



ALAC's Policy on Ready-To-Drinks (RTDs)

ALAC's Policy

The risks of drinking Ready-to-Drinks (RTDs) are largely the same as drinking any other alcohol product. That is, drinking alcohol impairs our actions and judgement, and harm can result. As with any alcohol product, it is the misuse of the product that causes harm. Therefore, the most effective policy options for reducing harms from alcohol generally are also the most effective policy options for reducing harms from RTDs.

However, there are some aspects of RTDs that present particular challenges when it comes to addressing alcohol-related harm. RTDs often have a sweet taste, especially when combined with high alcohol contents (8 – 12%), making it easy for young people to drink alcohol and over-indulge. Brightly coloured RTDs, packaging and promotions can be particularly appealing to children and young people. Energy drinks combined with alcohol can increase the length of time people drink as it combats the drowsiness usually associated with intoxication.

Arguably, a benefit of RTDs (and pre-mixed drinks in general) is that they come in pre-measured amounts with clear labelling which makes it easier for people to more accurately judge the amount of alcohol they are consuming.

ALAC supports the need to raise awareness and place limits on some of the more dangerous elements and difficulties that some RTDs present.

ALAC would like to see the excise tax regime restructured to an un-banded volumetric system so that higher alcohol content drinks are discouraged by means of a higher tax, and lower alcohol content drinks are encouraged by means of a lower tax. In this way, tax on RTDs would be on actual alcohol content similar to other alcohol products. We do not support creation of a tax bracket specific to RTDs. In addition, ALAC suggests removing the excise tax for low alcohol beverages to encourage the production of low-strength alternatives.

ALAC would also support a limit on the maximum level of alcohol strength for RTDs, and the container size, so that the risk of alcohol content being masked by sweeteners is minimised for the consumer.

Because of the appeal of RTDs to young people, ALAC would support higher standards for alcohol advertising, naming and promotions for RTDs.

In addition, due to the risks associated with alcohol energy drinks and drink driving, ALAC would support limitations on RTDs' maximum level of caffeine and other stimulants, and believes public awareness about the effects of alcoholic energy drinks in relation to drink-driving needs to be heightened.

INTRODUCTION

RTDs are pre-packaged, 'ready-to-drink' pre-mixed drinks. They are sometimes known as alcopops or FABs (flavoured alcoholic beverages). RTDs are usually spirit-based, but there are also wine-based RTDs (or wine coolers) and even beer-based RTDs available. RTDs were introduced to the New Zealand market in the mid-1990s and their availability has been growing ever since. Figure 3 (attached) shows the current total volume of RTDs on the market relative to other beverage categories.

BACKGROUND

RTDs are a concern when it comes to efforts to reduce alcohol-related harm because they are often sweet and therefore particularly palatable to young people. We know that young people like the taste of RTDs, especially the sweet ones. In New Zealand, 18 to 24 year olds are the most frequent drinkers of RTDs, followed by 12 to 17 year olds. Figures 1 and 2 gives shows drinking preferences by age and gender.¹ An Australian study found that the palatability of alcohol increases with age, but young people do not identify the taste of alcohol when vodka is mixed with fizzy drink or milkshake. Sugar masks the taste of alcohol.² When young people first taste beer or wine, they often do not like the taste. Sweet RTDs remove the taste barrier, making early drinking experiences immediately enjoyable and making it easier for young people to over-indulge.

Having said this, the research regarding an association between RTDs and earlier onset of drinking or harmful drinking is not conclusive. Some studies have found some associations between RTD consumption and harmful consequences, and others have not found any such association. Kuntsche et al³ investigated relationships between adolescent drinking motives, alcohol use and beverage preference. The study found that adolescents who had the highest drinking levels preferred beer and spirits, but also drank wine and RTDs to a lesser extent. Social drinkers who preferred RTDs drank less than those who did not prefer RTDs. Kuntsche et al theorised that beverage preferences also had a lot to do with relative prices between beer and RTDs.

The alcohol strength in RTDs varies from about 5% to 12% per single serve container (between 250 and 440 mls). New Zealand's banded excise tax system means that products at the higher end of a band are taxed at the same rate as those with alcohol strengths at the lower end of the band.

Many RTDs contain caffeine and/or guarana (a natural source of caffeine). There is evidence that when consumed in high amounts, these drinks produce 'wide-awake drunks' who perceive that they are safe

¹ Based on Ministry of Health data (*Alcohol Use in New Zealand – Analysis of the 2004 New Zealand Health Behaviours Survey*).

² Copeland et al, (2006), *Young People and Alcohol: Taste Perceptions, Attitudes and Experiences*, NDARC, University of New South Wales.

³ Kuntsche et al (2006), "I drink spirits to get drunk and block out my problems..." Beverage preference, drinking motives and alcohol use in adolescence", *Alcohol & Alcoholism* Vol. 41, No.5, pp. 566-573, 2006.

to drive because the caffeine combats the drowsiness usually associated with intoxication, when in reality their driving skills are dangerously impaired.⁴

ALAC is concerned to reduce harms, especially under-age drinking, binge drinking and drink driving. When considering policy options for reducing harms, we want to avoid interventions that result in the substitution of one type of harm for another. We also want to minimise compliance costs to government and to the industry and ensure that any such costs can be justified by the level of harm the policy addresses.

ALAC does not favour creating an excise tax regime specific to RTDs, because the overseas evidence does not show that such policies result in reduced harm, and there is a real risk of RTDs being substituted by other alcohol beverage types, including full strength spirits.

ALAC, however, does support initiatives to encourage the availability of low alcohol alternatives, such as could be achieved by removing the excise tax on low alcohol beverages and by instituting an excise tax regime based on an unbanded volumetric system.

ALAC is keen to encourage wider debate about the possibility of setting limits on the alcohol strength and container size for RTDs, due to the fact that the alcohol taste can be masked by sweeteners and flavourings. Other options that ALAC supports are setting higher standards for the advertising, naming and promotions for RTDs, to ensure young people are not targeted, and setting limits on caffeine strength of RTDs to reduce the risk of drink driving. Although the alcoholic energy drinks currently available in New Zealand do not have a high caffeine content, overseas there are products on the market with caffeine contents that are two or three times the amount found in a standard cup of coffee. A mandatory maximum limit would prevent these products being marketed in New Zealand. It is important that we continue to raise public awareness about the risks associated with alcoholic energy drinks and drink driving.

⁴ Report by the Marin Institute – alcohol industry watchdog (2007), *Alcohol, Energy Drinks, and Youth: A Dangerous Mix*, page 11 and 12.

Figure 1: % Total Female Population Drinking Beer, Wine, RTDs and Spirits at Least Once a Week

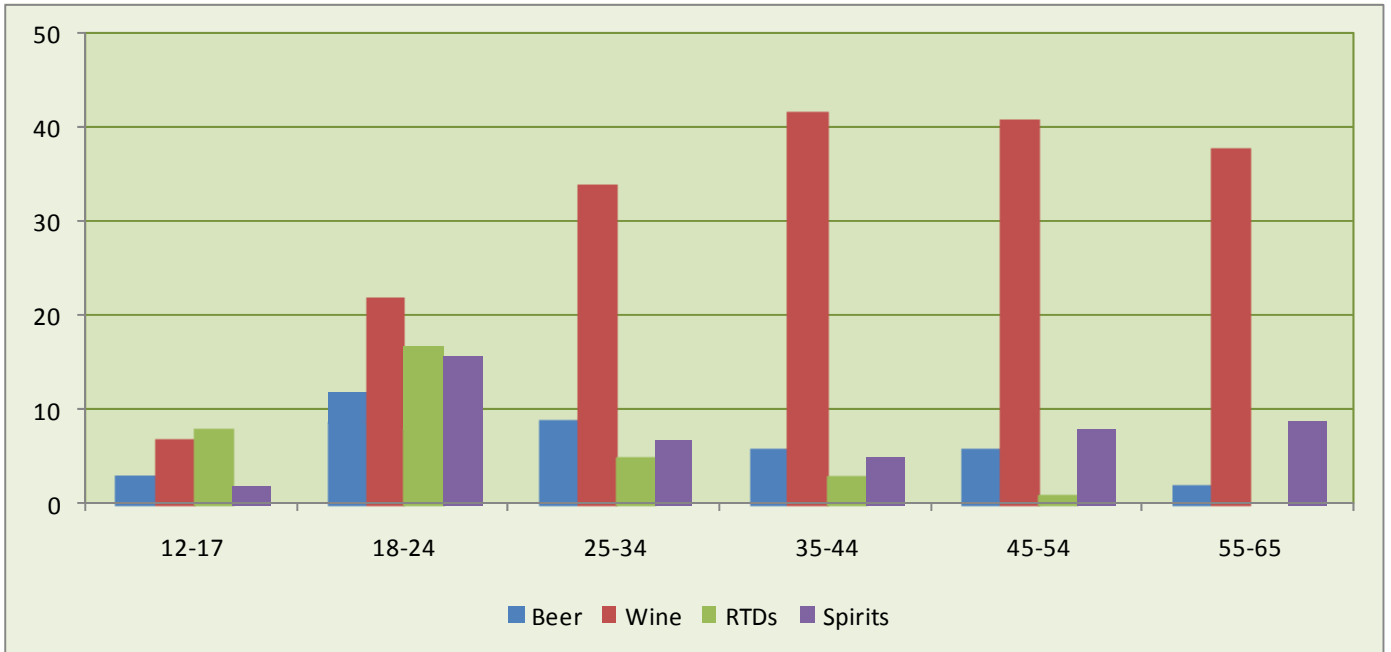


Figure 2: % Total Male Population Drinking Beer, Wine, RTDs and Spirits at Least Once a Week

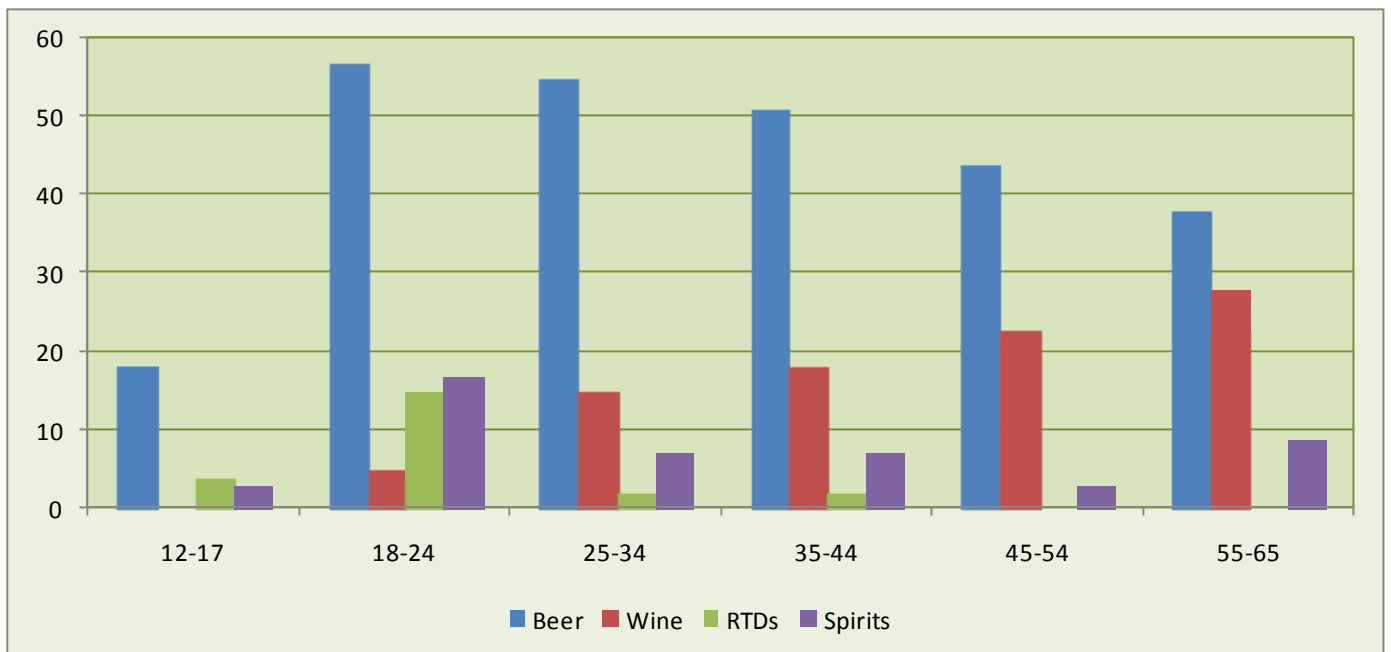
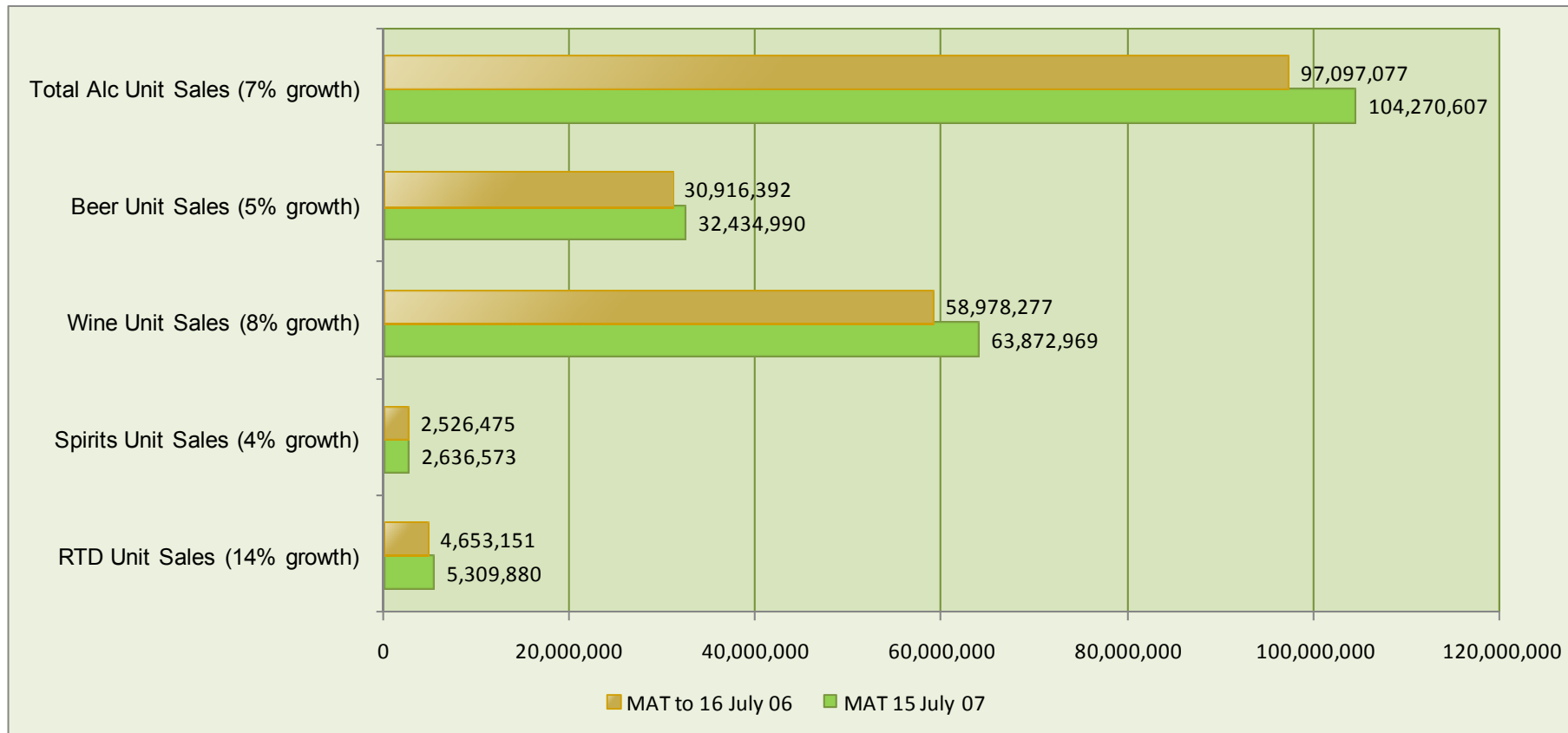


Figure 3: Total Alcohol Unit Sales



• Total alcohol volume sales increased by +7% over the MAT to 16 July 2006, driven mostly by Wine (+8%), Beer (+5%) and RTDS (+14%). ‘MAT’ stands for moving annual target.