healthway. Under our new

framework, all applicants must list in the application process all their sponsors that are consumable. We are not interested in financial service companies or banks or anything like that. We want to know what sponsors they have that relate to food, drink or alcohol products. We do not ask them to differentiate between what is healthy and unhealthy; we just tell them that we would like that information. When we receive that information, we review it at the assessment level and, where necessary, we seek further information on the nature of the sponsorship. We do not ask organisations to provide us with the financial considerations because we respect that as commercial-in-confidence but we want to know things like the profile of the sponsorship and what has been agreed with the sponsor. For example, we want to know whether the organisation has agreed to give the sponsor the organisation's database; whether there will be specific activation strategies such as free handouts, product displays or product handouts; and whether they are a major sponsor, a naming rights sponsor or a minor sponsor. We collect that information and take it through a very, I think, carefully developed process. There is nothing in the world like this other than here in Western Australia. We have an expert advisory committee called the brand advisory committee. That committee is made up of people with expertise in alcohol and nutrition policy. Importantly, they have expertise also in sponsorship, communication strategies and marketing and a representative of youth interests. That committee runs that arrangement through a risk matrix that we have developed. The risk matrix is particularly sensitive to the profile of the sponsorship, the extent to which children are exposed to the sponsorship and the extent to which there are marketing activation strategies like database initiatives, free handouts, product samples and those sorts of things. They then make a judgement on whether it is a high risk, low risk or medium risk, and prepare a risk advisory statement to summarise their feelings. That is a non-binding document but it is taken to our advisory committee and our board as one more input when they assess a sponsorship application. The board has the power to approve sponsorships, subject to any conditions it feels are in the public interest or that are important to maximise health promotion returns.

As I said, seven of the 41 organisations in the recent round were offered sponsorship with some conditions relating to co-sponsorship. I might add that the four out of 45 that were not funded were not refused funding because of co-sponsorship concerns; they just did not stack up against other criteria.

Ms L.L. BAKER: That is good to know.

Mr Malone: Three of the sponsors for the triathlon were assessed through this process. They were Pure Blonde, which is a beer made by the Fosters Group; National Foods, promoting the Masters brand; and National Foods, promoting the Berri brand. Those examples were run through the system. The Pure Blonde sponsorship was rated as a high risk. The committee was concerned about the positioning of Pure Blonde as a healthy beer, the impact of that and the advertising exposure of children. The Festival of Triathlon runs between Friday and Sunday in the first week of May 2011 and includes numerous events, including nutrition programs for schoolchildren, school visits, a fun run and a children's triathlon. It is true that the Pure Blonde sponsorship was primarily linked to the athletes' function, but it is true also that the Pure Blonde and Pure Blonde Naked logos are listed on the Busselton Festival of Triathlon website and are included on the program, both of which are non-discriminatory in how they are exposed to the participants. Pure Blonde has a major role associated with this event, such as naming rights, which includes verbal promotions and signage and so on. Given the extent of the involvement of children and the concerns around the exposure of the sponsorship, the profile of the sponsorship and the nature of the positioning of the brand as a so-called healthy beer—it is promoted as a low-carbohydrate beer—this was a concern to our advisory committee and our board. The other two sponsors were not considered to be a concern. They were considered to be low risk and low to medium risk respectively. There was a little bit of concern about the sugar content in the juices and so on, but that was a relatively minor issue. Ultimately, an offer of sponsorship was made to that organisation conditional upon—I will just get the wording right —

The CHAIRMAN: There is no rush.

Ms L.L. BAKER: What you are telling us is very interesting.

Mr Malone: The condition related to Pure Blonde. I will read straight from the letter of offer: Accordingly, this offer of sponsorship is also additional—I should add that “also” means the standard conditions—on the West Australian triathlon association discontinuing any existing sponsorship arrangements with alcohol sponsors such as Pure Blonde. In Healthway’s view, the involvement of alcohol sponsors is undermining of Healthway objectives, given the involvement of juniors in the Festival of Triathlon, and the association with sporting excellence. This condition does not extend to supplier agreements without associated promotions.

Another important point is that the Healthway co-sponsorship policy is in no way at all a barrier to organisations running hospitality enterprises. The organisation can serve Pure Blonde and can sign a preferred supply agreement with Pure Blonde, but the reality is that sponsorship contracts that are purely based on supply agreements are quite rare. Most come packaged with additional bolt-on expectations and agreements regarding brand promotion, which can extend to activation strategies that are designed to enhance or encourage consumption. I might add that alcohol companies use a wide range of these sponsorship activation strategies. This particular process that we are running applications through has brought to light a number that we were not even aware of. Some of the more notable examples to come to the attention of Healthway include a buy a Bundy Rum and receive a free hamburger promotion at a racing event and a club fundraising raffle being promoted through junior sport with the first prize of 10 cartons of Corona Beer. Some of these examples, including the latter one, have been brought to the attention of Healthway by concerned Western Australian parents who have written to us.

That is an example of how the process works. I do not believe it will result in many organisations at all losing funding. So far not one application has been rejected on the basis of the co-sponsorship policy, but a modest percentage have been offered conditional sponsorship arrangements. We do not believe that the conditions limit the ability of an organisation to run an event in a licensed premises or to conduct hospitality enterprises, which we recognise are important.

Ms L.L. BAKER: I have two question follow-up questions. Would there be any rational argument for you to accept from someone who applied but who said if we cannot use Pure Blonde, can we come back to you with another request for another \$1 000 or \$2 000 because that is what we have lost in sponsorship because Pure Blonde has pulled out? Have you encountered that kind of an argument yet?

[10.40 am]

Mr Malone: I think, not in specific terms, but in general terms, we certainly have had those sorts of discussions with sporting organisations. One thing that Healthway makes very clear is that we do not intend to, and do not have the capacity to, buy out alcohol sponsorship dollar for dollar. We are trying to use our budget as effectively as possible to support these organisations that we believe offer benefits to the Western Australian community, but we do not believe the benefits necessarily outweigh the negatives on every occasion. The other point I would just make is that we also have conditions that we attach to all of our sponsorships and have done for some time, although we have revised these in the recent review. We believe there are some things that need to occur in sport, art and racing events to provide checks and balances to make sure that they are indeed healthy events. These events can be healthy; they are inherently healthy. But we think these are some minimum requirements for a sporting event at which a junk food product or vouchers for the same is handed out to participants, or a sporting organisation that operates its activities outside without any thought to sunshade or an organisation that is making food available but it is all unhealthy food. We have a list of what we call our minimum expectations. We do not believe they are onerous; we are not getting feedback to the effect that they are onerous. But if you are going to serve food, you must make some healthy options available and so on. The only one that is probably a little controversial

is that we have, from 1 July, added to that minimum expectation list a requirement that all activities and events under the organisation's control are 100 per cent smoke free. This is an important initiative. Since 1991, Healthway has been sponsoring organisations —

The CHAIRMAN: We would like to congratulate you on that.

Ms L.L. BAKER: Yes, we would. David, I do not mean to cut you off but we are running short of time. We are very aware of the fantastic work you have done and the role you have played leading the fight against smoking. Congratulations. I think now is the appropriate time to ask a question that my colleague who is not able to be with us has given to me. I will ask this question on behalf of Peter Watson, the member for Albany. Is Healthway getting away from its core base by stopping McDonald's, Coca-Cola etc from sponsoring junior sport? Surely, if this money is injected into junior sport, more kids will play sport, and then it is up to the parents to decide what they eat and drink.

Mr Malone: The opening part of that question was around Healthway's core base, which I think were the words you used. Healthway is a health-promotion foundation. Our core base, if you like, is to promote and support healthy lifestyles to reduce the burden of preventable disease is Western Australia. We do not have a mandate to fund sport, art or racing for the sake of sport, art or racing. There are other agencies and organisations that do that. That is one issue. The second issue is that if you take the two examples—McDonald's and Coca-Cola—both of those organisations extensively market their products to children. They are large, multinational firms with enormous marketing budgets. The product lines and brand lines, although not exclusively unhealthy, tend to be high in sugar, salt and fat. We have an obesity epidemic in Australia that is equal to anything in the world. We have the second highest, if not the highest, rate of child obesity. Obesity, particularly obesity in children, is an extremely high priority for Healthway. The burden of chronic disease attributable to obesity is arguably higher than the burden of chronic disease attributable to tobacco now.

Mr P. ABETZ: I think that question originates from a public perception that Healthway was set up to replace sponsorship that used to come from tobacco companies. But from what you have said about the charter of Healthway, it is much bigger than that.

Mr Malone: Healthway was established and still comes under tobacco control legislation. In the first act that Healthway came under, there was a specific clause that Healthway should prioritise funding of sport, art and racing organisations disadvantaged by the introduction of the act. After a certain period of time—I think it was after five years perhaps; I would need to check that detail—that clause was removed. Healthway's mandate under the act for many years has been to deliver health-promotion benefits. We recognise, as I have said, that these organisations can assist Healthway to deliver that, but we would question whether, on balance, a sporting organisation that promotes McDonald's and hands out Big Mac vouchers at the end of competition is delivering a health benefit. If it could not survive without Healthway funding, it is an interesting debate as to whether the community is better or worse off. If every single sporting organisation was to do that and then not be funded and fall over, we would have a problem with children accessing physical activity opportunities. The reality is—this is an important point—that this new strategic approach to co-sponsorship will not result in one less cent going from Healthway into the sport sector. We have budgeted for the same amount of sport sponsorship and art sponsorship going forward into 2010–11. We have a legislative requirement under the act—there is a caveat in the act—that we must spend a minimum percentage of our expenditure on sport and art sponsorship.

The CHAIRMAN: What are those percentages?

Mr Malone: It is 30 per cent for sport and 15 per cent in respect to arts, and that relates to Healthway's annual funding from Treasury.

The CHAIRMAN: And the other 55 per cent?

Mr Malone: If we earn interest on those amounts, that technically does not count. We actually spend 30 per cent of our total budget, so we are spending a little over the minimum caveats in both cases. We do not believe this co-sponsorship strategy —

The CHAIRMAN: But that makes up 55 per cent; where is the other 45 per cent go?

Mr P. ABETZ: Advertising and all sorts of things

Mr Malone: No; 30 and 15 comes to 45. We spend a bit on racing sponsorship—about five per cent of our budget. There is no caveat in the act relating to racing but we do that. Then we spend another 10 per cent of our budget on sponsorship support activities, whereby we put more money into the sponsorship to leverage it, and that tends to be spent on things like human resources to work with the organisation to best maximise the promotion of the health message, merchandise, signage and these sorts of things. Of the remaining 40 per cent of our budget, 17 per cent goes on health-promotion grants, 13 per cent on health-promotion research grants, and our corporate overhead is about 10 per cent. So we run very lean.

The CHAIRMAN: What about the proportion of your sponsorships that are spent on the large versus the smaller groups? When you answer this, you are well aware that the AHA is a very powerful lobbying group and it appears to be becoming very effective with its lobbying of country members. That question came from one of our country members. They are saying that those sporting activities will disappear in country areas without the funding from the alcohol and food companies. Firstly, can you tell us, of that 30 per cent, how —

Mr Malone: This is sport sponsorship?

The CHAIRMAN: Yes, with the sport sponsorship. How much of that will go to the bigger sports like the WACA and the Western Australian football clubs and how much would go to the smaller groups? One of the reasons I am interested in that is that it is probably the bigger groups that are mounting this lobbying campaign against the funding.

Mr Malone: First of all, the vast majority of sporting organisations that Healthway funds will not have any problems at all under our co-sponsorship policy.

The CHAIRMAN: Did triathlons accept the offer of conditional sponsorship?

Mr Malone: Those offers are still out in the marketplace. But I must say that from the preliminary meetings and discussions we have had, we do not expect too many to not be accepted. One thing I would add is that Healthway has been sponsoring hundreds of sporting organisations every year for 20 years. You could count on one or two hands the number of times an offer of sponsorship has been declined. In the private sector offers of sponsorship are declined at a higher rate. The organisation just says, “You’re asking for too much and we’re not going to go ahead with that.” We expect with this new policy to see a slight rise in our rate of sponsorship offers being declined, but we do not expect it to rise very high. It is coming off a negligible base and we think it will be very low. We do not expect too many to be knocked back but there might be a couple.

[10.50 am]

The CHAIRMAN: About 30 per cent? Big or small? You have just said hundreds of applications, I think, for sponsorship.

Mr Malone: We do.

The CHAIRMAN: Of that 30 per cent, how much goes—just rough figures, or maybe you could provide it to us by way of supplementary information—how much of that is —

Mr Malone: I can certainly provide you with all that information. We have a very comprehensive database. I do not have all of that detail on me at hand right now, but to give you some indicative figures, we would have 300 or 400 a year—the low 300s—around the \$5 000 to \$10 000 mark or less. We would have a small number of sponsorships over the \$100 000 to \$150 000 mark. One of

the largest sponsorships in the sports sector—I think it is our largest—is the West Australian Football Commission. Healthway has been providing sponsorship to the West Australian Football Commission through different submissions, but collectively, and on average, in the vicinity of \$400 000 a year for many years. The Western Australian Cricket Association would sit at around the low 200s. I might add that the Cricket Association was one of the ones that we assessed in the recent round. They were offered sponsorship subject to conditions; so they were one of the seven. We have had some positive discussions with the WACA, and at this stage, although I cannot say for sure, I am expecting that they will accept our offer subject to our conditions.

Ms L.L. BAKER: Congratulations.

The CHAIRMAN: You just gave us those figures, and I could not do the sums in my head. Could we have that breakdown because —

Mr Malone: A significant portion —

The CHAIRMAN: We are aware that the AHA is lobbying, and the sporting groups have come together, and they appear to be particularly effective with country members. Can we have the breakdown for those hundreds of sporting sponsorships in terms of the demographics for country areas and metropolitan areas so that we can —

Ms L.L. BAKER: Build a case.

The CHAIRMAN: Hopefully there will be some equality there.

Mr Malone: We can certainly do that. One of the limitations I will just flag now is that it is sometimes difficult for us to quantify, in the way we collect information, how much of the sponsorship is actually ending up in a rural or remote area when the applicant is a metropolitan-based organisation. For example, we know that a lot of our funding to the West Australian Football Commission is supporting participation programs that reach regional and remote kids. Breaking that down involves a fair bit of work at that particular level, but we will certainly do our best to get you that information. If I can just say that the engagement or involvement of the AHA bemuses me to some extent, because there is nothing in this policy that we believe impacts on a pretty critical issue, which is the issue of the connection between country sporting organisations and the local country hotel. This is one issue that we have had a fair bit of discussion about. It was an issue, I know, of particular interest to the current Minister for Sport and Recreation. We have had a couple of test cases in which we have taken that type of situation through our brand advisory process, and we do not rate those as high risk. Country hotels, yes, they are places that have liquor licences, but the policy does not prohibit organisations running after-match functions or presentations in licensed premises. We recognise the value of country hotel support to local sport, and in some cases these hotels become the de facto clubrooms and so on. The fact that the Goomalling Football Club, for example, might hold a post-match function in the Goomalling hotel, and be supported by the Goomalling hotel in that way, in itself, I do not think poses a high risk. If there were some bolt on activation strategies going on—“Buy a Bundy, get a free beer” or Vodka Cruiser promotions and so on—they would be assessed on their merits under our process. But, in its pure form, support of the local hotel with a local sporting organisation in regional Western Australia I do not believe is going to result in organisations being less eligible for Healthway funding.

The CHAIRMAN: It is a shame that we do not have our country members here with us at the moment, but is that what the problem is, or do they actually advertise the country hotel?

Mr Malone: Pardon?

The CHAIRMAN: Where you have this risk assessment matrix, and functions at the hotel are low risk, for the country areas what might be high risk that might prevent them receiving sponsorship?

Mr Malone: What might be high risk? McDonalds or —

The CHAIRMAN: Okay; McDonalds and —

Mr Malone: Unhealthy food or alcohol sponsors of junior sporting events where there is considerable exposure of the brand to children, particularly if there is any product sampling, vouchers being handed out. That would be likely to come in —

The CHAIRMAN: So product sampling vouchers. Could you also, by way of supplementary information, give us more information about that risk matrix —

Mr Malone: Sure.

The CHAIRMAN: — because this is obviously of great concern to country members of Parliament who are worried that their local sporting groups are going to fail. Maybe we are able to then give them some reassurance that they will not fail. As you say, it is a case of not having the fast-food vouchers or the prizes of alcohol or maybe advertising at the sports. If we could see that matrix to see how those assessments are being made to try to give them —

Mr Malone: I am very happy to provide that.

The CHAIRMAN: Thank you. I am looking at the time—we had many other questions we wanted to ask you.

Mr Malone: Sure.

The CHAIRMAN: Would you be happy if we write to you with those questions—put them on notice?

Mr Malone: Sure. Brilliant.

The CHAIRMAN: We do have some further questions. We will put them to you in writing. Is there anything else you would like to add before I close the meeting?

Mr Malone: Perhaps if I could just make a couple of closing statements quickly—and I will read these, if you will indulge me.

Alcohol marketing through sponsorship creates and reinforces social norms where alcohol consumption is considered normal in a range of social situations such as sporting events. A growing body of evidence links that alcohol advertising with increased consumption in vulnerable population groups. Healthway will continue to invest nearly 60 per cent of its total annual expenditure in sponsorship in 2010–11. The recent changes that have been made to our sponsorship program and co-sponsorship policy will not decrease in any way Healthway's total investment in the arts or sports sectors. We do not accept the premise that community outcomes derived from alcohol sponsorship of arts, sport and racing outweigh the detrimental effects of the alcohol promotion through these activities. Our co-sponsorship policy is designed to provide an incentive for organisations not to allow their activities to be leveraged for alcohol promotion or to redefine their existing relationships with alcohol sponsors to reduce the negative impact of alcohol promotions. There are a number of parallels between the current debate around alcohol sponsorship of community activities and events and the debate surrounding tobacco sponsorship some 20 years ago. The hard work and patience of many stakeholders was required to achieve the cultural, social, environmental and legislative changes that have contributed to the decline in smoking rates and tobacco-related harm we have seen in Western Australia. Protecting Western Australians from alcohol-related harm is no less a challenging and important objective. Thank you.

The CHAIRMAN: Apart from these questions, you have offered to provide us with supplementary information. One of the things that you brought up during your presentation was, I guess, that it is almost that the pendulum has gone back and the same arguments are now being used for alcohol that were used for tobacco 20 years ago, particularly in relation to the sponsorship area. I wonder if, as part of your submission to the committee, because you have such a broad range of health professionals working with Healthway, you could ask them if they have, as part of their historical records, and, I am sure, as part of the presentations that many of the people in social marketing who

are connected with you would make, any papers or comments that show those arguments—that without tobacco advertising this sport will fail.

Mr Malone: We have a lot of that stuff.

The CHAIRMAN: That would be very useful for us because they are the same arguments being repeated. Because this committee has been doing the research in this area, we can see that they are the same arguments, but it would be useful for us possibly to have a summary of those arguments, and we could then consider whether we put this in our report so that other members of Parliament can also be made aware of it. In particular, a summary of those things, even possibly as a separate submission to the other submission, would be useful. Normally when we receive submissions, we put them up on the internet. Rather than having to read the whole submission, which is obviously very important to us, it might be the case that when this has been discussed, we can say, “This is the same argument. Look at this paper from Healthway that shows that.”

Mr Malone: Yes.

The CHAIRMAN: I would like to thank you for your evidence before the committee today. A transcript of this hearing will be forwarded to you for correction of minor errors. Any such corrections must be made and the transcript returned within 10 days from the date of the letter attached to the transcript. If the transcript is not returned within this period, it will be deemed to be correct. New material cannot be added via these corrections and the sense of your evidence cannot be altered. Should you wish to provide additional information or elaborate on particular points, please include a supplementary submission for the committee’s consideration when you return your corrected transcript of evidence. And we will put these many other questions that we had for you in a letter to you on notice so that you can respond to those as well. Thank you very much for coming along this morning.

Mr Malone: Thank you.

Hearing concluded at 11.02 am