

## Submission into the effect of red tape on the sale, supply and taxation of alcohol

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### A preventable problem

Australians know this country has a drinking problem, and want action to stop things getting worse. A recent poll found that almost three-quarters of the population are concerned that this situation will not improve over the next five to ten years.<sup>i</sup>

The adverse effects of alcohol consumption are enormous:

- Alcohol plays a role in an extraordinary range of health problems, including cardiovascular disease, cancers, diabetes, nutrition-related conditions, overweight and obesity as well as the immediate impacts of alcohol for both the drinker and others.<sup>ii</sup>
  - The harms to others from somebody's drinking are often indiscriminate and far reaching, ranging from random acts of drunken violence to child maltreatment.<sup>iii</sup>
  - The total cost of alcohol problems in Australia each year exceeds \$36 billion, including the cost to the health system, law enforcement, lost productivity in the workplace, and the pain, suffering and harms to drinkers and those around them.<sup>iv,v</sup>
  - Indigenous Australians experience disproportionate rates of alcohol-related harm. Mortality rates from alcohol-related diseases are 4-times higher among Indigenous than non-Indigenous populations.<sup>vi</sup>
  - In young people, drinking can adversely affect brain development and lead to alcohol-related problems in later life.<sup>vii</sup>
  - Alcohol can trigger or worsen pre-existing mental health conditions (e.g. anxiety, depression, schizophrenia).<sup>viii</sup>
  - Alcohol is a substantial factor in fatal road crashes in Australia.<sup>ix</sup>
  - Nearly half of all homicides in Australia are preceded by alcohol consumption, either by the victim or the offender.<sup>x</sup>
  - Prenatal exposure to alcohol can result in Fetal Alcohol Spectrum Disorders (FASD), leading to learning difficulties, a reduced capacity to remember tasks from day to day, anger management and behavioural issues, impaired speech and muscle coordination, and physical abnormalities in the heart, lung and other organs.<sup>xi</sup>
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The NAAA sees this huge toll from alcohol as completely unacceptable because much of it is preventable. No medical breakthroughs are required for a solution. There is already ample scientific evidence and expertise to guide the policy action needed to prevent alcohol related harm.

The NAAA's Alcohol Policy Scorecard provides an assessment of how well Australian states and territories are currently working to reduce alcohol related harm and where their efforts can be strengthened.

## **Responsibilities of government**

Governments have important roles to play in minimising harm from excessive alcohol consumption. Australians, including children and young people, are exposed to pervasive and influential alcohol marketing. Alcohol is becoming more affordable with significant loopholes in the tax regime benefitting industry at the expense of health. In many areas, alcohol is becoming even easier to obtain as the density of alcohol outlets increases. Many of the social costs from excessive alcohol consumption are born by the taxpayer and the nation more broadly. These include \$36 billion in health care, lost productivity and other societal costs.<sup>xii,xiii</sup> Many of those who suffer the greatest harms from alcohol do not consume alcohol themselves. They include children and spouses who experience abuse from an intoxicated relative, those killed or injured in drink-driving crashes, and those who experience a drunken assault. Even for those not directly affected by such violence, many feel less safe in their neighbourhoods because of excessive alcohol availability.

In Australia, responsibilities for key alcohol policies are shared between the state and territory governments and the Federal Government. The Federal Government's main responsibilities include: alcohol pricing and taxation policies; and, national level regulation of alcohol marketing. However, states and territories can also act in these policy areas. State and territory governments' main responsibilities include: regulation of the physical availability of alcohol; modifying the drinking environment; drink driving countermeasures; delivering treatment and early intervention programs; and, regulation of marketing on public transport and on- and off-licence promotions. Federal Government can also act in these areas. Policy areas where both Federal Government and state and territory governments can be active include: developing whole-of-government strategic plans; education and persuasion; data management and research; and, developing transparent and independent policy. It should be noted that local government also has some important responsibilities for alcohol policy in Australia relating to land use planning and social planning, community safety, event and facilities management, and liaising with and supporting local businesses and communities.

## **Assessing red tape**

We define red tape as excessive bureaucracy which does not serve a constructive purpose but which inhibits the actions of people or businesses. Red tape can take the form of policies, procedures or laws (termed "regulations" in the remainder of this document) to legally conduct business. In this way, it is a threat to freedom posed by the government. By this definition, there is very little red tape on the sale, supply and taxation of alcohol in Australia at the Federal or state/territory level. This is because the vast majority of associated regulations serve at least one of three core functions: improving health, ensuring that those who benefit from an activity help pay for its social costs, and increasing the ability of citizens to determine the outcomes for their communities.

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First, many of the regulations currently in place enhance Australians' health by limiting alcohol-related harm. This is achieved primarily through modest restrictions on the availability, advertising and affordability of alcohol. There is strong evidence to conclude that these measures benefit the health of Australians, with substantial reductions in the health budget.

Second, it is appropriate that where individuals or businesses profit individually from an activity with social costs borne by government, those individuals and businesses should help pay for the social costs. To do otherwise is the very definition of a market failure. As stated above, excessive alcohol consumption has substantial social costs described above. While many of these costs are borne by individuals directly harmed by someone who is intoxicated, Australian society and governments shoulder a substantial fraction of the financial burden, valued at \$36 billion annually.<sup>xiv,xv</sup> For instance, governments pay for extra policing, courts and medical services because of excess alcohol consumption. It is fair to ensure that these costs are met by those who profit from the manufacture and sale of alcohol, rather than by all Australians. This ideal is by no means met in Australia, but taxation on alcohol and licensing fees for licensed venues are a small step towards this goal. Abolishing the Wine Equalisation Tax and replacing it with a volumetric tax on alcohol would further this aim. It would also simplify the laws around alcohol taxation and reduce administrative burden on wine producers.

A final objective of democratic governments ought to be that citizens who are affected by government decisions have input into those decisions. There are a number of state- and territory-based regulations which govern when a new alcohol retail outlet or licensed venue can open, as well as the specifics of its operations (e.g. hours, capacity, floor-space, etc). These retail outlets and licensed venues can dramatically shape the character of neighbourhood, so it is appropriate that those who reside in that neighbourhood have input into the decisions affecting these businesses. This community review process can lengthen the process of reviewing applications for alcohol-related businesses, but serves the more important goal of enhancing democracy within Australia.

One area in which there is excessive red tape is the process by which a citizen can object to an application to open a retail outlet or licensed venue. In many states and territories, this process is cumbersome and daunting to the majority of residents, who may be deterred from registering their opinions by the red tape. Given that businesses have substantially more financial and human resources to engage with government bureaucracy than individual citizens, it is important to balance the ease with which they can engage with government to influence planning decisions, enabling citizens to truly engage with government.

Alternative institutional arrangements to reduce red tape, including providing subsidies or tax concessions to businesses, will not achieve the three outcomes currently achieved through regulation described above. Subsidies and tax concessions would undermine the principle that those who benefit from an activity with widespread social costs should pay for those costs. Reductions to the current taxes on alcohol or licensing fees would also increase the health and other social costs from excessive alcohol consumption by increasing such consumption.

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## About the National Alliance for Action on Alcohol:

The National Alliance for Action on Alcohol (NAAA) is a national coalition representing more than 40 organisations from across Australia. NAAA's members cover a diverse range of interests, including public health, law enforcement, local government, Aboriginal and Torres Strait Islander health, child and adolescent health, and family and community services.

Web: [www.actiononalcohol.org.au](http://www.actiononalcohol.org.au)

## References

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