



AUSTRALIAN HOTELS ASSOCIATION

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Submission in response to Consultation Paper on Trade Measurement Regulations

The Australian Hotels Association (AHA) is an organisation of employers in the hotel and liquor industry registered under the *Fair Work (Registered Organisations) Act 2009* representing more than 5,000 members across Australia. These members are serviced by branches operating in each state and territory and by a Canberra-based National Office.

The hotel industry employs more than a quarter of a million Australians, many in regional and rural areas, and contributes more than one per cent of Australia's GDP. While many of the AHA's members operate off-licensed retail liquor stores in addition to their hotels, the majority of the industry's liquor sales are made on-premise over the bar. As a result, we make comment only on Question 4 – the proposal to extend the regulations to cover additional spirit products and non-packaged wine sales.

The AHA appreciates the opportunity to provide comment on the Consultation Paper and the impact its proposals would have on the hospitality sector.

Should the range of spirits controlled under regulation be extended?

The current requirements for brandy (including Armagnac and Cognac), rum, whisky (including whiskey), gin and vodka cover the main 'basic spirits' sold on-premise in Australia and constitute the vast majority of spirit sales. In recent years there has been a rise in the popularity of some spirit products not covered by the current regulations, however these are mainly sold in cocktails which are exempt from the measurement requirements under the Act. Although the measures would impose few costs and only a small compliance burden on licensees, the AHA sees little benefit to extending the regulation to covering a broader range of spirit products as the current requirements cover the vast majority of non-cocktail spirit sales.

Should the requirements be extended to the sale of wine when not pre-packed (includes by the glass and carafes)?

The AHA strongly opposes the extension of measurement regulations to wines sold by the glass. This would impose a significant cost burden on every licensee as new glassware would need to be purchased containing the required plimsoll lines. The cost of this process would vary according to glassware quality (ie, fine dining versus more durable 'everyday' glassware) and venue size but would be several thousand dollars in even a small country hotel. For a metropolitan accommodation hotel with major conference facilities the cost could be in the tens of thousands of dollars.

The AHA is often called upon to represent the industry in response to concerns from regulators, consumer groups or health-sector NGOs, yet there is no history of consumer complaint about the service of wine glasses on-premise in Australian hotels. There are practical reasons for this. The hospitality industry is under constant scrutiny from liquor licensing authorities, and serving alcohol responsibly is a vital part of doing business in the industry.

As a product category wine varies greatly in terms of alcohol content. Alcohol volume in wines varies according to seasonal and climatic conditions during the grape growing process, which can cause fluctuations across entire vintages. It can also vary according to industry trends as winemakers adjust their processes in a bid to meet their perceptions of consumer demand. The average alcohol volume in Australian-produced red wines, for example, has increased from 12.4% in 1986 to 14.4% in 2008.¹

Within the wine category, different grape varieties vary greatly in terms of alcohol content. In order to be legally sold as wine under the Food Standard Code, wine must contain between 8-22% alcohol by volume. The AHA is also aware of attempts by the local wine industry to lower this threshold below 8% so that a number of currently export-only wine styles with between 4-8% alcohol may be sold in the Australian market. As imported wines are not subject to the Food Standard Code, it is possible to purchase wine in Australia containing as little as 1.15%.

Leaving to one side the likelihood of lower alcohol wines entering the Australian market, the current alcohol range of 8-22% has a significant impact on the impact of a plimsoll line requirement for wine glass sales. A 150mL serve of wine could therefore contain anywhere from 1.2 to 3.3 standard drinks. With hotel patrons now being urged to monitor their alcohol intake (both in terms of staying under the legal 0.05 BAC driving limit and to reduce risky drinking) and being educated on the concept of standard drink counting², there is a risk that plimsoll lines on wine glasses could create a source of confusion and lead to incidents of people consuming more alcohol than they believe. It is likely that many people would believe that one glass of wine equals one standard drink, when the variation in alcohol volume makes this impossible.

From a consumer perspective, a requirement on licensees to serve wine in set measures has the potential to cause concern over value for money. Typically lighter-alcohol wines such as Moscato are served in larger quantities per glass than higher-alcohol wines such as Shiraz. A mandatory serving size could lead to situations where consumers do not feel as if their glass of lower-alcohol wine was worth the time or the bother of lining up to be served at the bar.

¹ *Australian & New Zealand Grape Grower and Winemaker* (July 2010), pp47-60

² National Health and Medical Research Council (February 2009), *Australian Guidelines to Reduce Health Risks from Drinking Alcohol*

If in favour of extending the provisions to the sale of wine when not pre-packed, should the volume for individual glasses be:

- (i) 150 mL
- (ii) 180 mL
- (iii) 150 mL and 180 mL?

The AHA opposes extending the provision to the sale of wine when not prepacked.

Alternatively, should these requirements be removed, allowing the marketplace to determine the manner in which these beverages are sold?

The AHA supports the retention of the current requirements on licensees under the regulations. These help to set the high standards by which the Australian hotel industry operates, provide confidence to consumers and help to prevent the illegitimate sale of alcohol. The AHA believes the current regulations are effective in achieving their objectives but does not believe any benefits from the proposed extensions are justified by increased benefits to consumers.

What impact would any of the above proposals have on you and/or your organisation?

As stated above, the proposals will have four main impacts on AHA members, namely:

1. Increased cost and space requirements for spirit measuring equipment if the range is extended beyond current levels.
2. Requiring plimsoll lines on wine glasses would impose a significant cost on every licensed venue in Australia from the need to replace glassware. The cost would vary according to venue size and the quality of glassware required (ie, fine dining versus more durable 'every day' glassware) but would be several thousand dollars even in small venues.
3. Consumers are likely to assume that one glass of wine equals one standard drink when attempting to monitor their alcohol intake. The significant variations in alcohol content between different wines make this a dangerous measure.
4. Consumer concerns over value for money if all wine types are to be served in equal measures.

Thank you for the opportunity to provide comment in response to the Consultation Paper. If further information is required please contact AHA Corporate Affairs Manager Steven Fanner on 02 6273 4007 or fanner@aha.org.au.

Yours sincerely



Des Crowe
National Chief Executive Officer