

## **National Liquor News – October 2010**

### **Lies, damned lies and statistics**

Many Australians would have been alarmed at the latest report from the alcohol activists, suggesting that alcohol costs Australia \$36 billion a year. Such a big number was accepted unquestioningly by the media as the gospel truth because it was such a good headline.

The study did not actually come up with such the big number of \$36 billion, but the media releases did, and these were sent out by the Alcohol Education Rehabilitation Fund, which had funded the study.

Unfortunately for the AERF, the report had repeatedly and clearly warned against doing exactly what the media releases did – add up costs estimated using different approaches because there would be overlaps and contradictions.

The study was of a new and untried type - it tried to put a cost on drink and drinkers' harms to others beyond the consumer themselves. As is the usual practice with these 'cost of alcohol' studies, the definition of 'cost' became stretched and a very ambitious set of assumptions was used. For example, it appears that in order to inflate the cost of lost productivity from alcohol, the researchers used a nominal share of GDP, rather than the 'average weekly earnings' that other social scientists normally use.

The report enthusiastically adopted a very large number for the intangible costs, which is where no actual money is lost but an estimate of the 'cost' can be made which adds up to whatever the researcher likes. So the drunk yelling in the street and waking a householder becomes a cost, and the daughter worried about her father's drinking is a cost as well. No money is spent or lost but someone, somewhere is worried.

There are plenty of tangible costs – the person assaulted by someone intoxicated suffers pain and injury and cannot work; they lose wages and their employer loses a worker and has the cost of finding a replacement. These costs can be realistically estimated because they involve actual costs.

DSICA does not want to dismiss or diminish the real costs of alcohol abuse, but inflated claims and poor research do not help anyone but the publicity seeker.