

Media Release

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\$36 billion alcohol harm figure 'grossly overstated': Access Economics

Claims that the social cost of alcohol is as high as \$36 billion a year are grossly exaggerated and based on flawed research that "should play no part in informing health policy", according to Australia's leading independent economic consulting firm.

Access Economics has found multiple cases of bias and numerous other problems in a survey that underpins much of the report *The Range and Magnitude of Alcohol's Harm to Others*, which was commissioned by the Alcohol Education & Research Foundation (AERF).

Access Economics was commissioned by the National Alcohol Beverages Industries Council (NABIC) to review the report following its highly publicised launch in August.

"We said at the time the figure of \$36 billion was ludicrous and flew in the face of the researcher's own warnings not to try to generate such a figure," said NABIC spokesperson Terry Mott.

"Now a comprehensive review has found flaws with the research methodology and other major costing issues. This only confirms concerns about the policy conclusions and media messages of the AERF."

Access Economics Director Lynne Pezzullo said there were three fundamental problems with the report.

"First, the research relies on the perceptions of a non-representative surveyed group of infrequent drinkers who have high rates of anxiety and depression and low rates of employment. An infrequent drinker may perceive another's drinking as heavy or sporadic even if it is within healthy levels. There is also substantial doubt that this skewed group can accurately assess whether strangers' behaviour is due to alcohol or to something else, especially when survey questions relate to harms caused by 'being woken up' or other events where the stranger is not even sighted by the respondent.

"Second, in health economics it is very important to attribute the cost of events, such as road crashes, to all contributing factors. But this report ignores other risk factors, such as fatigue, speed, illicit drugs and road conditions, which can also be involved, and instead attributes all the costs of any crash where an operator has illegal blood alcohol to that cause alone. This error is made for other costs also, not just crashes, and so overstates harms many times over.

"Third, measures used to estimate the cost of lost 'wellbeing' are double-counted, and any detriment to healthy life is ascribed to alcohol – when it might well be due to the higher levels of anxiety and depression in the group, or indeed any other health condition, none of which were controlled for in the analysis. This \$8.5 billion estimated cost component is thus completely invalid."

The report also identifies a myriad of other errors, such as treating people who are not employed as though they were, and thus ascribing productivity losses to them.

“We do need to understand the true impact of alcohol consumption in the Australian community, but research must include cost-benefit analysis that weighs up the impact of alcohol abuse by some in the community with the benefits from responsible drinking by most Australians,” Ms Pezzullo said.

“Responsible consumption also provides enjoyment value for many Australians, which in economics is measured by the amount they are prepared to pay – amounting to tens of billions of dollars in Australia. Yet such common sense is ignored by the AERF in its recommendations to tighten alcohol restrictions and increase taxation.”

Mr Mott said the alcohol beverage industry accepts the fact that harm can be caused from the abuse of alcohol, but flawed research and miscalculated costings do nothing to help the industry, the public or policy makers understand the issues.

“Access Economics has confirmed that the AERF report is an unhelpful advocacy pitch, not scientific research,” he said. “It’s time to end the misleading publicity campaigns and commit to an evidence-based, collaborative approach to addressing problem drinking. The alcohol beverage industry is 100% committed to these goals.”

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To arrange an interview with Lynne Pezzullo or Terry Mott please contact Jay Pleass (0412 623 578) at Ethical Strategies (02) 8904 7300.