

# Response to the Community Affairs Committee Inquiry

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## **Introduction**

The dangers associated with binge drinking have become a national issue, as growing concern surrounding the misuse and dangers of alcohol continues to dominate community debate.

Comments in the media by the Prime Minister, the Hon. Kevin Rudd MP, regarding the epidemic of “binge drinking” among young people, and the release of the National Preventative Health Taskforce’s (PHT) discussion and technical papers have firmly placed excessive consumption of alcohol on the national agenda.

The culture of heavy drinking permeates our society, and bringing about change will need a coordinated, educated and a strategic public awareness approach. However, the issue of alcohol misuse should not be focused solely on teenagers. Although the peak of “binge drinking” is around the ages 18-23, there is a good deal of heavy drinking among adults older than 23, as well.

What ADCA and the AOD services are witnessing in teenagers is, to a considerable extent, them making a claim on “adult” behaviours, such as excessive drinking and drinking to get drunk. These teenage behaviours are unlikely to change if they are tackled without addressing the drinking of the older ‘adults’ they are emulating.

ADCA welcomes the PHT’s emphasis on alcohol’s short-term harms. We agree that changing Australia’s ‘culture of intoxication’ will dramatically reduce alcohol’s negative impacts on our community.

## **ADCA and the AOD sector – Who we are and what we do**

The Alcohol and other Drugs Council of Australia (ADCA) is the national peak body for the alcohol and other drugs (AOD) sector, providing an independent voice for the people working to reduce the harm caused by alcohol and other drugs.

ADCA is a non-government, not-for-profit organisation principally funded through the Australian Government’s Community Sector Support Scheme and the National Drug Strategy Program. Some additional funding is provided through membership fees, subscriptions and project activities.

As the national peak body, ADCA has a key role in advocating for adequate infrastructure support and funding for the delivery of evidence based alcohol and other drug initiatives. In this regard, ADCA represents the interests of a broad group of service providers and individuals concerned with prevention, early intervention, treatment, supply reduction and research.

At 11 March 2009, ADCA’s membership covering Associate Organisations, and individuals totaled 329 covering organisations, services, agencies and individual professionals, practitioners engaged in alcohol and other drug services throughout Australia, major university research centres, tertiary institutions offering courses in addiction studies and other programs for alcohol and other drug workers, law enforcement and criminal justice systems, policy development and analytical areas, and administration.

ADCA’s broad and diverse membership base across all jurisdictions provides input on key strategic issues through active participation as members of ADCA’s Working Groups.

## **Executive Overview of the Alcohol and other Drug Council of Australia's response**

The Alcohol and other Drugs Council (ADCA) supports both the amendments presented to the Committee. ADCA is committed to taking a leading role in reducing the burden of alcohol harms to the Australian community – contingent on the fact that governments at all levels provide support, infrastructure and funding needed to progress policy change, such as the two amendments into action.

ADCA is determined to provide a strong voice in the current climate, to help bring about positive change for our community. Our broad alcohol policies are as follows;

- **ADCA supports restricting both the physical and economic availability of alcohol.**  
Evidence has shown that reducing alcohol's economic availability through taxation and the physical availability through liquor licensing amendments can change consumption patterns in a way that will promote safer drinking.
- **ADCA supports limits on the way alcohol is advertised and marketed to young people.**  
The current system of self-regulation is not working, and more should be done to ensure advertising and marketing to our youth is appropriately directed and controlled. These regulations need to address both what is being shown on broadcast media, as well as the positioning of products and promotional materials at the point-of-sale.
- **ADCA supports the introduction of health information labels on all alcohol products.**  
Consumers need to be informed at the "point-of-drinking" that the product they are consuming can have a serious impact on their health and well-being; that Alcohol is a drug –TOO! These warning labels should be similar to what is currently provided on tobacco products. Also, alcohol is currently regulated as a food product and falls under the authority of Food Standards Australia and New Zealand (FSANZ), which is currently considering its position on certain alcohol warning labels advising pregnant women not to drink. ADCA believes these labels could artificially discriminate against pregnant women and supports introducing health labels targeting the whole population.
- **ADCA supports the pre-approval of alcohol advertisements by an Australian Communications Media Authority Division**  
It's imperative that advertisements promoting alcohol consumption be rigorously tested by experts from within the AOD sector, health and motor vehicle industries to ensure they have NO strong or evident appeal to children, and do not suggest that alcohol contributes to personal, business, social, sporting, sexual or other success in life.
- **ADCA supports the introduction of a comprehensive education program about the dangers of alcohol.**  
We need to educate our children about the misuse and health risks associated with alcohol to assist them with developing a better understanding of its effects (*Addiction*, 99, pp. 278-291). This needs to take place both in communities and through the media

ADCA has recently re-published a number of revised policy positions, including a paper on alcohol consumption, comorbidity and alcohol abuse, workplace AOD policy development, and AOD sectoral workforce issues. We believe these policies have a significant part to play in reducing alcohol's public health burdens. (ADCA 2008).

It is time that communities were engaged to start making different choices about alcohol consumption, distribution and promotion to enhance overall wellbeing. To achieve lasting harm reduction we need to work to change attitudes to drinking, act as responsible role models, and refrain from using alcohol as a means to celebrate success.

The only way to address the excessive use of alcohol, especially for events and celebrations – is to change cultural mores so people have valid reasons to consume alcohol responsibly. Having a drink and getting drunk have totally different outcomes – in the first case this shows responsible drinking, however, getting drunk can potentially lead to personal injury, impact on family and friends, and cause health and legal issues.

The economic cost to our community through the misuse of alcohol and other drugs is growing, with research indicating the damaging impact on physical, mental and social wellbeing.

Governments at all levels need to work in cooperation with local communities to significantly reduce the level of alcohol abuse in Australia, especially in geographic and demographic hot spots. A solid starting point would be by examining the pricing structure of alcohol, including taxation, the marketing of alcohol and regulating the distribution, availability, and consumption of alcohol. In addition consideration needs to be given to the economic and social issues associated with the drug, as well as rehabilitation and education initiatives.

Since alcohol was placed on the national agenda following the 2007 Federal election, the media across Australia has continually highlighted alcohol-related issues both on the negative and positive aspects of responsible drinking. ADCA firmly believes that the media is a major stakeholder in encouraging a cultural shift away from risky drinking. Media coverage over the past 18 months has steadily increased, and the public health sector's challenge is to keep the media focused on promoting positive solutions.

In the case of this submission ADCA has drawn on the expertise of professional frontline workers from the widest possible spectrum. ADCA will continue to consult with relevant stakeholders with the aim of assisting the PHT, Parliaments and other reviews in their deliberations, and the implementation of recommendations. ADCA anticipates the outcomes of the PHT review will show a critical need to invest in long-term alcohol harm prevention measures.

## Responses to the Terms of Reference

Regarding the specific questions raised by under the Committee's Terms of Reference, ADCA would like the following noted:

Question: The impact of the tax on RTDs, the so-called 'alcopops' tax, since its introduction on 27 April 2008, with particular reference to:

- (a) The revenues raised under the alcopops tax measure:

The extra revenue has been forecast by Treasury at \$1.6 billion over the forward estimates (Hansard 2009).

- (b) Substitution effects flowing from the alcopops tax measure

At present there is minimal data to either prove or disprove significant substitution effects. As discussed by the Minister for Health and Ageing, the Honourable Nicola Roxon, MP in the second reading of these amendments, recent Tax Excise sales data shows that total spirit consumption is down by almost 8 per cent since the introduction of this amendment (Hansard 2009). Tax excise data from May to September in 2008 also shows that while there was a substitution from Ready-To-Drink to full strength spirits, total spirit consumption fell by 334,000 litres of pure alcohol, equivalent to 26,000,000 standard drinks or over 1 drink for every man, woman and child in Australia (McLucas 2008).

Further, substitution effects cannot be conclusively proven by an examination of Tax Excise sales data due to the differing nature of alcohol taxation. While spirits and beer products are taxed on a volumetric basis, wine and other grape-based alcohol beverages are taxed on an *ad valorem* (value of sale) basis, therefore taxation receipts cannot predict the volume of wine sold. Any estimation of the substitution effects which include wine would, most likely, be false.

Data provided by AC Nielsen scantrack shows that for the 2008 calendar year (to end November 2008), the value of the dark RTD market declined by 2.3 per cent, while light RTDs increased by 0.2 percent. Contrasted with the value of the Cider market which increased by 16.9 per cent and full-strength spirits increased by 11 per cent. While this data is indicative of a substitution effect, changes in the value of a product category cannot conclusively prove there has been a change in consumption.

ADCA would like to note that this reform is not a comprehensive review of the many anomalies and inconsistencies that are prevalent in the current alcohol taxation regime. An alliance of 19 public health organisations / experts, including ADCA, provided the 'Australia's Future Tax System' (Henry) Review with a comprehensive submission to remove these anomalies through taxing all alcohol by volume, instead of by product type as occurs now.

This measure was designed to specifically reduce consumption of one type of beverage, ready-to-drink spirits. On that measure, the tax reform appears to have been successful.

Lastly, ADCA needs to raise the point that this taxation measure was correcting an anomaly that led to AC Nielsen data showing Australia leading the world in consuming Ready-To-Drink (RTD's) spirits at 13.7 litres per person per annum, over one and a half times the next nation (Britain which consumed 8.4 litres per person) (Sydney Morning Herald 26 May 2008). Industry figures show that RTD consumption has increased by 250% since 2000 (DSICA, 2008).

- (c) Changes in consumption patterns of ready-to-drink beverages by sex and age group following the introduction of the alcopops tax:

The only data showing consumption patterns since the introduction of the alcopops tax is excise data from the Tax Department. This data, by its nature, cannot be disaggregated into sex and age cohorts. Data from the National Drug Strategy Household Survey shows that, before the RTD tax reform, alcopops were the preferred beverages of young and underage drinkers of both sexes, so logically a fall in the consumption of alcopops would have changed consumption patterns amongst young drinkers. Public health measures, designed to change consumption for an overall public health benefit generally cannot be judged within the short time-frame.

- (d) Changes in consumption patterns of all alcohol beverages by sex and age group following the introduction of the alcopops tax:

as in (c), the current public tax data set does not dis-aggregate into sex and age cohorts. ADCA would like to make note that the prediction by DSICA and manufacturers of a rise in spirit consumption has been disproven. While there has been some shift in consumption from RTD's to full-strength spirits, as stated above, overall spirit consumption has decreased by roughly 8 per cent.

- (e) Any unintended consequences flowing from the introduction of the alcopops tax, such as the development of co-called 'malternatives' (beer-based ready-to-drink beverages)

The development of so-called 'malternatives' highlights the positive impact this taxation reform has had, and shows that the explosion in consumption of RTD's from 3.0 to 10.7% of the alcohol market was primarily because of the tax concession granted to RTD's as part of the New Tax System (DSICA 2008).

The success of the RTD taxation anomaly is such that a Vodka Brand (Smirnoff) is contemplating launching a beer-based drink that is stripped of its beer characteristics purely because the tax benefit aligned with its premium marketing strategy will increase profits. ADCA believes that this highlights the alcohol industry's irresponsibility in producing products purely for tax benefits (Daily Telegraph 2009).

This example illustrates the need to change the structure of alcohol taxation to one based purely on alcohol content per standard drink. Detailed information on this issue can be found in our submission to the Henry Review, weblink: [http://www.taxreview.treasury.gov.au/content/submissions/Alcohol Education Rehabilitation Foundation.pdf](http://www.taxreview.treasury.gov.au/content/submissions/Alcohol_Education_Rehabilitation_Foundation.pdf). ADCA would like to advise the committee that the principle of progressive, accelerating taxation (similar to income tax rates, but based on alcohol content) is endorsed by all major alcohol and other drug (AOD) advocacy, treatment and service groups as well as organisations such as the Distilled Spirits Industry Council of Australia.

- (f) Evidence of the effectiveness of the Government's changes to the alcohol excise regime in reducing the claims of excessive consumption of ready-to-drink alcohol beverages

The last known data collected regarding total alcohol consumption indicated that roughly 50 per cent of alcohol is consumed at risky or high-risk levels for short-term harm and 40 per cent of alcohol is consumed at risky or high-risk levels for long-term harm according to the National Health & Medical Research Council's (NH&MRC) published alcohol guidelines. These figures are likely to be higher under the Draft Alcohol Guidelines which are scheduled for release later this year. So, the reduction of consumption of total spirits (full-strength and RTD's) since the alcopop tax reform demonstrated above will have reduced excessive consumption of the spirit-based ready-to-drink alcohol beverage category (NDRI 2000).

Further ADCA believes providing funding for current research to update these figures would greatly assist Australian communities to understand the extent of our excessive alcohol consumption. This research would also assist Government, the public health sector and the wider community to address our excessive or "binge" consumption of alcohol.



## Previous submissions

Below is a list of the previous Submissions ADCA has provided in relation to alcohol.

- Submission to the National Health and Medical Research Council (NHMRC) – review by the NHMRC of the Australian alcohol guidelines: health risks and benefits.  
Submitted/Issued: 10 December 2007
- Submission to Food Standards Australia New Zealand (FSANZ) – initial assessment report. Labeling of alcoholic beverages with pregnancy health advisory label.  
Submitted/Issued: 2 February 2008
- Submission to the Senate Community Affairs Inquiry into the *Alcohol Toll Reduction Bill* 2007.
- Submission to the Senate Community Affairs Inquiry into Ready-To-Drink (RTD) alcohol beverages.
- Submission to the National Preventative Health Taskforce
- Submission to Australia's Future Tax System (Henry) Review.

## **Conclusion and Recommendations**

ADCA and the AOD/ NGO sectors are committed to finding a solution to the alcohol problem in Australia.

To do this, there needs to be a united effort from all governments, treatment and prevention services, community groups, non-government organisations, sporting groups, industry representatives and the media.

***ADCA recommends the Committee supports this amendment as a ‘first’ step in examining the economic availability of alcohol. As discussed above, initial data shows that this measure is having the intended effect of decreasing spirit consumption within our communities.***

***ADCA’s broad alcohol policy goals can be summarised as follows:***

- ***the introduction of a non-linear, accelerating taxation regime of alcohol products.***
- ***the removal of alcohol from the provisions of the National Competition Policy (NCP)***
- ***reviewing and amending State liquor licensing regimes along harm-minimisation principles, similar to the recent Queensland amendments***
- ***the introduction of health warning labels on all alcohol products, supported by additional warning posters/signs in establishments selling alcohol***
- ***establishing restrictions on the way alcohol is advertised and marketed to young people***
- ***pre-approval and rigorous testing of alcohol advertisements and promotions by experts to curb their influence on the community, and***
- ***establishing a nation-wide education program to raise awareness of the dangers of alcohol.***
- ***Increased emphasis on social infrastructure and community development projects, especially in regional / remote areas.***

ADCA looks forward to working with the Committee to achieving these aims.

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