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STANDING COMMITTEE ON COMMUNITY AFFAIRS

Reference: Ready-to-drink alcohol beverages

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**SENATE STANDING COMMITTEE ON
COMMUNITY AFFAIRS
Wednesday, 11 June 2008**

Members: Senator Moore (*Chair*), Senator Humphries (*Deputy Chair*), Senators Adams, Allison, Boyce, Carol Brown, Lundy and Polley

Substitute members: Senator Colbeck for Senator Adams

Participating members: Senators Abetz, Barnett, Bartlett, Bernardi, Birmingham, Mark Bishop, Boswell, Brandis, Bob Brown, Bushby, George Campbell, Chapman, Colbeck, Jacinta Collins, Coonan, Cormann, Crossin, Eggleston, Ellison, Fielding, Fierravanti-Wells, Fifield, Fisher, Forshaw, Heffernan, Hogg, Hurley, Hutchins, Johnston, Joyce, Kemp, Kirk, Lightfoot, Ian Macdonald, Sandy Macdonald, McEwen, McGauran, McLucas, Marshall, Mason, Milne, Minchin, Nash, Nettle, O'Brien, Parry, Patterson, Payne, Ronaldson, Scullion, Siewert, Stephens, Sterle, Stott Despoja, Troeth, Trood, Watson, Webber and Wortley

Senators in attendance: Senators Colbeck, Fielding, Humphries, Moore and Siewert

Terms of reference for the inquiry:

To inquire into and report on:

- a. the effectiveness of the Government's proposed changes to the alcohol excise regime in reducing the claims of excessive consumption of ready-to-drink alcohol beverages;
- b. the consumption patterns of ready-to-drink alcohol beverages by sex and age group;
- c. the consumption patterns of all alcohol beverages by sex and age group;
- d. the impact of these changes on patterns of overall full strength spirit consumption, including any increased consumption of standard drinks of alcohol;
- e. the evidence underpinning the claims of significant public health benefit in the increase of excise on this category of alcohol;
- f. applicability of incentives to encourage production and consumption of lower alcohol content beverages;
- g. the modelling underpinning the Government's revenue estimates of this measure;
- h. the effectiveness of excise increases as a tool in reducing the levels of alcohol related harm;
- i. the empirical evidence on which the government's decision to increase the excise on ready-to-drink alcohol beverages was based; and
- j. the effect of alternative means of limiting excessive alcohol consumption and levels of alcohol related harm among young people.

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Committee met at 9.04 am

BUCKINGHAM Mr Mark, Executive Director, Finance, Alcohol and other Drugs Council of Australia

TEMPLEMAN, Mr David, Chief Executive Officer, Alcohol and other Drugs Council of Australia

ROOM, Professor Robin, President, Alcohol and other Drugs Council of Australia

CHAIR (Senator Moore)—Good morning, everyone. This is the Senate Standing Committee on Community Affairs and we are commencing our inquiry into ready-to-drink alcoholic beverages. I welcome representatives from the Alcohol and other Drugs Council of Australia. I think we have had evidence from at least two of you at a very recent inquiry. I know you have been provided with information on parliamentary privilege and the protection of witnesses. We will have senators coming in and out during the day, so please excuse that.

We have your submission, thank you very much. I now invite you—all of you or one of you—to make an opening statement and then we will go into questions.

Mr Templeman—Good morning, Madam Chair. I appear here today as the Chief Executive Officer of the Alcohol and Other Drugs Council of Australia. We welcome the opportunity today to present our views at this hearing. As the committee is aware, ADCA is the national peak body for the alcohol and other drugs sector. As outlined in ADCA's previous appearance before this committee on 6 May 2008 at the recent Alcohol Toll Reduction Bill inquiry hearing, over the past 10 months ADCA has been actively advocating to raise awareness within the wider community that alcohol is a drug too.

With me this morning I have the president of the ADCA board, Professor Robin Room. Professor Room has dedicated his entire working career to examining issues related to alcohol and other drugs. Professor Room's work has been recognised internationally and includes the social, cultural and epidemiological studies of alcohol, drugs and gaming behaviour; studies of social responses to alcohol and drug problems; and the effects of policy changes. At present, Professor Room is Chair of Social Research in Alcohol at the School of Population Health and the director of the Centre for Alcohol Policy Research at Turning Point Alcohol and Drug Centre with the University of Melbourne. Also with me today as an ADCA board member is Mr Mark Buckingham, who is the Chief Executive Officer of Kedes Rehabilitation Services in New South Wales, an organisation that exists to facilitate positive growth through the empowerment of individuals affected by dependency. Mark is an executive and a specialist in the treatment of alcohol and other drugs. Unfortunately, ADCA's patron, Professor Ian Webster, was unable to attend and share his experience and demonstrate his support for ADCA at today's hearing.

I would like to start by saying that we are very pleased to be here this morning. We believe that this subsequent inquiry into ready-to-drink alcoholic beverages is another positive step forward in addressing the long-term effects of alcohol misuse in Australia. However, ADCA believes that in order to address these long-term harms of alcohol there needs to be a coordinated approach from governments at all levels, treatment and prevention services, community groups,

non-government organisations, sporting groups, the media and, most importantly, representatives of industry, hotels and clubs.

The current debate about alcohol misuse in Australia largely focuses on the proposed new taxation of RTDs and the impact of alcohol on our youth. ADCA finds it extremely disappointing that the current debate fails to focus on the overarching health issues associated with this critical problem. What is even more disappointing is the lack of alternative solutions on offer. ADCA believes that the RTD tax decision represents a sound first step in addressing the national alcohol crisis that in the past week has again been brought into focus by community behaviour and attitudes, including calls from our most senior police officers for action. Most of us would also have seen the ABC *Four Corners* program which again reinforced and covered some of the issues and concerns that I raise here today.

As I indicated at the hearing on 6 May, we have a harm cost of \$15.3 billion per annum. It is time to focus on this. It does not matter who you are; the alcohol related harm issue in Australia is a national problem and we all have a part to play in fixing it. ADCA believes the government, the AOD sector and the industry need to refocus their attention on identifying workable and acceptable solutions to this problem rather than purely debating the issues surrounding taxation.

I do not know whether the honourable senators have had the opportunity to actually see some of these RTD products, but I did bring a selection today with me to pass around. As far as I am concerned, the sample demonstrates the availability of, and highlights the appeal of, these drugs for their target market. It will give you some indication of what you might actually think they could be if they are not an alcohol product.

Senator HUMPHRIES—Is the milk one of ours?

Mr Templeman—No, these are called milk alcopops or milkopops. In fact, during the latter part of this month Canberra Milk are advertising Drug Action Week. They have agreed to promote Drug Action Week free of charge and, more importantly, they are emphasising the very important label warning that alcohol is a drug too. Canberra Milk should be commended for that initiative. We have a selection here of the harm products and milkopops.

ADCA suggests that there needs to be stricter regulation over the promotion and marketing of designer drinks so that their appeal to youth and the wider community is more adequately monitored. In addition, ADCA believes more research should be commissioned to explore the relationship between designer drinks and youth drinking practices. These findings could then be used to assist in tackling this problem.

Appropriate funding from the government and industry is also required to enable the development of awareness programs and provide much-needed support for enhanced prevention and treatment services in the AOD sector. In conjunction with this, there needs to be enhanced communication between law enforcement agencies, hotels, clubs, local government and the AOD sector in an effort to develop new alcohol strategies and ways to better manage the issue for our communities. ADCA believes one of the most important measures that need to be taken is for the government to invite the liquor industry to come to the table and work responsibly with other strategic stakeholders. Without the industry taking on the role of a good citizen, the cycle of alcohol misuse in Australia will not be broken.

Finally, I wish to reiterate that it is time to challenge the way we think about alcohol so that we can start making different choices to enhance the overall wellbeing of the community. We must provide leadership and strive to change attitudes towards drinking, act as responsible role models and refrain from using alcohol as a means to celebrate success. Once again, I thank you for the opportunity to participate in this hearing today. I wish to table my opening statement for further consideration. On behalf of the sector, we welcome any questions that you may have. But, before you do so, I know that my two colleagues, Professor Room and Mr Buckingham, wish to add a few comments.

Prof. Room—From the perspective of public health, the government's move to raise the taxes on ready-to-drink beverages is a good beginning on rethinking tax and related policies on alcohol, but it should be followed up by further action. From the point of view of public health and public order, price is an important influence on the amount of alcohol consumed and on the circumstances of consumption. Excise and other taxes are the most obvious ways in which governments can influence price, but they are not the only determinants of price. For instance, there are differences in the cost of production of different beverages, with spirits usually being cheaper to produce per unit of alcohol. Typically, reflecting the costs of those serving the drinks, alcoholic beverages consumed in a restaurant or bar are four or five times as expensive as the same beverage drunk off-premise. Tax is thus a much more important constituent of the off-premise price than of the on-premise price. An alcohol tax policy aiming for optimum effect on public health and order should be guided by general principles of taxing according to the volume of pure alcohol in the beverage and setting taxes high enough to mildly discourage consumption. These general principles might be modified in the following ways: firstly, a higher tax for strong beverages—say, of 20 per cent alcohol and higher—to reflect the much greater possibility of overdose from these beverages. That has been a traditional part of the Australian tax system. Secondly, a lower tax for weak beverages—say, below 3.5 per cent—to encourage switching to low-alcohol beverages. That, in part, is also—

CHAIR—We have a request from Channel 9 to take some cutaway footage of this hearing. It is standard practice to allow it, but, if there is any objection to that, we can always say no. I just want to check with you that you have no objection.

Prof. Room—I have no objection.

CHAIR—I say the same to everyone. If anyone has any objections, just let me know. I interrupted you, Professor, but it would be worse for them to trudge in in the middle of your contribution.

Prof. Room—Of course. The second principle is a lower tax for weak beverages—say, below 3.5 per cent—to encourage switching to low-alcohol beverages, and that is in part in effect in Australia. The third is the possibility of a higher tax to respond to problematic fashions and social trends—for instance on beverages favoured by young binge drinkers. But such special taxes should be re-examined after a couple of years to take account of shifts in fashion. The fourth is the imposition of a minimum price level for each type of beverage. Such a minimum price is not necessarily a tax measure; it can simply be imposed as a requirement on all who are selling alcoholic beverages.

It was reported on 3 June that such a minimum price provision was proposed by the chair of the New Zealand Winegrowers. A minimum price proposal particularly affects, in a positive way, two especially vulnerable categories of drinkers: underage drinkers and marginalised heavy drinkers. Both of these categories of drinkers have been shown to be especially sensitive to prices. More generally, to empower Australian jurisdictions to set and enforce minimum alcohol prices would enhance the effectiveness of tax measures to reduce the harms from drinking both to the drinker and also to those around the drinker.

Substantial tax increases on alcoholic beverages of course would yield substantial government revenues. It makes sense to use part of these revenues for prevention and treatment programs aimed specifically at alcohol problems. Such programs should be based on evidence about what is effective and cost-effective. The rest of the revenues might well be used to support general health and social welfare services. Alcohol consumption places great burdens on these systems in terms of emergency department visits, hospital admissions, family welfare and child protection assistance, and so on. The revenues from increased alcohol taxes would go some way toward paying for these externalities which alcohol consumption imposes on Australian society. Thank you.

CHAIR—Thank you. Mr Buckingham.

Mr Buckingham—Thank you; I will be brief. As Mr Templeman stated earlier, aside from my role as a board member of the Alcohol and Other Drugs Council of Australia I am also the CEO of Kedesh Rehabilitation Services, which is a treatment service situated in the Illawarra in New South Wales. Whilst Kedesh has developed in the areas of research and training, our core business remains as an evidence based treatment service. Ironically, Kedesh was established 30 years ago specifically to meet the needs of individuals with alcohol related issues—that was 30 years ago. These included both mental and physical health, and broader issues in the areas of homelessness, employment and family welfare, all of which impacted on the broader community at that time and continue to do so. Thirty years later, as a treatment provider we find that alcohol continues to be the primary drug of concern that our clients present to treatment for. Sadly, the age of the clients is the only figure that we see declining. By that I do not mean the number of clients presenting; I mean the actual age of clients presenting with alcohol related issues.

I would like to echo Mr Templeman's previous comments on the \$15.3 billion per annum cost associated with harmful drinking and the reach of that, which touches us all. RTDs play a significant role in contributing to these complex issues as they are often the introduction for many into this unhealthy drinking culture. The *Four Corners* episode this week graphically showed us the impact on community services and on individuals of all ages and genders. Anything that we can do to improve the health outcomes and reduce the burden on services and community has to be explored, with consultation across all sectors, including industry—and the time for that is now.

CHAIR—Thank you.

Senator HUMPHRIES—Thank you. I think you have made a very strong case to the committee for there to be concerted cross-government action on the effect of alcohol consumption, particularly by young people, and for the need to examine the way in which taxation levels on alcoholic products actually affect the rate of consumption. I am interested in

exploring something that I am not sure I see in your submission—that is, the evidence that, with a new higher tax on the ready-to-drink products, we will not see a migration from those drinks to other, cheaper drinks. It was put to the committee in the context of the other inquiry that you referred to that young people will tend to find the cheapest way to consume alcohol, particularly if they are on low incomes, as most young people are. Can you offer us any insights into the extent to which people will migrate between particular drink products? In particular, is there any foundation for believing that, with this new tax on the ready-to-drinks, people will not migrate into other kinds of products like straight spirits which are then mixed by the customer themselves, rather than spirits in a premixed can or bottle?

Prof. Room—I am not an economist but I have read the literature in this area. Basically there is cross-elasticity, which is the technical way of saying, yes, if the price on one alcoholic beverage goes up then some of the customers will switch to another alcoholic beverage that is cheaper. But it is not a complete switch. So the question to ask is: what has happened in net terms? It would be quite unusual for there to be a complete switch. You certainly will be able to find people who will say, ‘Now I drink something else.’ But that does not mean that the tax has not had an effect. It is very likely to have some kind of effect, partly on grounds of taste and partly on grounds of whatever choices people make in their lives.

In my opening statement I was talking about the idea of a minimum price. It is certainly true that very young drinkers will tend to gravitate to beverages that are cheaper. If you are really concerned about the biggest bang for the buck, so to speak, then the cheapest way of buying alcohol in Australia is in the form of cask wine, not switching to spirits that you mix yourself.

Senator HUMPHRIES—Is there evidence that we can look at, though, which suggests that, with a higher cost for those ready-to-drinks, young people who are experimenting or who are perhaps on the fringes of a culture of drinking will not enter that culture at all or will abstain from becoming drinkers by virtue of the higher tax?

Prof. Room—I think the literature does not have the aim of persuading people to be abstainers altogether. There certainly are a lot of abstainers in Australia, but it is a minority of the adult population. But many of the prevention programs are aiming to delay the age at which people initiate drinking. Here I am thinking particularly of the American prevention programs because a lot of the literature is dominated by the US in that area. I think that government action has great difficulty in really changing the age at which people start drinking. I think we need to accept the limits on what even a government can accomplish. I think the aim is probably more to structure how people begin to drink and to try to discourage drinking, particularly by underage people, to hold down the levels at which people are drinking. Typically teenagers start experimenting with drinking somewhere around the age of 13, but it is more like the age of 15 or 16 before they are experimenting with intoxication in the classic descriptions in the literature. That is the kind of real-life situation that someone who is concerned about teenage drinking is trying to influence.

Senator HUMPHRIES—What role does taxation play in that evolution of young people towards drinking?

Prof. Room—Taxation plays a role in discouragement. It is not a magic bullet; it is simply one more element among a number that would make a coordinated policy or program to discourage underage drinking.

Senator HUMPHRIES—You mentioned, Mr Buckingham—and I think Mr Templeman did as well—the attraction that these sweeter drinks have for younger tastebuds, and I accept that there is anecdotal evidence that a lot of young people are attracted to them. I am not sure if you have seen the figures from the Australian Institute of Health and Welfare about trends in consumption of premixed drinks in the last few years, but they suggest that the uptake between 2001 and 2007 has not been significant; in fact, in some categories it has actually fallen. Can you offer us any hard evidence about the attitude of young people towards those sweeter drinks that suggests that they are a sort of a Trojan Horse into a drinking culture?

Mr Buckingham—I know that through our clients that attend our service we have more recently started asking the questions with the younger age groups about their initiation, their preferred drinks and so forth. The premixed drinks definitely feature highly in that feedback that we get from the clients. We even find that it features highly for parents that are providing alcohol to youth for so-called controlled parties at home. It is the parents' preferred drink of choice to fill the bucket up with some ice for the kids in the backyard.

Senator HUMPHRIES—Have you collated those figures in a scientific way? Can we see how those trends have changed over a few years?

Mr Buckingham—We have not as yet, but we would welcome the opportunity with funding for research. Those are the types of things we need to be looking at in more detail—absolutely.

Senator SIEWERT—Mr Buckingham, you made a comment about the age of the people you are seeing. Could you tell us what age groups you are now seeing and how that has changed?

Mr Buckingham—In our residential services we have clients that enter the program from age 16 through to clients that are in their 60s. We have non-residential services for clients that are below the age of 16, so they are generally from about the ages of 14 to 16 that we will see in a non-residential setting. Well over 50 per cent, close to 60 per cent, of those clients present with alcohol as their primary drug of concern. Quite often we identify with a client that presents initially for another illicit type of drug for support and treatment through their stay at the service that they are also drinking at very risky and harmful levels but were unaware of the impact that that was having on them physically.

Senator SIEWERT—I think in your opening statement you were saying that the age has decreased.

Mr Buckingham—The age of the clients presenting—that is correct.

Senator SIEWERT—In other words, you are seeing a higher number of younger clients than you have in the past.

Mr Buckingham—Yes.

Senator SIEWERT—Is that statistically significant in terms of the decrease? What I am trying to find out is: is there a marked decrease that you can clearly demonstrate?

Mr Buckingham—Yes, there would be.

Senator SIEWERT—What would you say the percentage change has been?

Mr Buckingham—I will just look at the last four years, if I could: at our service we have seen an increase in young people—that is, under the age of 21—presenting for treatment for alcohol dependency of probably around 10 per cent.

Senator SIEWERT—Obviously you would be aware of some of the debates that are going on, in that some people are saying that the statistics are showing that there has not been an increase in risky drinking behaviour and other statistics are saying that there has. A paper came out from Victoria yesterday that said, no, they think the amount of risky drinking has not increased but the amount of harm has. It also looks as if there are issues around the measurement of risky behaviour. Do you have any comments on that?

Mr Templeman—I think Professor Room can answer on that point.

Prof. Room—It is actually my colleague's paper. He looked carefully at the survey data, as you were indicating, on youth drinking and found very little change. However, from three separate sources, when he looked at the indicators of harm that are from hospitalisation and presentations at emergency departments for acute intoxication, there was a definite increase in all three of those, so there seems to be something of a polarisation going on in youth drinking, where there is this extreme end that is becoming more problematic. I was at an international conference last week where in fact people from two or three other countries were talking about the same phenomenon, so I think it is something that we will be examining much more carefully.

Senator SIEWERT—I read the paper last night. It seemed to me that what they were speculating on is that there are groups that may in fact be engaging in risky behaviour that are not being picked up in the statistics. Is that an accurate reading of what they are saying?

Prof. Room—There are certainly several possible explanations for the discrepancy. One of them is simply that the survey is failing to catch the people who are drinking at these harmful levels, or failing to catch significant numbers of them, either because the sampling frame does not include them or because they decline to answer. There can be several explanations. But it may also be that there is a change in behaviour, where the behaviour at this extreme end, so to speak, is being counterbalanced by some minor decrease among a much larger number of people, and that is the thing that we have to look at and examine more closely.

Senator SIEWERT—Professor Room, you were also making comments around the minimum price level. Were you talking then about the availability of cheap alcohol, such as cask wine—those sorts of issues—and saying that minimum price does play a role there in addressing risky behaviour?

Prof. Room—Yes, that is what I was saying. As in the colloquy with Senator Humphries, in general we find in the literature that there is some responsiveness to price. It is not a perfect

responsiveness across the whole drinking spectrum. Obviously someone who has less money in their pocket will be more affected by price than someone who has a lot of money in their pocket. In particular, teenagers and the marginalised heavy drinkers are both quite responsive to price, though this goes against a lot of assumptions, simply because they lack the resources. If the minimum price is raised on, let us say, cask wine, that would have an effect, I would predict.

Senator SIEWERT—I will sneak one last question in. Do you support this measure?

Prof. Room—From a public health point of view, I would think it would be wise to have a minimum price in effect, yes.

Senator SIEWERT—Sorry, I meant the RTD measure.

Prof. Room—Oh, the RTD measure. Yes. ADCA has said that it supports the measure but supports it in the context of a broader consideration both of taxes and of alcohol policies.

Mr Templeman—Correct.

Senator COLBECK—That leads me particularly to my point, because that is one of the reasons we are having this particular inquiry. I acknowledge your comment, Mr Templeman, about focusing specifically on this issue and your disappointment that we are, but effectively this was presented to us as a particular solution, which is why we are investigating it. I would have to say that the evidence we have received over previous inquiries and independent reading that I have done since would indicate that, if you are going to look at this issue, it needs to be done—and I think your evidence would bear this out—in a broader scale than just applying a particular tax to one sector of alcohol. It is going to need a much broader response than just applying tax to one particular product.

Mr Templeman—I made the comment expressing disappointment generally. It is disappointment on our behalf about everybody in relation to this debate, in that nobody has really put up any suggested alternative solutions, and I find that quite disappointing. I stand by that.

Senator COLBECK—I think that is probably a fair comment in a certain context, but again I go back to my point that this was being presented to us as a particular solution. The evidence would suggest that it is going to take more than that. I think it is generally supported by your submission and the comments we have heard this morning on a range of other issues, including potential minimum pricing.

Mr Templeman—As I said in Melbourne and at a previous hearing, it is important that, having had the issue of alcohol related harm now on a very significant level of public interest and on the agenda, which it has been for the last six months—I think, if somebody had asked that question six months ago about where we are going to actually address the issue of alcohol related harm in the community, it would not have got anywhere—we are encouraged that that has actually started to occur. We know what the total bill is. We certainly want to see, as I said in Melbourne, some action with regard to addressing this issue, because we can no longer tolerate the fact that 60 people die every week in Australia and, as was reported the other day, five of them are under the age of 25. They are big issues that we—

Senator COLBECK—I am not arguing with that, and I am not disputing the fact that it is positive that we are actually discussing the issue. I am just making the point that, if we are going to deal with it, we need a much broader scope of measures than one tax measure on a particular product, to effectively address the issue. I think we would have to be in heated agreement on that, and I do not think we are disputing what each other is saying.

Mr Templeman—No, I am not—

Senator COLBECK—And I am not decrying the comments that you made in respect of putting it on the agenda either. I do not think anybody has any particular argument with that. I am just making the point that this inquiry is addressing this issue because it was presented to us in a certain way, and that is why we are looking at it.

Mr Templeman—I appreciate that.

Senator COLBECK—Mr Buckingham, you made a comment—I think it was you—about parents providing RTDs as a preferred drink for young people at their own home events, parties, celebrations or whatever. Have you had any evidence as to why that might be the case? What is the driver for parents providing an RTD?

Mr Buckingham—It is harm minimisation in their eyes, in that they would much rather control the environment and the drinking that is going on rather than their children being out in the broader community where we have seen a lot of the harms associated with drinking in the public in terms of violence, road accidents and so forth. Recently, a year ago now, at a conference held in Wollongong, we had that topic as an open debate discussion forum. We were really alarmed by the number of attendees at the conference that indicated that they either had supported their children—and we are talking underage children—attending social gatherings for parties or what not, knowing full well that there was going to be alcohol controlled and provided there for them, or, in turn, had actually hosted such parties.

Senator COLBECK—When you say ‘controlled’, in what sense do you mean that? Do you mean that in the sense that it is a measured amount, they know what they are going to get, or that they are in an environment where they are being overseen and therefore it is controlled in that sense?

Mr Buckingham—I would say both. It is serving two purposes. Yes, they are in a controlled environment in their home, in a hall that they have hired or whatever the case might be, so the environment is controlled. Also, with the volume of alcohol that is being consumed by any individual, the parents are taking on the responsible role—which I think is what is really frightening in all of this, in how it normalises this culture that we have got, in that the parents are satisfied with watching young people become intoxicated to whatever point they determine is too much or not enough for that person and then stopping the drinking there.

Senator COLBECK—But by the same token, as you say, they are doing it in a harm minimisation way so that they are trying to limit the amount that their kids are drinking for fear of letting them go out and being in an uncontrolled situation. It is a frightening commentary, isn't it?

Mr Buckingham—Yes. In relation to parents supplying alcohol for teens, it would appear that it is higher for girls in the same age group, with 40 per cent of RTD drinkers having their alcohol supplied by their parents.

Senator SIEWERT—How much?

Mr Buckingham—Forty per cent.

CHAIR—And that information is from where, Mr Buckingham?

Mr Buckingham—From David Templeman—it is from the Australian Institute of Health and Welfare submission to the Senate inquiry.

CHAIR—I knew I had read it somewhere; I could not see it. Mr Buckingham, I am interested because that point has been raised a number of times in conversations about the role of parents providing alcohol. Is it your belief that it is happening more now than in the past? It seems there has always been some intergenerational aspects of drinking, and you stressed that in your contribution. From your point of view, do you think that is happening more than it did in the past?

Mr Buckingham—Yes, I do.

Senator COLBECK—Again, it is an interesting element of the whole equation because I think a lot of the research shows that one of the greatest influences on children and their drinking practices is their family and their parents. The motivation of the parents in participating in this process is also I think an interesting one. As you put it, it seems to be more in the context of harm minimisation than actual encouragement. I am interested in how that plays out and perhaps, Professor Room, some of the stuff that you have done might be able to assist in that. It suggests that there is a genuine concern with respect to the level of consumption of alcohol but perhaps there is an unawareness or a sense of helplessness in actually managing the process.

Prof. Room—Parents, having been one myself, face a difficult task in the whole process of emancipation, the process that goes on through the teenage years in which there is a kind of struggle of generations going on for ‘Am I old enough to do this or old enough to do that?’ and alcohol is a key symbolic arena in which the issue of claims on adulthood are played out. I do not think it is limited to Australia; this is an issue that comes up in different ways in every culture or most cultures. One issue for the parent is their knowledge of what is acceptable and their feelings about what is acceptable. Of course, they are being pressed by the teenager that everyone else’s parents are allowing this, and so you do get a kind of frame in which there is a parent acting somewhat reluctantly but being pulled between various impulses where the question of what the community standards are—and they will be thought to be very old-fashioned if they do not go along with it—is in play. The state of Victoria is currently considering the issue of whether it should be outlawing the provision of alcohol to other people’s children as is in effect more or less in New South Wales. The discussions have been quite active in Victoria about precisely this issue of the question of: is it the responsibility of the state to be setting a standard so that parents know how to behaviour in that kind of situation? Of course there are different views on that.

Senator HUMPHRIES—What would you advise a parent with respect to those issues? What should a parent do if a child under the age of 18 asks for alcohol at home, for example?

Prof. Room—I think it is inappropriate for an adult to be providing alcohol to someone else's child in that circumstance.

Senator HUMPHRIES—Sorry, I am talking about your own child.

Prof. Room—Yes, but the issue often comes up because the drinks that were in the bucket were not only for the children of the family but also for the other children who were attending. For the parent's own child there are going to be cultural differences within Australia about what is considered appropriate in those circumstances. There certainly are groups that would consider watered wine at the table to be an appropriate thing to be serving to a 12- or 13-year-old. I think the evidence is not very clear at this point about whether that is a better approach or whether simply maintaining that you should not drink until you are of legal age is a better approach. Parents are left a little bit up in the air about an appropriate approach. I think it is appropriate for a parent to be reminding their children of the law that applies at least outside their own home. Within their own home, again, there are going to be differences. I would certainly not regard it as wrong in any way if a parent is giving a child half a glass of something or other as part of a Christmas celebration, or something like that, in a family environment.

Senator FIELDING—Following up on that, as you know, New South Wales has the current law that serving someone else's kid alcohol in someone else's home is basically illegal and that is a community standard. Do you think that community standard should be across Australia because it reinforces the right message? Do you think that allows parents to at least know that, when their kids are going to someone else's place, there is that standard that they will not be served alcohol if they are underage?

Prof. Room—I would support it as a standard. I would worry about making it a criminal offence because someone is going to break the law and you face the fact that you are increasing the number of folk who are being criminalised in pursuit of a standard. But I would support the standard being set as a symbolic statement.

Senator COLBECK—You mentioned international studies a couple of times. Do you have any sense of where we sit on an international scale in relation to this in an overall sense?

Prof. Room—If you look at the population as a whole in terms of per capita consumption and you look at the whole world then Australia is quite high in per capita consumption. If you look among the developed world, the industrialised countries, we are sort of in the middle and not terribly different from other English-speaking countries. But that is looking very much at the grand, population-as-a-whole level. In terms of concerns about teenagers and young adults drinking, it is difficult to make an exact comparison. There are very good comparisons that can be made within Europe because there is a comparative study of 15- and 16-year-olds within Europe. I would say we are not at the highest level, if we are compared with Europe. The countries in Europe which have the biggest problem at this point with 16-year-old drinking are Ireland, the UK and Denmark. We are probably below their level, but we are certainly on the higher end.

Senator FIELDING—It is amazing that it has taken a tax on alcohol to have the whole debate on the \$15.3 billion problem of alcohol in Australia come onto the agenda. I am glad that it has come onto the agenda. It has taken a tax on alcohol to put that onto the agenda and I think you have already acknowledged that it needs a whole range of approaches.

CHAIR—I just draw your attention to the range of things that are happening at the moment on this issue across the levels of government. I will allow the statement to sit, but I think there is quite a bit of debate going on.

Senator FIELDING—I was fairly interested in the issue you raise in your submission of the sugar content and the effect that may have had on changing the drinking patterns and the age. That is obviously linked to the RTD issue.

Prof. Room—One point I would make there is that there are three or four European countries that have put a special tax on RTDs. I believe they are Germany, Switzerland and one other; it may be France, Austria and Ireland. In fact, Switzerland ended up taxing them by sugar content. That was the only way that they really could differentiate it as a class from all the other different things that European adults drink. So it was very explicitly seen in Europe as being a problem of very highly sugared drinks that were clearly aimed at a young palate.

Senator FIELDING—That was part of the reason I raised the question. It is just part of the issue, but has that really had a significant impact, do you think? I have tried a couple of these things and they are pretty sweet. Sometimes you do not even know there is alcohol in it until you have drunk too many, but I have not got to that stage myself. Has that had an impact? It is obviously a concern.

Mr Buckingham—I believe it has. We have spoken to our clients about the use of premixed drinks. Apart from them being convenient—you can just grab them off the shelf and they are ready to go—they do not feel like they are drinking liquor. They have not really got the palate for it yet at that stage. And they feel like they are just sitting around having their soft drinks until, as you say, it creeps up on you. That is what starts the cycle for them; that is their introduction until their palate has matured a bit and they start shifting onto maybe some finer wines or, God forbid, beer.

Senator COLBECK—You cannot seriously tell us that they think they are sitting around having a soft drink. They know what they are drinking.

Mr Buckingham—I am not saying that they do not know what they are drinking. What I am saying is that they enjoy sitting around drinking these fruity sugary drinks and getting—

Senator COLBECK—They know what they are drinking. The evidence is quite clear that they actually know what they are doing and they know what they are drinking. It might be pleasant to the palate but they actually know what they are drinking and they know what they are doing.

Mr Buckingham—They know they are drinking alcohol.

Senator FIELDING—The point is, what effect does that have, because they are so palatable. Alcohol is normally an acquired taste; this makes it an acquired taste on the first time you throw it down. It is an acquired taste immediately.

Mr Buckingham—That is right. Also, it commences that lifestyle of the gathering and having alcohol there as the centre of that gathering.

Senator FIELDING—You mentioned before that if you raise the taxes on these, the argument then goes, ‘Well, you should not do that because they will all just go to mixing it themselves.’ I think you said before that the switching would not be 100 per cent. So it would not be a matter that if they stopped this, 100 per cent of them would go and do that. I think you said it would be less than that and therefore the net benefit would be a positive. I think that is the reason you are suggesting that we should support this particular tax. But you are saying that you want more. Do you have a feeling about how much switching there is? Did you say a percentage before?

Prof. Room—I do not know. The cross-elasticity issues are going to be very specific. I do not think there is substantial literature that would allow us to estimate it at this point. I think we are doing a natural experiment and will find out, essentially. I know there have already been some preliminary statistics, but I would wait a little while and see what comes out from this experience. The general pattern is that there is some switching, but I would not hazard a guess on percentages at this point, I’m afraid.

Senator FIELDING—One final thing: regarding the move by Lion Nathan and Fosters to reduce the amount on alcohol in their RTDs, what does that say to you?

Prof. Room—We are talking about really very strong drinks—in terms of how adults would mix their cocktails, so to speak—when we are talking about a nine per cent RTD. Very clearly, that is a drink that is marketed with the idea that it will be for people who want to get drunk. I think it would be wise to think about limiting the strength of RTDs to something like the strength of regular beer, something like five per cent, which is actually below the level that Lion Nathan and the other company were promising. I think it is also worth noting that often the initiatives and the wilder things that happen in the alcohol market are not so much from the big firms; it is two guys in the garage who start these trends. The big firms watch and see what the social reaction is before they decide whether they are going to jump in or not. I think the big firms in this case are reflecting the fact that they have seen that nine per cent drinks are going to be something that Australian society is going to have a lot of difficulty with.

Senator SIEWERT—I would like to go back to the issue of switching. In the countries that you said have brought in an RTD tax, has there been any evidence of the percentage of switching?

Prof. Room—Yes, there is actually some data there; I am just not on top of it, I am afraid. But you are certainly right—it would be worth looking and seeing. It certainly discouraged RTDs in those countries.

Senator SIEWERT—Do you know where we could find that evidence? Obviously it would be useful to see what impact that had.

Prof. Room—I can certainly look and see what I can find and write to colleagues and submit that to you, if that would be useful.

Senator SIEWERT—That would be very much appreciated.

Senator COLBECK—I want to make another point on that because my recollection is that, when we talked to the Tax Office last week in estimates about it, they used a cross-elasticity index of zero. So effectively that would not work as a calculation, given that there is some evidence, although you do not know the quantum, that there is going to be some cross-elasticity as part of this process.

Prof. Room—I would be very surprised if it was zero. I think that there will be some cross-elasticity.

Senator COLBECK—I want to explore the concept of differential tax rates because that has, again, been another part of this overall process. You said in your submission that you support, potentially, lower tax regimes for products at, say, below 2.8 per cent alcohol. That is a rationale that already exists with respect to light beer. I would like your comments on that.

Prof. Room—I lived for some time in Sweden. Sweden has a regime in which anything stronger than 3.5 per cent has to be bought from a government store. So 3.5 per cent beer is available in the local corner stores, which means that teenagers by and large start drinking with 3.5 per cent beer. It also has 2.8 per cent beer, which is not taxed as alcohol. That lack of tax means the 2.8 per cent beer is sold often for half the price of the 3.5 per cent beer in the store, and it accounts for half of the sales of those two categories—there are about equal sales of them. I think that it is worth exploring and looking into some system like that, which steers teenagers towards starting to drink on really very low alcohol products rather than on quite heavy alcohol products.

Senator COLBECK—So that would be using the price signal that we have been talking about during our discussion this morning, particularly to the price sensitive element of the market—to direct them in a certain direction.

Prof. Room—Yes, absolutely. Obviously there are other considerations that you have to take into account in setting taxes, but I am looking at it from the point of view of public health and public order.

Senator COLBECK—Thanks very much.

CHAIR—Thank you very much, gentlemen. We appreciate your time, your evidence and your submission. If there is anything else that you want to add or there are things that you find—Professor Room, you particularly are going to send us some information about the exchange process—please send it in to us, because this is an important issue. You would have noticed that it was not just one camera that came in, but I took your approval from the first one to allow the others in.

[10.00 am]

MOORE, Adjunct Professor Michael, Chief Executive Officer, Public Health Association of Australia

WALKER, Ms Melanie, Health Policy Officer, Public Health Association of Australia

CHAIR—Welcome. I know that you have done this before and that you have information on parliamentary privilege and the protection of witnesses and evidence. We have your submission; thank you very much. I invite you to make an opening statement and then we will go into questions. Mr Moore—I am having some trouble because that is my dad's name—in terms of the process, you will give a statement and then we will go into questions.

Prof. Moore—Fabulous. I heard you mention the issue of cameras before and we have no problem with cameras. Thank you very much, Chair and committee members. The Public Health Association appreciates this opportunity to provide further input to this committee, having already spoken to your committee on Senator Fielding's Alcohol Toll Reduction Bill. We think that there are actually many things that go together between that issue and these issues. Indeed, our submission reflects that.

There has been a great deal of debate on whether or not there has been an increase in the harmful use of alcohol amongst teenagers. In fact, I think it is a side issue. I think it is really important for us to recognise that there is harmful use of alcohol going on extensively with young people and with older people as well. Whilst that harmful use of alcohol is going on, whether it has increased in the last four or five years or not, it is something that does need to be dealt with. We congratulate Nicola Roxon, the Minister for Health and Ageing, for taking the first steps in an intervention. Her intervention was to increase the taxation on alcopops. We just described it as a first step and we continue to describe it as a first step because, as we stated in our submission on the alcohol toll bill, we believe that a comprehensive approach is critical. That comprehensive approach should include pricing measures. Our view is that it should be on a volumetric basis and not necessarily a revenue raiser, although we recognise that governments being tempted by changes to revenue tend to then take a little advantage of that themselves, as indeed happened with the alcopops. We believe that, if all alcohol was taxed on a volumetric basis, it would mean that the pricing signals would encourage people to use low-alcohol drinks in preference to using those with a higher content of alcohol. We believe that there is evidence to support that.

We would like to draw the attention of senators to our own *Journal of Public Health* which was released just yesterday. Unfortunately, because of the nature of those journals, it was embargoed until yesterday and we did not include it in our submission. We would be very happy to make that particular journal article available. It does raise some very significant issues. First of all, I think it is worth saying that the journal article was submitted to our journal in November, long before this debate started. The article examined a series of reports and surveys—either self-reporting or questionnaires—and compared them to hard data from emergency parts of hospitals, and it said the two actually do not particularly gel.

That is not surprising, because we do know that, when you compare alcohol sales with the data from self-reporting, self-reporting tends to give a lower result—a consistent result but a lower one—so we assume that people understate the amount of alcohol they use. The data did show an upward trend in alcohol related harm among young Victorians aged 16 and over, because that is what the researcher, Michael Livingston, was looking at, and he was looking at it specifically in Victoria. The hospital emergency data showed a substantial increase in harm for young people, both male and female, between 16 and 24 and a particularly sharp increase amongst females aged 18 to 24.

Even though I am using this data, I will emphasise again that the real debate is not about whether there has been an increase or not. The real debate is: is there harmful and hazardous use of alcohol, what should the government be doing about it, and should the Senate support that or not? I think that that survey does strengthen the view that an intervention is appropriate. We believe that that intervention should start with a volumetric approach to alcohol. It should also include advertising.

We did speak about this one with regard to Senator Fielding's bill. It seems to me that a piece of evidence that comes from the Public Health Advocacy Institute at Curtin University of Technology is very interesting. They looked at a XXXX cricket match—and we can provide this evidence for you—and the XXXX cricket match revealed, as their research shows, that for 70 per cent of the playing time of that match there was a XXXX logo on the screen. Really, what we know is that sport is awash with alcohol and alcohol advertising—I should say it is awash with alcohol advertising. Actually, it is a very sad thing, because sport is a key area in which a comprehensive approach needs to be tackled. We did it very well with tobacco, where the advertising that had been provided by tobacco for sport was taken over by health promotion units in government and the like. Actually, tobacco tax was used to allow that to happen. There is a very substantial windfall from alcopop tax, and it would be very good to see a sensible proportion of that used to tackle that advertising program.

We also think that a marketing campaign that is sustained and appropriately funded, perhaps from that money, is entirely appropriate as well. We know that they have worked in other areas, such as particularly tobacco. We also know that, if you are using any sensible public health approach, we can draw on HIV-AIDS, where peer education programs became a very, very significant factor. We are talking at the moment about tackling young people in particular with this focus on alcopops, so a peer education program devised to do that would be very good.

We do understand that alcohol is actually much more complex than tobacco. I am very happy to have a glass of wine myself with dinner. I had a whisky before dinner but no wine last night. We do not have a wowserish approach to this. What we are concerned about is harmful and hazardous use of alcohol, that sort of drinking that is specifically designed for getting drunk. The reason we see that is that it is harmful to the health, both in the immediate situation—even more so with young women, who become more vulnerable, but also young men who make stupid decisions because inhibitions have been removed—and also there are long-term effects of heavy drinking of alcohol that are becoming more and more apparent in the evidence.

Those are the prime issues that we would like the committee to take into account. To conclude my part—and I will see if Melanie wants to add anything—we believe that this first step with

regard to alcopops is an appropriate step and it should be supported, but it is only a first step, and we would like to see a comprehensive taxation across alcohol on a volumetric basis.

CHAIR—Thank you, Professor Moore. Ms Walker, do you want to make a statement?

Ms Walker—I do not have a lot to add to what Michael is saying, but I guess I would want to emphasise as well that the focus of our organisation is on that group of young people who are drinking at hazardous and harmful levels. It is reflected rather well by Michael Livingston's study in Victoria. I think, even if we cannot make strong assertions about rates of binge drinking across the board, we can certainly see that at the very least there is a group of young people who are suffering significant harms. That deserves attention and something needs to be done. As Michael says, whether that is going up or whether it is consistent over the last couple of years, it is still a worry.

CHAIR—Thank you.

Senator COLBECK—You mentioned volumetric taxation in your presentation and in your submission. We have just heard previous presenters talk about incentives to produce low-alcohol products, say below 2.8 per cent. Do you have a perspective on that?

Prof. Moore—That is not in our policy. However, the driver for the Public Health Association is, by and large, harm minimisation: what action can we take to minimise the harm associated with alcohol? We think that a volumetric approach will provide the appropriate levers, but we certainly would not have any objection to incentives built into providing even lower alcohol drinks, should they work.

In response to that, Senator Colbeck, there was something else that I also left out of my initial statement, which was about evaluation. In some ways, this is a bold new world. In some ways, we can try and look at evidence from things like tobacco in Australia. We can look at evidence of how alcohol interventions have worked in places like Finland and Sweden, but, in the end, applying it into Australian cultural circumstances is quite difficult. Therefore, built into whatever is done should be a comprehensive evaluation process and a step-by-step process. You take the first step, you assess whether it is working, then you take the next step.

Senator COLBECK—I appreciate that you have said this is a positive first step and you support it in that context. I note that you have made some comments with respect to peer education. As I said earlier, a lot of the reading that I have done has indicated the role that particularly families and parents play in influencing young people in the uptake of alcohol. There has been a lot of evidence recently about the harm that alcohol provides in developing people, up to potentially the age of 21. What role do you see information for parents and families playing as part of this overall process?

Prof. Moore—Let me say that I think that the hardest job that anybody does is parenting. We all do it differently, and I am not a person who will judge how other people parent. That having been said, we also know that there are certain ways in which governments can support parenting and give parents ideas at least to consider. In the end, of course, it is the parents' final decision. I think that any marketing campaign—and we know that it would have to be a sustained and well-funded marketing campaign—should reach to parents as well as reaching to young people, for

two reasons. One is because of the influence, as you say, that parents have on young people—and it really ought not to be underestimated. I know that some parents throw up their hands and say, ‘I can have no influence,’ and it certainly feels like that as children go through different stages, but the reality is that parents actually do have a significant influence. There is ample evidence to support that. But, as to the parents themselves, there are still parents, of course, who are drinking in hazardous and harmful ways, and that marketing message should be going to them as well as to children. So there are two parts in my answer to your question.

Senator COLBECK—What about the perspective of empowerment—and I think you touched on it—because I think a lot of parents feel disempowered these days about how they can manage and deal with their kids?

Prof. Moore—I suppose it was always the case that some parents felt disempowered in those ways, and I think those marketing campaigns are entirely appropriate. Whilst I felt it a suitable thing to have my children drink with me, from the time they were 12 onwards, a small glass of wine with a meal and did not mind in very controlled circumstances parties with young people, with permission, having a drink, and I felt empowered to run that and allow that, other parents do not. I have had those discussions with other parents, and they consider that inappropriate—and should be supported.

This is one of the things that is really interesting, I think, about alcohol compared to tobacco. With tobacco, in many cases, it is actually very easy for parents to say, ‘Tobacco is bad for you; we know it is really bad for you.’ It is actually really difficult and there is a much more complex message with regard to alcohol—alcohol can be used sensibly; getting drunk is not a sensible way to use alcohol. I think part of the empowering of parents is to say, ‘If you want to say no, that is entirely appropriate and it is your choice.’ If you want to give more advice to your children then, as they get closer to their late teens, the sort of advice is that it is not difficult to drink at a slower rate, to have a glass of water between drinks or to choose light beer rather than a heavy beer and you can still socialise without the sorts of things happening that we saw on *Four Corners*, where people were saying, ‘You’re just not part of the group if you’re not drinking.’ There is some truth in that pressure. Some people—very few—can withstand it, but most cannot, so there are techniques to dealing with that. I think empowering parents and children in marketing campaigns would work.

Ms Walker—I think Michael makes a really important point about role modelling and parents drinking in front of children. I think we all acknowledge that there are ways to drink that are very different, and it is important that parents have a positive influence in terms of role modelling behaviours in the home. Whilst there is the one side of the coin with the disempowerment of parents in terms of talking to their children, there is also a bit of ‘do as I say and not as I do’, and it is important that parents have that reciprocal obligation with their kids in terms of modelling the types of drinking behaviour they hope their kids will exhibit in their future years. That is why it is important that there is going to be a national binge drinking strategy that looks at not only youth binge drinking but also youth binge drinking in the context of drinking as a whole and how other aspects of Australian society influence that.

Prof. Moore—Madam Chair, I wonder if I can suffer peer pressure and follow Senator Humphries in removing my jacket.

CHAIR—Absolutely. There are absolutely no conventions. As long as people remain clothed, it is all good.

Senator SIEWERT—I would like to follow up the issues that you were talking about in terms of programs that need to be associated with this measure. Would you therefore suggest hypothecating—and I like using that word because I can say it now and I actually know what it means—some of the taxes that are coming from this measure into the sorts of education and peer support programs that you were talking about? Is that your position? I do not want to verbal you.

Prof. Moore—I am aware that governments and treasuries are very, very reluctant to hypothecate funds and have been part of a decision-making process that resisted hypothecation of funds in that way. However, we believe that, if not actually hypothecating it, the government should at least recognise that a \$2 billion to \$3 billion windfall following something that is specifically designed to reduce harm is a windfall that should be used to complete the package. The thing that I think is critical from our perspective is that the funds do go to a comprehensive approach to harmful and hazardous use of alcohol. Such an approach is not going to be cheap. It is going to require an expensive marketing program and an expensive education program—the sort of education program that supports parents and so on—and may also involve such things as labelling and further legislation. All of these things do cost money. Certainly the effective purchase of alcohol advertising at sporting venues would be particularly expensive, and I think it would be a very good early target.

Senator SIEWERT—The issue in the paper that Michael Livingston wrote, which I read last night, raises this issue. I appreciate what you said about the focus at the moment just being on whether there has been an increase in risky behaviour and I agree entirely with you that if we look at the statistics we have got a problem. Whether there has been a sudden increase or not, we have got a problem with the harm caused by alcohol. But I did want to tease it out, because it is an issue that is being currently debated. It seemed to me, reading the article, that you cannot draw the conclusion that there has not been an increase in risky behaviour. There is an increase in harm, according to the article, but my understanding of reading some of the surveys is that there could actually be a failure in some of the types of survey that are being undertaken because they are not getting to the group or groups that are marginalised or who may be doing the heavy drinking. So in fact we cannot accurately say we have got a correct measure of the increase or not in risky behaviour. Is that a correct interpretation of this article?

Prof. Moore—One example supporting what you are saying is that one of the surveys that he looked at was of young people leaving school—the year 11 and 12 group. It looks at comparative data, and he said that the problem with that is that in the last few years of the data the number of people staying in school to year 12 increased very substantially. That of course distorts the data quite considerably on the one hand. But also the early data of the survey that was done in schools therefore was not reaching all those young people who were already out working and already had money and who probably—it is not evidence based—were more likely to be involved with alcohol. So it is a weakness in the survey. But I think that in almost every survey, every piece of research that is undertaken the good researchers almost always identify the weaknesses in their own survey because it is so hard to get an absolute gold standard survey without going to a randomised control trial, and you are not going to do a randomised control trial in this sort of thing. So there will always be weaknesses. What Michael Livingston was arguing, in my reading, was that, although there are weaknesses with those surveys, they give us

some indicators, but the indicators that they give us, compared to harder data from emergency hospitals, show that we have to be very careful in how we read data about the increasing use of alcohol when it is self-reporting or questionnaire data.

Ms Walker—I hear what you are saying, Senator. The picture indeed could be a lot worse than we think because of these exclusions. What Michael is saying is right. Obviously to participate in a school survey you have to be at school, so if you have left school or dropped out you are not going to be picked up there. Likewise for other surveys, like the National Drug Strategy household survey, you have to be at home, so to be able to be picked up you cannot be a homeless person and you cannot be in an institution. I know from previously working in the supported accommodation sector that people in the supported accommodation sector do not get picked up by surveys like that as well. So it is highly likely that there are a group of marginalised people out there who are not being fully represented by this data.

Prof. Moore—He also draws attention to the fact that with that specific one if somebody answers the phone and they identify as under 14 then they are not part of the survey. Of concern, particularly with alcopops, is the very young age group using alcopops as a gateway drug to this style of drinking. We know from the evidence that that has increased. My recollection is that it is from 13 per cent to 60 per cent, but there is a very significant increase in that particular drug being used as the gateway. I have not seen evidence to see what the earlier gateway drugs were. Certainly we know that with young men beer has been one. That does not seem to have had the impact with young women. Anecdotally I can remember passion pop style introductory drugs being the ones—very sweet bubbly wines—

Senator SIEWERT—Summer wine, I think it used to be called.

Prof. Moore—I try to think back to what my sisters drank at that time.

Senator HUMPHRIES—You make a very compelling case in the submission for the level of harm that needs to be addressed in public policy in Australia. You tie this into the depiction of alcohol in advertising, on television, in films and so on. I think the case for action is quite clear from your submission and from other submissions. But we need to look at the question of evidence, and you say that policy should be based as far as possible on evidence. The evidence of the use of alcopops is as a popular drink among young people. We assume that it is also an instrument in intoxication; that there are a few young people who, according to the surveys, exclusively drink only one sort of drink. We assume that the ready-to-drinks are a key part of intoxication or risky consumption. What evidence can you suggest is available about the way in which people switch between different drink types? Can you offer us any comfort that this tax on ready-to-drinks will not simply lead to a migration of young people into other forms of alcohol?

Prof. Moore—Some of the media have been referring to the Australian Distillers Association release as evidence—I think as not evidence but perhaps an early indicator of what has happened—that there is a migration of people from alcopops to heavier drinks and mixing their own. I think anecdotally there is some evidence certainly around me as well that that is true. But that same indicator shows that there are a million fewer standard drinks being used around Australia over the same period. They are indicators and not evidence. I think that what is really important for us to emphasise is the importance of, step by step, making sure that we have an appropriate evidence base to continue.

The way I perceive what happened with the Minister for Health and Ageing—and I was not aware it was going to happen before it happened, by the way—and the way the government's decision went was that they became very aware of a particular problem associated with drinking and specifically with regard to alcopops, they looked for the evidence that would support their action and took the action. I see it in a similar way to the way former minister Mal Brough looked at the Indigenous situation and said, 'We can really see terrible harm here.' There was a specific motivator with the harm to young children, and he said, 'We're going to take an intervention.' I think there were many people who disagreed with parts of that intervention. There are parts that I disagree with and that our association disagrees with. But, by and large, he said, 'There's a problem, we're going to take an intervention. By and large, we're going to work on what we know to the extent that we can, do an evaluation and then try to keep moving.' I congratulate him on that, by the way. I think it is the same here with the Minister for Health and Ageing. She said, 'There's harmful and hazardous use of alcohol occurring; we're going to make an intervention; we're going to take a first step and not just sit on our hands.' We think that was a very important first step and that is why we are strongly supportive of this specific taxation.

That does not mean to say that it is not a cost-benefit decision. I think that when an evaluation looks at alcopops and how we are going there will be some downsides. And the biggest downside that we already perceive is that there will be some migration to harder drinks. We also do not know whether that will be an immediate reaction and then change. We do not know if the million or so fewer standard drinks being consumed was an immediate reaction to all the advertising and if that will settle down. That is why an evaluation is incredibly important. However, the first step has been taken and now it is time to look at the next steps. I would urge the Senate—and this committee in particular—to support the government in really focusing on a comprehensive approach. Do not just rely on alcopops, because we know the impact that has on one particular part of the industry. That part of the industry has vigorously opposed it, as is their prerogative.

The Public Health Association and other public organisations are trying to examine the harm that applies to the community and to particular sections of the community. That is why we have taken the approach that we have. I hope I have answered your question, Senator Humphries. I danced around it a bit.

Ms Walker—I would like to add that that is why we ultimately want to end up with a volumetric taxation position. We recognise that the tax on the alcopops is a good first step, but for the reasons you have outlined in terms of the potential for substitution between drinks and that sort of thing, we think that volumetric is the way to go ultimately.

Senator HUMPHRIES—Can I tease that out. Are you saying that if there is evidence that the raising of the tax in this area will discourage people from using these particular drinks that the next logical step is a volumetric approach which would have the effect of raising the cost of other alcoholic products as well?

Prof. Moore—Not necessarily. From our perspective, a revenue-neutral result is what we would like to see. However, I did say earlier—with a little bit of cynicism—that it would be a difficult thing for governments to resist. What we would see is much less tax on lower-volume alcohols, making them much cheaper—as we have seen with low-alcohol beer. There is strong evidence from low-alcohol beer—for example, in the Northern Territory—so what we would see

is an increasing of tax at the upper end and a lowering of tax the lower the alcohol. The revenue base remains the same. An increase in revenue is actually a separate decision, in our minds—apart from the fact that we can be a little bit cynical about governments and revenue.

Senator HUMPHRIES—At the previous inquiry that we did, the Alcohol Education and Rehabilitation Foundation presented a chart showing us the tax per standard drink on alcoholic products available in Australia. AER is about to give us evidence, so if I misrepresent what they have said to us they can set us right then. The way I read this chart—and I will pass it over to you later on to have a look at—is that with the recent tax increase on ready-mixed drinks we already have one of the highest rates of taxation per standard drink in Australia on these sorts of drinks. That compares with much lower levels of taxation on other forms of alcohol consumption, the lowest probably being on cask wine, where the average tax per standard drink is about 6c, compared with \$1.25 on the ready-to-drinks. Full-strength standard beer comes in at about 55c ranging down to 2c on a light beer. It seems to me that if you are going to take a volumetric approach and balance the effect of all of these drinks, to achieve that you would probably end up—without increasing the total tax take—having to lower the tax on ready-to-drink products.

Prof. Moore—Compared to how it is now.

Senator HUMPHRIES—Yes—compared to as it is now. My concern is that we are ending up with a first step which, in a sense, is not made in conjunction with all the other steps that you suggest—and you are not alone, I might say—need to be taken in looking at other alcoholic products. We are better off looking at the suite of these things and getting them all right at the one time, lest we are raising and lowering taxes all over the place while we struggle to get some kind of clear picture on where we are going overall.

Prof. Moore—The first step was just too big a step?

Senator HUMPHRIES—Possibly.

Prof. Moore—Perhaps that is the case. We do not have the chart before us. My understanding is that alcopops also vary quite considerably in the amount of alcohol that they have in them. Therefore, we believe that some of them are likely to remain in the upper end—those with greater amounts of alcohol, but those with lower amounts of alcohol are likely to fall back to the lower end of taxation, encouraging people to have more volume of liquid compared to the amount of alcohol.

Those of us who watched *Four Corners* the other night would have seen the professor in emergency saying that the thing that he saw as the most significant change was that people are by and large moving to straight spirits, so there is not as much volume of liquid going with the alcohol, and that is helping to create a greater problem.

I also said earlier that extrapolating from places like Sweden and Finland is very difficult indeed because their first drink of choice is spirits, culturally. We are interested in trying to make a very significant cultural change. A lot of people look at it and say, 'That's by and large impossible.' But it did happen with tobacco and it did happen with sexual practice amongst gay men and also with safe sex behaviours in heterosexuals—all in the last 50 or 60 years. So it is

not that it is impossible; it is complex. We believe that the first step taken by the government is still an appropriate step. We are not asking them to back off on that. We support it, but we want to see a broader policy that takes into account the volumetric tax, including on alcopops, even though that is likely to mean a taxation drop on the lesser alcohol alcopops—although that is not a bad thing. We do not have a problem with alcopops per se. What we are interested in is harmful drinking and how much they encourage that.

CHAIR—Have you seen the Access Economics work on volumetric tax?

Prof. Moore—Sorry, I have not seen that.

CHAIR—Some of the work they have sent in is now in one of the submissions we have on the area. It looks at what Senator Humphries was talking about. A volumetric tax would mean that—from the Access Economics work, anyway—RTDs would go down, as would a number of spirits, but beer, particularly low-alcohol beer, would go up. In view of the discussions we had in the previous inquiry and are having now about the way people move their drinking, that economic impact certainly would have some effect on people's decision about what they will drink. It may well be that they just turn to something else. One of the things we have seen is that what used to be a beer-drinking culture has now eased. In that way, it seems to be just moving the issue around. So I would really like to see your assessment.

Prof. Moore—We would be delighted, in a very quick turnaround time, to respond to that Access Economics report, if it can be provided to us.

CHAIR—It is on the system.

Prof. Moore—It will be on the website—of course.

CHAIR—We will get it to you. It is just that yours is one of the submissions that does mention that in particular, and I would like to widen the debate so that we get all these things out there. It is just one of the things that we have heard about—that there are always the ups and downs.

Prof. Moore—I know I am sounding a bit like a broken record, but it emphasises the importance of funding evaluation as part of the process.

CHAIR—Always.

Senator HUMPHRIES—I want to ask whether the Public Health Association has a concern about, in a shift away from ready-to-drinks towards spirits, the loss of capacity to count drinks and the fact that on these products the drinks are labelled, in terms of them being mixed with other things, whereas they are not on the spirit bottles. Is that a concern?

Prof. Moore—As you know, we responded on labelling once before. We think everything should be labelled and the food labelling approach applied as well, insofar as there is room on a bottle. Those things can be dealt with. But of course we have those concerns. What we are drawing our conclusions on is a cost-benefit analysis. When people speak in the media—and I

think we all know this very well—they tend to make things black and white. The reality is they are not black and white. The reality is that there is a cost-benefit analysis.

There is no doubt that some people will move to spirits and avoid these drinks. There is no doubt that some people use alcopops as a way to measure what they are drinking. Young people tell me that they also become more confident in their drinks not being spiked. Mind you, the greatest spiking of alcohol, of course, is more alcohol. That is vulnerability in the approach that is taken here. Yes, that is a concern for the Public Health Association, Senator Humphries, but we think that, on a cost-benefit analysis, the government has taken the right approach as a first step and we should move on. And that is certainly one of the factors that ought to be evaluated.

Senator HUMPHRIES—Providing there are other measures to follow up with this first step.

Prof. Moore—Yes, providing there are other measures to follow—and very much provided. If you were to go back and look at the way we have supported this, where we have been in the media from the very beginning, we describe this as a first step and we have always advocated a comprehensive approach from the government to deal with the hazardous and harmful use of alcohol. Whether it is increasing or not increasing, it is a serious issue that needs to be taken seriously by all governments in Australia and by, I have to say, all those in a position to influence policy.

Senator COLBECK—Professor Moore, I just want to take you back to the comments you made about the *Four Corners* program on Monday night—which I think opened quite a few eyes—and the comment that you made about the level of pure spirits effectively being one of the concerning drivers. You also suggested that getting volume of other liquid with the alcohol helps to mitigate the issue. It is almost counterintuitive to a certain extent if this measure drives people towards pure spirits as a substitute for the RTDs. Bear in mind, we are not just talking about the bright coloured stuff; predominantly we are talking about RTDs that are dark liquors. Far and away the greatest proportion of the RTD market is rum and coke and things of that nature. It becomes a bit counterintuitive if we are actually driving people towards the element of the market that is going to cause them greater harm.

Prof. Moore—As Senator Humphries would know, over many years, when I have studied and worked on drug policy, I have used the term ‘counterintuitive’ many times, because so often good drug policy and harm minimisation itself is counterintuitive. I am slightly twisting what you said—and I do not mean to do that—but I wanted to leave that as a base. The fundamental question we are asking is: how can we reduce the level of harm associated with heavy drinking of alcohol? And, fundamentally, it comes back to a cost-benefit analysis that says that, even though some people will move to hard spirits, we believe that this first step on the taxation of these particular drinks is likely to reduce harm overall and that a more comprehensive approach will be much more effective in reducing the harmful use of alcohol. We see this as a good first step, but only as a first step.

CHAIR—Thank you very much, Professor Moore and Ms Walker. This is the kind of issue that one can go on and on about and there does need to be a lot more discussion. If you think of anything else that you would like to share with us, we would be interested in any further information you have. We will make sure that the secretariat gets for you those couple of pages

of the Access Economics report. I would like you to have a look at that for us. The secretariat has just emailed to members Mr Livingston's article; so we do have a copy of it.

Prof. Moore—Thank you very much, Chair and senators, for giving us this opportunity. We think it is fabulous that you are taking this issue so seriously.

Proceedings suspended from 10.44 am to 11.04 am

SMEATON, Mr Daryl Peter, Chief Executive Officer, Alcohol Education and Rehabilitation Foundation

WEBSTER, Emeritus Professor Ian William, Chairman, Alcohol Education and Rehabilitation Foundation

CHAIR—Good morning, gentlemen. I know that you have information on parliamentary privilege and the protection of evidence of witnesses. You have both done this before. We have your submission; thank you very much. I now invite you to make an opening statement and then we will go to questions. We have had several requests from the media. They have been in this morning filming. If you have any objections to being filmed, could you please let me know. They tend to come in and out. If you do not have any objection, they could be in again.

Mr Smeaton—I have no objection.

Prof. Webster—No objection, Chair.

CHAIR—Thank you. Would you like to start with a comment.

Mr Smeaton—Yes, could I make a brief opening statement in support of the submission. I just want to elaborate to the committee on the current state and the state 10 years ago of the alcoholic drinks market in Australia in terms of the volume of sales. In 1998, 77 per cent by volume of the alcoholic drinks market was beer, four per cent was RTDs, 15.5 per cent was wine and three per cent was spirits. In 2007, only 65 per cent of the market remained in beer, RTDs had gone from four per cent to 16 per cent by volume of the market, wine had increased from 15.5 per cent to 17 per cent and spirits had dropped from three per cent to two per cent.

CHAIR—Mr Smeaton, where are those figures from?

Mr Smeaton—They are from an industry survey developed by an organisation called Euromonitor. It is available at a fairly high price. It does indicate, for the purposes of this discussion, a dramatic increase in the volume of ready-to-drink drinks. As the industry has pointed out, the vast majority of those drinks are the ‘black’ mixes: probably about 70 per cent of the RTD market is cola based drinks, with alcohol content varying from about 4.5 per cent to as high as nine per cent. They stay below nine per cent because, previously, the excise rate rose over 10 per cent in terms of spirits. That has changed as a result of the decision by the government to tax the spirits in RTDs at the same rate as the alcohol in bottled spirits.

The foundation supported the idea of doing that because it does actually introduce volumetric taxation for spirits. But, as our submission pointed out, it does nothing about beer, which gets an incredible deal under the excise rate, and of course the sacred cow, the wine industry, gets an even better deal.

I wanted to give you those volume figures simply because the amount of RTDs sold in Australia last year amounted to 432 million litres. By my observation of the report, about 10 per cent of that market are those ready-to-drink beverages favoured by young women—and I use the

word 'young' in its broadest possible sense. It is certainly not just teenage women; clearly, it is women across a fairly broad age range. That 10 per cent of that market amounts to about 43 million litres and, by my quick calculation, that is about 110 million RTD bottles or cans.

The issue then becomes: what do we do about the whole issue of alcohol taxation? Our submission says we welcome the RTD change as a first step, but what is needed is a comprehensive review of the alcohol taxation system. It is broken. It is unfair. It is inconsistent. And it does not tax alcohol as alcohol. It taxes beverages according to the way they are made; and, of course, in the case of wine, according to the value put on that wine by the manufacturers.

In addition to that comprehensive review of the alcohol taxation system, as I have given evidence before this committee previously, we also believe there needs to be a comprehensive review of competition policy and the attendant regulation of alcohol that might flow from that review because clearly the evidence is that it is the licensing controls or lack thereof which allow for, in many cases, 24-hour trading and an absolute explosion in the number of licences, which leads to much of the problematic and excessive consumption of alcohol and all the harm that flows from it.

Prof. Webster—I echo the statements made by the CEO. I would like to also make some comments from my perspective as a physician. I have been a professor of public health all my life, I have provided healthcare services to homeless people all my medical life and I oversight the treatment services for children and young people. I am the chairman of the Ted Noffs Foundation. I of course welcome this first structural response to the problem of alcohol.

What I think is important to appreciate—and some of the senators commented upon this earlier—is that when we are talking about young people we are talking about a range of vulnerabilities. They are vulnerable in the sense that they can be persuaded or affected in their behaviour by a range of pressures from advertising and peers. They are vulnerable in the sense that their psychological processes are still developing, their social development is still taking place and their educational development is still taking place. We have increasing evidence, and I have no doubt you have had some of that before you, about the neurobiology of the brain and the degree to which that can be affected by alcohol and for that matter other drugs. So that is an important area for our society and governments in particular to be responding to, because the young are the future and, as I have said, they are highly vulnerable.

In the health system and in public health generally we have a measure we call the burden of disease. The burden of disease measures the extent of lives lost from a particular health event and the degree of disablement—in other words, the lack of productive life. When you look at the young age group, nine out of 10 of the causes of the burden of disease in young men are related to mental health problems, alcohol and drug problems; and eight out of 10 in young women. So substance use and its link to mental health problems is a predominant and major problem for the development of risks for young people whatever way you look at it, and it is an important area for our society to focus on.

I noticed that Senator Siewert was asking questions earlier about databases, and I must say I share her concerns about what they actually reflect. In my experience as a physician I visit emergency departments and my colleagues work in emergency departments. I work with general practitioners and I see formal reports from studies done in general practice of the divisions of

general practice. I know the work done by Michael Livingston and I am aware of the reports by the Bureau of Crime Statistics in New South Wales and by the police that there is increasing evidence that the harm related to our patterns of drinking is increasing. I think that is reflected in the formal data that is collected, but there are differences between some of the data sets. I do not spend a lot of time looking at that but I try to get my head around it too to understand what people are saying.

For example, the Australian Bureau of Statistics data set gives a different picture, in my opinion, to the data set that has been referred to in discussions with you by the Australian Institute of Health and Welfare, which has based its report to you on the National Drug Strategy household surveys. They seem to be different, so I think it is reasonable to say that there are sets of evidence about this. What I am trying to emphasise is the medical evidence—the observations of people who work at the front line and of the people who work in emergency departments. Incidentally, I go to a country town every fortnight and spend days there dealing with the sorts of problems that we are describing. They all indicate that we have a problem. Mr Moore made the point that there is an extant problem, an endemic problem, that needs to be dealt with. I would add—and I think most people would—that it is escalating and increasing.

To me, what is important for a society then is to ask: how are we responding to this? I think it is an extreme example of exploitation that an industry will direct drinks of a particular kind which are sweetened and disguised in various ways—in milk products or as the case may be—towards a vulnerable group. The evidence is that the earlier young people start drinking, the more likely that they are to have continuing problems around alcohol and other drugs and to have subsequent mental health problems. So that in itself is a justification for being concerned about the focusing on and targeting of RTDs at young women and young people in general. And, as Professor Room made the point earlier, that is also a consideration which has taken place in some European countries. I was in Britain within the last month, and I noticed that some of the senior police officers of some of the counties in England were advocating the banning of RTDs. I am not advocating that but I am pointing out that this a problem which has been recognised in other places.

I think, as Mr Smeaton has said, that, whatever is done about volumetric taxation, it would have to be modelled very carefully. It would require a very special examination. And, I must say, the organisation which I chair, the Alcohol Education and Rehabilitation Foundation, has deliberately funded the Alcohol and Other Drugs Council of Australia, which used Econtech, a group of economic advisers, to develop a model which people are now able to use to look at the effect of taxation. Dealing with alcohol problems is fundamentally a major public health problem, and there are many ways in which we have to intervene to deal with it. I know that Senator Fielding released a press statement yesterday about the importance of advertising. We have just funded an economic study, which we will make more public in due course, done by economists in Australia which indicates that the control of advertising of alcoholic products is a very cost-effective way of reducing the harm—plus other measures, but that certainly was one of the measures.

There has been some debate about picking the RTDs as the first cab off the rank to apply some volumetric or structural principles to. We support it, but of course see it as only a first step which will require a very careful evaluation. I sense that much of the discussion that people have about switching drinks and changing patterns of drinking is basically conjecture. People have a view

that something might change, but we do not know. I think it was Professor Room earlier today who said—and others, no doubt, have said it to you—that we actually have an obligation to monitor precisely what happens and to understand it.

CHAIR—Thank you, Professor Webster. Senator Humphries?

Senator HUMPHRIES—I have to leave, so I want to put a couple of questions to you and then run out the door, and you can tell the rest of the committee what the answer is. The chart you have given us is quite helpful. I assume that the hypothetical tax rate at the bottom in red is predicated on no net increase in total revenue to the government from—

Mr Smeaton—It produces a revenue-neutral result and a reduction in consumption.

Senator HUMPHRIES—Okay. My only other question is this. You mentioned in your submission that this reform should be seen as the first part of implementing a consistent volumetric taxation regime for alcoholic beverages. If you have that scheme, as you hypothesised here, you would end up with too much tax on the ready-to-drinks and you would have to reduce the taxation level back to 47c per standard drink, as I read this chart. The question I put to you is: have we, in fact, gone too quickly? Should we pull back and look at the total picture before we adjust any of the taxation rates on these alcoholic drinks?

Mr Smeaton—I support the change in the circumstances of the need to address the unsafe drinking of particular types of drinks. From a purist's point of view, the foundation has said that it does tax the alcohol in RTDs at the same rate as the alcohol and spirits. But, as our hypothetical tax rate does show, when you apply a tax to the alcohol—whether it is in beer, wine or spirits—at the same rate, you clearly cannot tax them at the spirits rate. That would treble the amount of revenue that the government would get and it would not make much change at all to unsafe consumption, other than the fact that most people would not be able to afford to buy alcohol any longer. One of the effects of applying an across-the-board tax rate is that certain products would reduce in price, and spirits are one of those products. But, as I pointed out earlier, the spirits share the alcoholic market is only two per cent by volume; the beer market is still by far the biggest part of the market, and I expect it would continue to be so.

Senator COLBECK—I am just trying to pick up the threads of where Senator Humphries left off when he disappeared out of the door. I tried to read his mind as he was walking away.

CHAIR—That is another inquiry.

Senator COLBECK—Yes, and we have enough inquiries on our hands at the moment. I do want to explore that a little bit further. It seems to me from your evidence that you support the measure that is being taken, because it does actually move towards a volumetric tax in respect of spirits.

Mr Smeaton—Yes.

Senator COLBECK—But if we were to actually have a decent look at the taxation of alcohol across the board, which you support, you would come up with a completely different picture.

You are offering a suggestion that will be revenue neutral but would balance out the overall picture as you see it.

Mr Smeaton—I am not offering this as a solution, by the way.

Senator COLBECK—No, it is an example.

Mr Smeaton—I am trying to give an example to the committee of what a single rate of taxation would look like that does produce revenue neutrality and reduce consumption. I think there are a whole range of models that should be looked at, but they must all have one fundamental element to them—that is, they must tax the alcohol as alcohol and not as wine, beer or spirits. There is no difference in the alcohol in beer or wine or spirits in terms of the potential harm its excessive consumption can cause. That is the fundamental reason for a comprehensive review of the taxation system. It should not be based on how the product is made, who makes it or what its economic benefits or disbenefits are; it should be reviewed from a public health perspective. This is an industry that gets \$30 billion a year in alcohol sales and that creates, on a very conservative estimate, \$15.3 billion worth of harm—and we think that is a very conservative estimate.

This is an industry that does constitute a very significant part of GDP. The wine industry is one of our most spectacular successes in terms of exports—that does not gather any revenue for government, by the way; there is no excise on exports. But the fact is that the alcohol taxation system is broken. It does not achieve anything other than a revenue stream for government. I have no doubts that governments need to maintain revenue, but if we looked at the alcohol taxation system from a public health perspective, as well as from an economic perspective, then I think we could come up with a much better system that would serve Australia equally well in both areas.

Senator COLBECK—There are obvious variations on themes within the taxation scheme, and one of those that we have discussed this morning is the incentive for the production of lower alcohol products. Do you have a perspective on that?

Mr Smeaton—I think we should be encouraging it. This particular hypothetical rate that we have presented to the committee does obviously still tax lower alcohol products at a lower rate, or a lower total amount I should say. It is the same rate, but it is because of the amount of alcohol. Beer currently has an incentive to produce a low-alcohol beer because the first 1.15 per cent of alcohol is not taxed. There is no incentive in that area for either wine or spirits. That might be something that could be considered in the context of a public health outcome. One of the disappointing things that has happened is that the low-alcohol market has declined significantly. It grew fairly quickly, but it has now dropped back. This is only a personal view, but I think it is because you cannot get drunk quick enough on low-alcohol beer.

Senator COLBECK—That brings me to the psychology of the whole deal. Through the inquiry into Senator Fielding's piece of legislation, and other reading I have done, there seems to be an underlying issue in this whole process, and it was certainly highlighted in the *Four Corners* story on Monday night where it really was not a matter of what you drank. There was a fairly broad range of products being consumed in that particular program, from cheap cask wine to pure spirits being consumed directly out of the bottle—probably the most disturbing aspect,

from my perspective, is when you see someone with a full bottle of rum or whisky and they are basically knocking back one-third of a bottle in one hit—and the psychology that underlies all of this really is the fundamental of what we have to try to deal with, isn't it?

Mr Smeaton—Everybody has already said it is a very complex area. Commissioner Scipione in New South Wales a couple of weeks ago said we have a drink to get drunk culture, and I think that is particularly the case with younger people. Again, I use that in that broad sense because clearly our biggest drinkers are not teenagers; they are the 20- to 30-year-olds. It is clearly a cultural approach to drinking that has changed quite dramatically. I certainly got drunk when I was a younger person, but I never went out to get drunk. I think that is a major change, and that is why we do need a comprehensive approach. What the foundation is suggesting are policy changes at the high end which will reduce availability and enable there to be some form of price control on consumption. All of the other things that have been talked about such as reviewing the advertising regime, considering raising the drinking age, brief interventions by medical practitioners and so on, and a long-term, focused, high-quality education campaign—not one run over three months or six months, but one which runs for the same length of time for example as our drink-driving campaigns or our skin cancer campaigns or our AIDS campaigns—

Senator COLBECK—Effectively an ongoing campaign.

Mr Smeaton—an ongoing campaign which addresses the issues of parents and drinkers—all of those things together can make a difference, but it will take some time.

Prof. Webster—Can I also respond to your observation, Senator Colbeck. The *Four Corners* program was around a particular culture of drinking and it was around intoxication in particular groups of young people. The patterns of intoxication would vary across rural communities, Aboriginal communities and the like. When you think about the mechanisms of harm related to alcohol, one of the big things we focus on in Australia at present—and this is what this reference is looking at—is intoxication and the affect it has on risk behaviour and the like. But alcohol has other effects too. It has the long-term biological effects: hypertension, cancers, liver diseases and mental illnesses per se, which all have alcohol as a significant risk factor. They are not necessarily the problems of intoxication.

The other element of the problem related to alcohol is those who become dependent on alcohol and that is another set of problems which requires a different set of responses. After all, amongst that group the desire for some of them to get access to alcohol is so great they will drink methylated spirits. There are all sorts of other ways of getting alcohol. Overwhelmingly the major harms from alcohol are actually for people who are not drinking to the high levels of intoxication you saw on that program. The road traffic accidents; the assaults and violence that one sees; and the harms that come from drownings, burnings and so on are overwhelmingly in people who do not define themselves as problem drinkers and are probably not looked at by us as problem drinkers. For the national policy around alcohol we are focusing on intoxication but that is only one element of it. For example, the pattern of drinking spirits is really only possible for someone who can afford to buy it. There are men who buy spirits and get chronically intoxicated on it but the young people that get into problems with intoxication have usually used cask wine or lots of beer. The *Four Corners* program gave a picture around intoxication predominantly of a particular group.

Senator COLBECK—I think what you are saying demonstrates the value of actually conducting the inquiry. While the inquiry is focused on a specific issue because of an action that the government took that promoted the inquiry coming into force, it is actually providing the capacity to comment and broaden the discussion.

Prof. Webster—Yes. In fact that is very important.

Senator COLBECK—I want to focus on a much broader range of issues and, as you quite rightly say, while the focus of the *Four Corners* program was on a particular type of behaviour, the underlying issues and the impacts of long-term alcohol consumption are another thing altogether but in some circumstances borne out of the gestation of the overall issue for young people.

Prof. Webster—Recently in New South Wales there was an epidemiological study done which looked at and had data from the whole population. Over a 12-month period they examined what was the best predictor out of the New South Wales population of attending an emergency department of a public hospital. The three strong predictors that came up were smoking—and that is not surprising because of the respiratory, cardiac and other problems you would see—mental illness and distress, and alcohol. Interestingly in that group it was not necessarily the young people presenting with alcohol problems. It was a higher risk factor in women over the age of 55. I am just reflecting back to you your point that, while the focus is about young people's drinking and the beginning of the problems of alcohol and what might be done about that for various reasons, it is an issue which extends across all age groups and has many different manifestations and issues to be dealt with in it.

Senator COLBECK—Perhaps, to a certain extent, differentiating as to the publicly visible versus the publicly invisible.

Prof. Webster—Indeed.

Senator COLBECK—What is publicly seen, but not publicly seen, in the context of the other forms, but what you might be seeing is presenting at your place of work.

Prof. Webster—I think that is a very important point.

Senator SIEWERT—I know that we may have done it to death, but I want to follow up this issue around the volumetric tags. Looking at your sheet, which has really interesting information, I note that, as you discussed before, the tax on RTDs would go down. There are certain drinks that are problematic drinks. One of the reasons we are focusing on RTDs is that they encourage risky behaviour and there has been a lot of switching among young drinkers. How do we then deal with those problem drinks? Alcohol is alcohol, from my perspective. There is evidence of RTDs containing sweet stuff to initiate young drinkers et cetera. Some alcohol is more problematic than other forms of alcohol. How would you then address that issue of addressing RTDs?

Mr Smeaton—I disagree with your fundamental premise that some alcohol is more problematic than others. It is not the alcohol. It is the way that we drink the alcohol that becomes problematic. Clearly, the increase in volume of use of RTDs shows a very successful marketing

campaign by the distilled spirits industry to design a product which has become extraordinarily attractive to drinkers. Ten per cent of the market is the sort of thing that this particular decision by government is focused on. However, I think the issue is one of really trying to treat all alcohol as alcohol, taxing it accordingly and providing a mechanism for government to use price, through the alcohol taxation system, as a control factor. But, as I said earlier, volumetric taxation is only one of the things that need to be done. Clearly, if you are going to change behaviour, you can use taxation, through a price mechanism, and you can use the licensing system to increase or decrease availability, but you also need to run comprehensive education programs over a long period of time to change behaviours. As Michael Moore pointed out, and I am sure that Professor Room did as well, we need to focus on not just the drinkers but also the exemplars of drinking and they are, in the majority, parents.

Senator SIEWERT—I am aware of the table. There are a number of organisations that have been talking about it. The one that I engage with most visually is the one I have seen from VicHealth. It has star ratings. The point they put is that there is no one solution. You have a package of measures in a table, all out of three stars. It goes down the list: price, availability, access, trading hours and things like that are all measured by three stars. Price is one of those. By doing this, I can see the arguments well about how the overall price of some alcohol goes up. But, in areas involving problem drinks—and we have been given strong evidence that RTDs are problem drinks—alcohol price then comes out of that equation, in terms of being able to deal with RTDs, because the price goes down. That is not available in that package and you are relying then on the other issues that you talked about. As I understand it, price is on top of the table as a way that we start dealing with alcohol. You acknowledge that through the volumetric approach, but there are certain alcohol forms that then do not get dealt with that way.

Mr Smeaton—What a straight volumetric taxation system removes from the current change, for example, is that propensity to move to another beverage, because the price is similar. But I absolutely agree that there needs to be a comprehensive approach.

It is not the drink per se; it is the way it is used. That is the point I continue to make. The fact is that RTDs have been marketed in a very usable fashion, one which is very popular with younger drinkers—the long necked bottle or indeed, still, the can. I think there is, if not somewhat overblown, a fear among young women in particular about drink spiking and they see those containers as being a way of avoiding that sort of thing. Of course they then set about spiking their own drinks by drinking too much, but that is another matter. I understand the point you make on the price issue, but I am suggesting to you that by having, for example, a straight volumetric tax there would not be the price disadvantage in moving back to another beverage, like cask wine or whatever, because the tax rate would be the same.

Senator SIEWERT—I understand your argument. I must admit I am still not convinced around the issues that are specific to RTDs. As I said, there is the evidence about the sweetness, about the milk to disguise the alcohol content—not to pretend it is not there but to make it more acceptable to young drinkers.

Mr Smeaton—Let me make one final comment there. We have focused this particular issue around young women but excessive consumption is a problem across a very broad range. It is not just young women.

Senator SIEWERT—I appreciate that.

Mr Smeaton—There are in particular young men—or younger men or older men, depending on your age—who drink the vast bulk of the RTDs, the black mixes, and who are drinking at excessive rates as well.

Senator SIEWERT—I do understand that area of the argument. You made a comment about addressing the drinking age. In America, where the drinking age is much higher, are they seeing similar rates of drinking and harm at the same age as we are, or is there evidence that their drinking age has decreased the harm to young people?

Prof. Webster—I do not have data on that. Professor Room would be the absolute expert on that. I have raised that question too and I discussed it with senior police in New South Wales. They said there was an enormous change, when that age limit was increased, in the evidence of harm from alcohol consumption. That is somewhat anecdotal. What is interesting about the United States—and the distilling industry criticised me for saying this once—is that papers have been published there that show that 40 per cent of the income for the liquor industry in general comes from sales of alcohol to underage drinkers—under 21 in that country—and from what I would briefly call ‘sick drinkers’, drinkers with problems. So a large amount of the consumption is by people who are drinking abnormally. In Australia, the National Drug Research Institute in Western Australia have said on a number of occasions that, from their data, in a very high proportion of the times when people consume alcohol they are drinking in at-risk ways. They have said it could be as high as 80 per cent, on the basis of some standards that they set. I have also had some criticisms that that is overstating it. I just make the point that when people drink they often drink at short-term risk, in patterns which are likely to be harmful in terms of their level of intoxication, risk behaviour and associated phenomena.

Mr Smeaton—I would just add, and again this is from anecdotal views, that the level of drinking among university age students in the United States is at or about the same rate as ours, even though they are legally regarded as being under age.

Senator SIEWERT—Okay. I am interested in the issue.

Mr Smeaton—As Professor Webster has just reminded me, some of the most recent work we have—which is as yet unpublished but will be soon—is a cost-effective study of a range of interventions. One of the highest in terms of cost-effectiveness is the raising of the drinking age.

Senator SIEWERT—The highest cost—

Mr Smeaton—The highest effectiveness from a cost point of view. I do point out it is from a cost point of view, though. My personal view—and this is not the view of the foundation—is that we expect young people to vote at 18 and to go to war at 18. To actually then say to them they cannot drink until they are 21 would be a very hard sell.

Senator SIEWERT—That is why I was asking the question: while it sounds appealing, I wonder about its effectiveness. And there is the issue around American students drinking at the same rates as Australian students—whether it is legal or illegal is the issue, not whether or not it is happening.

Prof. Webster—But it does make the point that there is concern about drinking at that age and what it presages for those people. Of course the National Health and Medical Research Council draft guidelines about alcohol suggest that under the age of 16 the only safe level is zero drinking. That accords with some of the discussion we have had already today.

Senator SIEWERT—Thank you.

Senator FIELDING—What do you say to the comment by the public and by the industry that this tax increase on RTDs is just a \$1 billion tax grab, considering there are other measures that could be taken? You have outlined volumetric tax breaks; you have mentioned advertising, labelling and warnings. What do you say about that comment by the public that this is a \$1 billion tax grab—versus other measures that could be taken?

Mr Smeaton—From a public health point of view, if some of the revenue goes back into preventative health strategies then it is a good thing. Any tax change will raise revenue or reduce revenue, but from the evidence of the distilled spirits industry itself there may not be as much revenue as might have been expected from the change because of the change in sales patterns. But of course that might be picked up in other parts of the alcohol industry. I think I gave evidence at the previous hearing of this committee into your bill that I thought that the motives of the government were sound. But they are starting what I think will be a very long process to change our culture of drinking in Australia, starting with one which is clearly of concern both publicly and privately—that is, the level of drinking by younger people. I think the revenue issue is not one that I have a problem with personally if it begins a process.

Senator FIELDING—Do you know how much of that \$1 billion tax grab the government is going to put back into this area?

Mr Smeaton—As far as I am aware, they have not made any public announcement, other than to continue to repeat that some of the revenue will be directed to preventative health strategies. They have said that publicly on a number of occasions.

Senator FIELDING—What proportion of that would you like to see being directed back into those sorts of areas, given that it is a lot of money?

Mr Smeaton—If I said 90 per cent, I would probably be greedy; if I said 80 per cent, it might be about right. But the point is that for at least 12 years no funding in any real sense has been directed from the revenue stream on alcohol into directly addressing the harm that it causes in this country. At least we now have a government saying that it will commit some of those funds, and I think that is a very positive move.

Senator FIELDING—Family First thinks this has put an alcohol toll on the table for discussion. We think it is a positive move. The question is that a lot of people have been left thinking this is just a \$1 billion tax grab, given that at the same time there are really not a lot of extra big dollars in revenue going back into actually helping as to the issue itself—and it is hypothetical—and you are actually looking at cutting the tax on RTDs. It just seems odd to me. I am not trying to trap you. I am just saying that as a community we are left thinking: hold on a second here. You are arguing for volumetric tax breaks—

Mr Smeaton—That is correct.

Senator FIELDING—which from all the reports we have seen seems to have some merit, but in fact it actually reduces the tax, and here we have the government, on the other hand, increasing the tax a billion dollars. What commitment is being made back to the community, hard and fast, with big dollars? It is a question.

Mr Smeaton—You asked me what my understanding was. As I have said, the government have said on a number of occasions that some of the revenue from this particular increase in taxation will be directed back to preventative health. I have not sought, nor have they offered, an amount. There is a National Preventative Health Strategy task force working on these issues, and it is due to report, I think, initially by the end of this year. I expect that some of the recommendations will need funding and some of those things will be funded, I expect, from that revenue stream.

The hypothetical tax rate in the chart, by the way, is not a recommendation. It was merely to give the committee some idea of what a straight volumetric taxation regime would do. I point out again that it does maintain revenue neutrality and reduces consumption on the economic model. But there are a whole range of other things that need to be done. As I said at the previous hearing of this committee and I reiterated today, we are actually calling for a comprehensive review of the alcohol taxation system. There is a vehicle available to the government right now to do that, and that is the Henry commission. We believe the alcohol excise system should be referred to that commission for review to enable all of the particular issues that need to be considered to be taken into account.

Senator FIELDING—Thank you for that. I have one final point. You mentioned cost effectiveness a number of times. When will you be able to make this committee aware of the information you have got? Obviously you have got the information—quite rightly; it is yours—and you are trying to package it. But when will that be available for the committee to have a look at?

Mr Smeaton—We have a draft report that is being peer reviewed. Once that peer review is complete, we will publish the report.

Senator FIELDING—In what time frame?

Mr Smeaton—I expect it will not be until next month—July.

Senator FIELDING—Is there any chance that you can top-line results before then for this committee to—

Prof. Webster—I think you would need to discuss that with—

Mr Smeaton—I would need to discuss that with the author really, Senator, before I did that. While we funded it, there is some clear academic interest in its outcomes, and that is the way we try to work with the people that we fund to undertake research.

Senator FIELDING—It is probably not for here and now, but maybe at some stage I would not mind coming and seeing you, just to see whether I can get a feel for it; that is all.

Prof. Webster—We have also been funding Professor Room, who presented to you earlier, with a number of researchers around Australia to do an economic study of the impact of alcohol on others. Lots of the valuations of the impact of alcohol really focus on the person that is affected by the alcohol—namely, loss of life, injury. We are interested also to try and quantify the impact on families, on workplaces—some of the wider social impacts of alcohol. That will be the first time, I think, that it has really been done anywhere internationally. We hope to make that available, of course, when it is published, but it will probably be next year some time.

Senator COLBECK—Mr Smeaton, I just need to question the comments you made a minute ago about no funding from government going into alcohol over the last 12 years. I am aware that part of the funding for a package that the current government is working on at the moment was a reworking of funding that was in the previous government's budget, and there was to be an antidrinking program launched in March this year that was funded by the previous government. And my understanding is that there was a substantial amount of money that came from excise revenue back in 2000 or 2001, where there was some doubt as to where it could go, and by agreement between the government and the alcohol industry it went into your organisation. Is that right?

Mr Smeaton—That is correct.

Senator COLBECK—That is where your organisation came from.

Mr Smeaton—A windfall amount of excise that the government did not mean to levy and could not give back. Perhaps I was using a bit of hyperbole, if I might confess, just to draw the comparison—

Senator COLBECK—You might pardon my sensitivity then, Mr Smeaton.

Mr Smeaton—Just a point of comparison, if I might, though: if you add that \$115 million to a figure of less than \$100 million over 11 years and compare that with the \$2.6 billion that was allocated to illicit drugs over the same period of time and compare the relative economic, social and health harms of illicit substances versus alcohol, there has been next to nothing put into alcohol. That is the point I was making.

Senator COLBECK—I have just one final point. You talk about your potential flat volumetric tax model reducing consumption. I do not think anyone has actually asked you how your modelling would see that as working. We have five minutes. It is probably the most pertinent part that no-one has asked you about yet.

Mr Smeaton—As I responded to Senator Fielding, this is the outcome of a particular study which we funded and which is now being peer reviewed. Until I am in a position to release that, all I can say is that you will have to take my word for the outcomes. But the model used is the model that our foundation funded, which is now being used by the AOD sector and indeed by the Distilled Spirits Industry Council of Australia to do their own.

Senator COLBECK—Is that the Econtech model?

Mr Smeaton—Yes, the Econtech model. It was the same model used, and the particular parameters in the modelling process that led to a \$25.25 flat rate also showed that consumption across a range of beverages would reduce as a result of the taxation changes. Some would increase, but overall consumption would decrease.

Senator COLBECK—Just as a follow-up to that, and I understand that you cannot give us the full data, on the issue with transference within that model, are there any figures that come up in that? You have acknowledged that some will go up and some will go down, so are there any assumptions about the transference?

Mr Smeaton—The model would show that there would be moves to certain other types of beverages across the range of beverages. I do not have all of that information available to me at the moment, but—

Senator COLBECK—I ask it for a specific reason, because when we talked to Treasury last week, as you might have heard me asking about before, they assumed a nil transference as part of their modelling. We could not fathom that at the time. I accept that it is anecdotal and very short-term evidence at this point in time and it may perhaps even have some seasonal elements to it as well, but feedback that I have had from people who are working in the sector would indicate that there is some transference, apart from what the industry figures might say. So I wanted to get a sense of what the assumptions might be in respect of that, particularly given the assumptions that were made by Treasury when they did the costing of the measure.

Mr Smeaton—As we indicated in our submission and particularly in answer to the additional questions, we have no idea what model was used by Treasury. But I do not think there is much doubt that there would have been transference to another beverage by some drinkers who found the increasing cost of RTDs to be too much. I suspect for most men it would have been a move back to beer, since beer has lost the most significant market share to RTDs over the last 10 years, and I expect for young women it might have been a move to wine, but I do not have any evidence of that—

Senator COLBECK—It will take time for it to come through in reality.

Mr Smeaton—and clearly I do not think anybody has any evidence other than sales evidence at the moment. I do not think there are any closed-circuit televisions in bottle shops that can tell us who is buying what.

Prof. Webster—The other difficulty about that is that, assuming that all things remain equal, the industry itself will develop its own responses and promote different sorts of drinks. So it is not only an effect of the choice of the person but also, I conjecture, the way the industry would target different products. So it is a very complex interaction, I think. It is not a pure mathematical equation.

CHAIR—It never is. We look forward to the peer review process of that paper because it is one of the hinge points in the whole debate. Thank you for your evidence.

Prof. Webster—That you for your time and your interest in this important area. Good wishes on reaching a decision in the public interest.

[12.00 pm]

TEDESCHI, Dr Michael, Fellow, Royal Australasian College of Physicians

WODAK, Dr Alexander David, Chair, Alcohol Policy Committee, Royal Australasian College of Physicians

Evidence from Dr Wodak was taken via teleconference—

CHAIR—Welcome to Dr Tedeschi in person and to Dr Wodak via video conference link. I know that you have information on parliamentary privilege and the protection of witnesses. We have the college's submission. Do you have any comments to make on the capacity in which you appear?

Dr Tedeschi—I am senior medical officer, staff specialist in drug and alcohol, at Canberra Hospital and a fellow of the Chapter of Addiction Medicine, Royal Australasian College of Physicians.

Dr Wodak—I am the director of the alcohol and drug service at St Vincents Hospital. We are speaking today on behalf of the Chapter of Addiction Medicine and the Faculty of Public Health Medicine of the Royal Australasian College of Physicians.

CHAIR—I will ask both of you to make an opening statement and then we will go to questions.

Dr Tedeschi—I will say at the outset that I am going to defer on most of the information to my very learned colleague Alex Wodak, who has got broad experience in the field beyond mine. From my own point of view I would like to reiterate a lot of what I heard from the previous speakers. Alcohol consumption and the various ways alcohol is consumed by young people is a highly complex matter in that we have a very poor understanding of the patterns of why people drink the way they do. We are both clinicians and see the results and the problems and harms associated with underage and youth drinking. It is a curious, difficult concept to get your head around as to the society determinants of binge drinking and at-risk drinking. The figures would indicate that this is increasing and it is an increasing problem, even though the amount of alcohol in total being drunk in Australia is actually at a fairly static level if not going slightly down.

We are seeing behavioural changes from young people and (a) that is hard to fathom and (b) knowing what to do about it in terms of government and treating clinicians is difficult. So it is a complex problem with highly complex answers if we are to do things that are effective in assisting with this societal problem. It is a cultural change that is very difficult to work out.

From reading submissions from both Public Health and the Chapter of Addiction Medicine at the college, I think both organisations are broadly in agreement with the increased taxation that was introduced by the Prime Minister quite recently, but that change needs to be seen in the context of other changes which I have heard the previous speakers address quite eloquently.

Dr Wodak—Alcohol still has a huge and unacceptable health, social and economic cost on Australia today, causing more deaths among young Australians than the combination of heroin, amphetamines, cocaine and cannabis. Every year alcohol costs the Australian economy over \$15 billion, and millions of Australians experience physical or verbal violence which they attribute to a person intoxicated with alcohol. The majority of alcohol consumed is drunk at risk or high risk of acute or chronic harm. Alcohol consumption and problems have declined considerably since a 1977 Senate report described alcohol problems in this country at that time as ‘endemic’, but they are still too high. There is overwhelming consensus among national and international policy researchers about what works and what does not work in preventing alcohol problems. This was well summarised in the recent book *Alcohol: no ordinary commodity*.

Clearly alcohol tax reform and restricting the density and conditions of alcohol outlets are the two prevention strategies best supported by evidence of effectiveness. These are the measures, with respect, that RACP believes this committee and the Commonwealth government should focus on. The RACP supports the increase in tax on RTDs, but with the proviso that this should be the start of a root and branch review and reform process of alcohol tax. The former Treasurer, Mr Peter Costello, often commented, ‘Alcohol tax in Australia is a dog’s breakfast.’ The problem is that we have a bandaid applied on a bandaid applied on a bandaid, and this RTD tax is an example of just that. The reform is therefore required on economic grounds, but even more so on public health grounds. Health considerations should form part of the process of determining alcohol tax. They do not at present. Because the Commonwealth generates the government revenue from alcohol, but the states and territories are responsible for the bulk of government spending because of responsibilities for police, hospitals and prisons, we have a problem of vertical fiscal imbalance unless the states and territories can also be included in this process.

Alcohol tax in Australia is low by OECD standards. We should move from ad valorem to volumetric taxes, and very slightly increase alcohol taxation as the United Kingdom began doing in 2008 and will continue to do for the next eight years. We should also hypothecate a small proportion of alcohol taxes to fund alcohol and drug prevention and treatment. The success of the Northern Territory government’s Living with Alcohol Program in the 1990s shows how effective alcohol tax reforms can be. While strongly supporting measures to ensure that alcohol advertising is subject to regulation rather than self-serving self-regulation, the RACP regards reform of alcohol advertising as a much lower priority than alcohol tax reform and restricting the density and conditions of alcohol outlets.

Senator COLBECK—You have discussed particularly the behavioural changes in young people. Have you seen anything in research that you have come across that gives some explanations in relation to that? There has been a huge change in the number of young women in particular that are consuming alcohol, but there is still an increase in the risk behaviour of young men. I have seen some research out of UTAS in Hobart, but is there any other research that you are aware of that can give some description of the background of this?

Dr Tedeschi—It is extremely difficult to understand. I think it is a cultural change associated with the way we live our lives, the way kids—it is a breakdown of responsibility. We see it across all areas where you have behaviours, that are clearly difficult to understand, that are associated with harm. It is a difficult one. I am unable to explain the change in the culture in young people.

Dr Wodak—I agree with Dr Tedeschi that it is a complex situation that we are trying to understand. I would argue that we are in a very good position in terms of knowing what interventions work and what interventions do not work. We understand that much better than we understand the problem itself. In the long run it does not really matter all that much how well we understand the problem as long as we know how to deal with it effectively. The Australasian College of Physicians wrote in its report a few years ago about the measures I discussed and summarised the evidence that shows that we could reduce the risk behaviours that you asked about, even if we do not understand exactly what causes them in the first place. The most effective measures we would use would be alcohol tax reform and doing something about outlet density and conditions.

Senator COLBECK—When you talk about outlet density and conditions, are you talking about the number of outlets, opening hours that might run till four or five o'clock in the morning and things of that nature?

Dr Wodak—Exactly.

Senator COLBECK—What about interventions such as lockouts and those sorts of things that have been trialled in places like the Gold Coast?

Dr Wodak—All of these things are worth trying. There is a large literature but it is not always consistent and we are dealing with a messy situation. In general terms, the more readily available alcohol is, the higher the consumption is and the more problems we have. It is important to understand the reason for that. The reason is that a small proportion of the population consumes a disproportionate amount of the alcohol consumed in the community. The heaviest 10 per cent of drinkers in the community account for 50 per cent of the alcohol consumed. The heaviest 20 per cent of drinkers account for 70 per cent of the alcohol consumed. When we have relatively small changes in availability or price relative to income, we have large changes in consumption, with a lot of that consumption accounted for by people drinking immoderately and therefore exposing themselves and others to great harm. That is the general principle. Sometimes we see effects that are counterintuitive and the problem here is that you never know when you have got the optimal number of outlets and the optimal conditions.

Senator COLBECK—Can I grab those figures again? Ten per cent are consuming 50 per cent of the alcohol consumed, and 20 per cent are consuming 70 per cent of the alcohol consumed.

Dr Wodak—That is correct. Alcohol is drunk in a way which is very unequal.

CHAIR—Where are those figures from, Dr Wodak?

Senator COLBECK—I have not seen the figures expressed in that way before.

Dr Wodak—I cannot give you a reference immediately. I could research where they found those figures. They are similar to what we see with other drugs as well.

CHAIR—There are just so many figures in this discussion, Dr Wodak, and my head begins to spin with the numbers that are around. Those figures are very telling. If we could find out vaguely where they are from, that would be very useful. We will have a look as well.

Dr Wodak—I will endeavour to find that out and report back to you.

CHAIR—Thank you.

Senator COLBECK—I was actually about to go down that specific track. I made a note of the comment that the majority of alcohol is consumed at a level of risk. I suppose those figures really highlight that. So the source of the figures and understanding how they work would add another layer to this whole process.

Senator SIEWERT—I think you will be aware of the paper that was released yesterday by the *Australian and New Zealand Journal Of Public Health*. The article by Michael Livingston talks about the data showing an increase in harm amongst young people. Is that reflected in people that you are seeing through your work?

Dr Wodak—I have not read that article; I have only read about it in the media. But I must say the article did not surprise me. And, yes, it is in line with what we have seen. There are many things going on in this complicated process. One of the things that have happened in Australia in the last 10 or 15 years is that competition policy has undermined the previous public health approach to alcohol outlets, so there has been growth in the number of outlets and, in general terms, a relaxation in their conditions of operation. What we have seen as a consequence of these generally relaxing conditions is increasing consumption and increasing problems—we have certainly seen that in the emergency department in my hospital.

Dr Tedeschi—An interesting aspect of your question is that we, as a treatment provider and as clinicians, do not see these patients very much. As a drug and alcohol specialist, you see the very top end of alcoholics—wanting detoxification, admission to hospital et cetera. These young people drinking at risk or high-risk levels are hidden out there in the community. The vast majority of them would never seek treatment per se. So expanding treatment services is not a part of the solution, because the vast bulk would never seek treatment or even see that they have a problem. So the problem is seen in emergency departments, generally as the short-risk harms: the car accidents, the unwanted sexual problems—all the at-risk behaviours that you see. But they are a hidden population to us, as a treatment provider, on the whole. It is more a policy area.

Dr Wodak—I would add to Dr Tedeschi's comment that the internationally recognised researcher Professor Linda Sobell has estimated that only eight per cent of alcohol and drug dependent people ever see a clinician in the space of 12 months. So 92 per cent of people—as Dr Tedeschi just suggested—do not ever get to see a health professional, and the eight per cent of people that Dr Tedeschi, I and our colleagues see is a very small subsample. But a lot of those people who are drinking alcohol such that they are at risk of acute or chronic harm to themselves or to others could be helped by the kinds of ecological measures we are talking about—measures that affect price and affect availability and also advertising. Can I add also that we have some data from studies—I am thinking particularly of a study in Scotland—looking at severely alcohol dependent populations where consumption of alcohol declined considerably after an

increase in alcohol taxation. In other words, the sorts of measures we are talking about and advocating affect alcohol dependent people as they do the rest of the population.

Senator SIEWERT—So in other words you do not need to be accessing services to be actually affected by that particular program measure?

Dr Wodak—That is correct.

Senator SIEWERT—I do not know if you were able to hear all of the discussion that we had previously on volumetric tax. The further issue that I came to discuss was the impact that it would have, reducing the cost of certain drinks and increasing the cost of other drinks. Do you have an opinion on how a volumetric tax impacts on the cost of particular alcohol products and whether that is an issue?

Dr Wodak—I am sorry; I did not hear that discussion. But I am reasonably familiar with the problems that are caused by having ad valorem taxes and having a thoroughly inconsistent system of taxation. For example, the rate of taxation levied on a standard drink of cask wine is 6c and the tax on a standard drink of bottled wine is of the order of 22c. It should be no surprise to us that the poorest Australians—that is, Indigenous Australians—predominantly drink cask wine. It has been estimated that roughly one-quarter of the difference in life expectancy between Indigenous and non-Indigenous Australians is accounted for because of alcohol consumption. If we are to do any single thing that has a substantial benefit to the health of Indigenous Australians, a concern that is now thankfully in the national arena, I think that alcohol tax reform—raising the tax on cask wine and other cheaper forms of alcohol so that the same tax roughly is levied against alcoholic beverages according to their alcohol content rather than their beverage class—would be a very high priority for the College of Physicians. I appreciate that this has its own political problems. It is hard to sell raising the price of a basic commodity, particularly at a time of high inflation, for a low-income population; I appreciate that. At the same time we are adding to the difficulties by recommending that the price of Grange Hermitage decline. That obviously has its own political difficulties. Nevertheless, from a public health perspective, we should be moving in that direction and, even if we cannot get there overnight, perhaps we could go there in stages, as long as we recognise that this is the end that we have to go to. One of the great innovations that we can be proud of in this area in Australia is the introduction of low-alcohol beer. Low-alcohol beer in Australia has significant tax relief, and we should not remove that tax relief for low-alcoholic beverages as we move towards a volumetric tax. So it should be volumetric in general but with a special holiday for low-alcohol beverages.

Senator SIEWERT—I suppose that is what I am interested in looking at, because earlier we received evidence from the Alcohol Education and Rehabilitation Foundation and we had a bit of a discussion. The table they have given us shows their proposal of \$25.25 per litre of pure alcohol, which obviously reduces the cost of RTDs, for example. The focus of the current inquiry is nominally around RTDs. There has obviously been a much wider discussion around the other issues related to alcohol consumption and abuse. It seems to me that with the flat proposal they are talking about you reduce the cost of RTD, and it then flows against the other principles we have been talking about and the role of price in discouraging use. When I asked the foundation they said that other measures would be put in place, such as education et cetera, to counter that. I am wondering whether you have an opinion, and I am interested in your comments that you may need—and I am now putting words in your mouth—to ameliorate some

of the impacts of just a flat volumetric approach by looking at some of the anomalies that then come out of that. To me, one of those would be the RTDs and dropping the price, because then we would not have the price signal influence.

Dr Tedeschi—I will speak briefly and then hand over to Dr Wodak. I heard a little bit of the previous speakers. I think there has been furious debate in the media about the new tax on the RTDs introduced by the Prime Minister some weeks ago. You hear arguments that ‘It’ll actually make things worse because kids won’t drink those; they’ll just simply buy a bottle of vodka and a bottle of orange juice and mix those and that’s cheap.’ I personally do not buy any of those arguments at all as a clinician. I do not think we have any data. As the last speaker said, there are no cameras in bottle shops.

We do not know who is drinking what to any precise degree. I do not believe we have got any data to show that an increased tax is going to do anything but decrease the use of those drinks. I think there is data that increasing the tax on any particular class of drink is going to decrease the use. As Dr Wodak said, you need to do it across the whole spectrum of drinks. I think we will need time to see what effect that is going to have and, if you put that tax as a stand-alone, whether it is going to have any effect whatsoever on the broad consumption by young 12- to 19-year-olds. I do not believe for a second it is going to make the situation worse. I do not have any data for that argument either. Personally, I do not buy those arguments that it is actually going to worsen the situation. Those other premixed drinks that you can do yourself, buy a cask of or whatever, have always been available to young people anyway, so you are simply making it less attractive to buy the ready-to-mix drinks. That is a fine move but it needs to be seen in context with the others. It is a complex pattern of use. I will hand over to Dr Wodak.

Dr Wodak—The reason the debate often quickly switches from RTDs to the tax on other alcohol beverages is that the whole system is such a mess. It is hard to look at reforming any part of the system without being struck by what a mess the whole alcohol tax system is and how it needs to be made sense of, as I said, on economic grounds if not on public health grounds. In relation to that discussion—and I am sorry I did not hear the previous speakers but I have a fair idea of what they were saying from previous discussions—if we introduced a flat tax system there may be, and I think there would be, a case for considering possible exemptions.

I have already said that I would register low-alcohol beer as being exempt from the flat tax rule because low-alcohol beer in Australia has about 25 per cent of the beer market and that was a great benefit to the Australian people. I might say it was resisted vigorously by the brewing industry in Australia when the suggestion first came from health. It may also be that a strong case could be made for exempting RTDs from a flat tax arrangement on the grounds that RTDs are designed to appeal to young people who have mixed feelings about drinking alcohol and, by flavouring the drink with milk or fruit based materials, the taste of alcohol can be disguised. Sometimes these people want to get intoxicated very cheaply, and RTDs have been a means of doing that in the past without providing the negative feeling of drinking a lot of alcohol. I think it might be possible to make a case for exempting RTDs but I strongly commend to this committee the principle that we should be endorsing a root and branch review followed by a reform process of alcohol taxation.

Senator COLBECK—I want to go back to a couple of points, particularly your comments, Dr Tedeschi, about what you are seeing as far as the cohort that you are treating. Earlier in the

day we were talking to people who were obviously treating a different group through the acute care area, and they are not seeing the people that you are seeing. To a certain extent—if you are sitting on this side of the desk anyway—it is a matter of people having a focus on the particular group that they are having constant contact with. My perception is that you have regular contact with that eight per cent of the long-term problem drinkers and you are treating them on a very regular basis. You may have some exposure through consultation with your colleagues about people going through the A&E process, but it appears that a lot of the concern in what I think we have all argued is a very complex area is focused on particular areas of interaction. I found it an interesting observation that you were saying that that was what you were seeing and that was what your focus was.

Dr Tedeschi—The drug and alcohol treatment area basically focuses on a very small minority of very heavy dependent drinkers who are thrown every intervention known—detoxification, the various pharmacotherapies, AA, NA and those sorts of things. People who are drinking at ‘at risk’ levels but are not dependent drinkers, such as a young person, would see no need to seek a drug and alcohol specialist for any reason. I get depressed at times about the area because I have relatives and friends with 15-, 16- and 17-year-olds who go out regularly drinking every weekend to get drunk. You say to them, ‘Why do you do this?’ It is out of sheer interest; it is not lecturing them. They say, ‘Why not?’ It is a very difficult question to answer when they ask why not. This is the fun thing that people do. It is a cultural change. It is a very hard question to answer back. You can say, ‘You might have a car accident’ or ‘You might fall over and cut your leg.’ They say, ‘Well, you might do that anyway.’ They are happy to take that risk. We all take risks. We all might have a car accident on the way home tonight. People take risks. They do not see it as a particular problem, so they do not seek treatment services.

Unfortunately, advising young people, lecturing young people, giving messages to young people, school based intervention and school based education have not been shown to be very effective interventions. And that is very sad, because that is where you could throw money if it was effective, but it has not been shown to be a particularly good use of money or a particularly effective intervention. There is some evidence for primary school based drug and alcohol integrated education at that sort of early primary school level. Throwing messages at kids at high school by saying, ‘Risky drinking—you’ll have a car accident; you’ll be sexually assaulted,’ et cetera, does not seem to affect behaviour. So, as Dr Wodak said, we have to look at what has been shown to work and what has been shown not to work. Taxation, lower density, availability and random breath testing of blood alcohol levels when driving have all been shown to work. So I suppose you, as politicians, have far more of a role to play in treating the drug and alcohol problems in Australia than we, who see the tiny minority of alcohol dependent clients for which we can do a limited amount. We are not seeing the vast majority of drinkers; they are more in the hands of policy, I am afraid—to answer your question.

Dr Wodak—People like Dr Tedeschi, my colleagues and me see only a microcosm of all the problems that exist in the community. Nevertheless, we see plenty enough to draw our own conclusions from our own observations about what works and what does not work. For example, I was working in this hospital, St Vincent’s Hospital in Sydney, in December 1983 when New South Wales introduced random breath testing. We knew within a week in our emergency department that random breath testing was incredibly successful. We could see within a week that there was a significant reduction in road trauma. Indeed, there was a reduction of about one-third and that reduction in New South Wales has been sustained until this day. Earlier in my

career I worked at a hospital in Melbourne that was being rebuilt. The building had been designed after compulsory safety belt legislation had been passed through the parliament but before it had become established. The building was now being built when safety belts were really operating and were incredibly effective. A whole floor of that building in the Alfred Hospital in Melbourne had been dedicated to the kind of surgery that is required for people who fracture the middle third of their skull—the kind of fracture that the former Prime Minister, the late John Gorton, had. That kind of fracture has almost disappeared in Australia because of the introduction of car safety belts. Something like about 40 hospital beds in the Alfred Hospital had been set aside for treating middle-third fractures of the skull, and they required only about three or four beds to treat this particular kind of injury after car safety belts had been introduced. I endorse what Dr Tedeschi has said and say to you that decisions made at the cabinet table are very much more influential in terms of community benefit than decisions made at the operating table.

Senator COLBECK—I am certainly not going to argue with that. The only other comment I would make is that we are here because of a government decision with respect to the tax on RTDs. It is obviously giving us the opportunity to canvass a broader range of measures that might or might not work as part of this overall process but the reason that we are here is to canvass the increase in tax on RTDs. You have given us a specific perspective on that, along with a number of provisos, which I think are pretty common across the presenters we have had this morning. That is the basis of our discussion.

Dr Tedeschi—As a stand-alone, I think it does no harm but we will have to see over the next few years whether as a stand-alone measure it does any good at all without other stuff—taxation reform—around it. We do not know.

Senator COLBECK—The issues of transference have been discussed, and we are waiting for some information on those to come to us later today. There is obviously anecdotal evidence out there. And there is a plethora of statistics, and we have found more today, that indicate the overall use of alcohol reducing over 20 years, but it has been stable over the last five or six years. Then we get concentrated figures like the ones that Dr Wodak has given us this morning about the percentage of people within the cohort using it. That really starts to define things even further, and it is those sorts of things that start to make a difference to the overall discussion.

Dr Tedeschi—As a senator said, the figures make your head swim after a while. I have brought the Australian household survey and the school survey and these things are just indicators. All we have are indicators. I wish we could explain this behaviour and I wish I could have given you a better answer to explain the cultural change that is happening where this is what kids do. The only analogy I can give you is that up to about 1930 you could buy heroin in a chemist. There was no problem. You just went to the chemist and bought it over the counter. There was no script, and you could buy heroin in a bottle. We were not seeing a plethora of heroin problems in Australia. Societies change and the way people use drugs changes. So in the 1940s or before, I'm not sure of the exact date, they had to make heroin illegal because it became a problem but up till then it had not been. Coca-Cola had cocaine in it but then that had to be removed. This is what kids do now. This is what they like to do. I do not understand why. Looking at the age of the people in the room here, I do not think we did that. We went to the movies—I do not know what you did. It was frowned upon by society and by families. It is part

of the breakdown of certain values. It is very hard to argue what is going to reverse that. It is a bit depressing, in a way, that we cannot explain that.

CHAIR—Thank you, Dr Tedeschi and Dr Wodak. We could go on talking for a long time on this issue. But we will come up with a report on this piece of legislation. I think the important thing is that this discussion needs to be much wider than one piece of legislation. We will take your comments into that process. Thank you for your time and your submissions.

Dr Tedeschi—Thank you for making the time for us.

CHAIR—Always.

Proceedings suspended from 12.39 pm to 1.47 pm

ALLBON, Dr Penny, Director, Australian Institute of Health and Welfare

COOPER-STANBURY, Mr Mark, Head, Population Health Unit, Australian Institute of Health and Welfare

KILLION, Ms Susan, Senior Executive, Health and Functioning Group, Australian Institute of Health and Welfare

ROEDIGER, Mrs Kathryn Julie, Deputy Director, Australian Institute of Health and Welfare

CHAIR—I welcome the witnesses from the Australian Institute of Health and Welfare. You have information on parliamentary privilege, the protection of witnesses and evidence. The committee has a copy of your submission. I now invite any of you or all of you to make an opening statement, and then we will go into questions.

Dr Allbon—Thank you. I would just like to make a brief opening statement, particularly to put in context the evidence in our submission. It is true that there are quite a number of surveys and research information which go to this issue of consumption of alcohol by young people. The survey which we have reported on in our submission is the National Drug Strategy Household Survey. That survey is commissioned by the Department of Health and Ageing and it is done every three years. The institute has been carrying that out for the last three years. It has a sample size of around 23,000 households and people fill in that survey. It takes them a couple of hours to fill it in; it is quite a commitment to do that. That is the evidence with which we are particularly familiar. We published the first results of that survey in late April. We have provided a little more analysis for this committee in the submission that we provided, but there is still quite a lot of analysis of that information to go. We expect the full analysis of that to be published around October.

The other evidence that goes to this issue, particularly the Australian Secondary Schools Drugs and Alcohol Survey which is put together by the Victorian Cancer Council, has a sample size of about 22,000 young people. The National Health Survey, which the ABS puts out, does not deal with the issue in under-18-year-olds so it is not of particular usefulness in relation to young people. There are a number of other pieces of research, surveys and information out there. I just wanted to put that context around the information that we have provided which is specifically from the National Drug Strategy Household Survey.

CHAIR—Thank you, Dr Allbon.

Senator COLBECK—In the submission that we received from the Department of Health and Ageing for the Alcohol Toll Reduction Bill there was a statistic—and I do not know which series of figures it came from—which said:

In 2000, about 14% of female drinkers aged 15-17 reported drinking RTD at their last drinking occasion. By 2004, this has increased to 60%.

In the submission that you have given to us—and I know that your submission talks about preferences, not last drinking occasions—if you look at a different set of numbers, those figures seem fairly static across that time frame. In fact they have reduced by about two per cent but they are effectively static. In the 16- to 17-year-old age group for premixed spirits in a bottle, the percentage has gone down from 70.8 to 68.5 over that 2001-07 time frame. It increased over the 2001-04 time frame but it has come back down again. Given that we are suffering statistical overload at the moment, how do we make a comparison between the two sets of numbers, given that the figures across all of the age groups in the preference data that you have given us in your submission are generally fairly static or decreasing slightly over that six-year time frame?

Dr Allbon—The information in the submission that we have provided you from the household drugs survey is unclear on that preference issue, but if you are specifically talking about the 12- to 15-year-old age group—

Senator COLBECK—No. I have the information that you have given open in front of me, so I can have a look at that. If you look at the 12- to 15-year-olds for premixed spirits in a bottle, it has gone from 63.6 per cent in 2001 to 49.9 per cent in 2007. That is a 13 to 14 per cent reduction in that age group. In the 16- to 17-year-old age group it has reduced from 70.8 to 68.5 per cent and in the 18- to 19-year-old age group it has reduced from 76.4 per cent to 68.9 per cent. That is for premixed spirits in a bottle, which I presume are these colourful jobs. If you look at spirits in a can, those figures show that for 12- to 15-year-olds it is 55 to 59 per cent, for 16- to 17-year-olds it is 57.2 to 57 per cent, so not much change, and for 18- to 19-year-olds it is 62 to 60.8 per cent, so again not too much change. We have one set of statistics, which I am accepting are different sets of numbers, which are very consistent across the time frame. Then we have another set of figures. It is difficult because they are using, I think, two different surveys. At one stage they are talking about the National Drug Strategy Household Survey but then they talk about ‘across a number of surveys’, and I do not know what the other one is. It is very hard for us trying to toss all this stuff up in the air and come up with some sort of consensus when there is such a stark difference in figures quoted to us from different sources.

Dr Allbon—It is an unclear picture. I cannot comment in detail on the information that the department quoted in its submission, but I believe that these figures do indicate some sort of stability. There are a couple of things I should point out about them in the household drug survey. One is that, when people are asked the question, their responses about preferences are not exclusive. They are not saying, ‘That is all I drink.’ They can tick more than one, and I believe that to be the case in both of those surveys. I think the other thing to bear in mind, which is pointed out in relation to the 12- to 15-year-olds in the household drug survey, is that the 2001 figures are not strictly comparable with the 2004 and 2007 figures, because the 12- and 13-year-olds were not in the survey in 2001. So if you can get a trend between two points in time—2004 and 2007—those figures are consistently put together. But I would have to leave the department to comment on their survey, which believe is a social marketing survey. We are not familiar with the survey that they have commented on in their submission.

CHAIR—If they tick more than one, do they appear in both? If they tick bottled wine and low-alcohol beer, they would appear in both?

Dr Allbon—Yes. I believe that to also be the case with the other survey you are referring to. The third survey in the picture is, as I said before, the secondary schools survey, which is

certainly a very robust survey. It certainly has a much bigger sample size for this age group than this one.

Senator COLBECK—My goal is to try and get some sort of regular sense of what is going on. There are obviously a range of figures out there. If there is some consistency between them it makes it so much easier, but when you get a certificate variance and that one variance is used for a particular purpose, it makes it very difficult to find the rationale, if you like. You mention in your submission that, from your analysis of the numbers, there has been no change in the pattern of risky drinking over the 2001-07 period. Again, different sets of analysis provide for changes in the number of treatment episodes. I am just trying to get a sense of how you see those two different elements aligning. I think you mention that in your submission, as well.

Dr Allbon—Yes, we collect the data in relation to number of treatment episodes from the state and territory alcohol and drug services. Again, that is not people; that is treatment episodes. We need to be able to have more capacity to link the data and identify people before we can say that this is people, rather than treatment episodes. But, in relation to treatment episodes, on page 17 of our submission, alcohol as the principal drug of concern for people in the 10-19-year age group has gone from around 15 per cent of the total episodes to around 23 per cent of the total episodes. That could reflect a number of things. It could reflect that people are trying to do something about their alcohol problem more constructively, or it could reflect an increase. But certainly the number of treatment episodes as a proportion of the whole has increased between 2001 and 2005-06.

Senator COLBECK—But you also say that that is consistent with the increase in episodes for other drugs of concern as well. I am just trying to get a sense of what that says about the drivers for the numbers.

Dr Allbon—Because it is a percentage of the total number, it does give you a picture that there is an increasing emphasis on alcohol. You cannot infer the actual reason for that, but you can see, for example, with cannabis, the same thing has occurred—from 45 per cent of the total treatment episodes up to 50 per cent of the treatment episodes. Amphetamines, for example, have gone down slightly over that period and, significantly, opiates have decreased as a cause of treatment episodes.

Senator COLBECK—Effectively, we are left to draw our own conclusions as to what might be behind those figures.

Dr Allbon—Yes, that is the case.

Senator COLBECK—Thank you for that—I think! It might suggest—and I am happy to stress the term ‘might’—that there is an increased focus on people actually getting treatment for issues that they might have in those particular areas that are being publicly highlighted and more focus on people dealing with their issues rather than accepting them as long-term problems.

Dr Allbon—That is certainly a conclusion you could draw from that information, yes. I hope that you would not draw a similar conclusion from the decrease in the number of episodes for opiates.

Senator COLBECK—Yes, okay. I suppose you would have to match it up with other data types. If there has been a reduction in the availability of a particular product and that is driving the numbers and you can match those two things together then you can actually make some comparisons. I will confess that I have not had a look at the figures in respect of opiates. I have spent a fair bit of my time recently concentrating on other products. I suppose that is what pushes me to have a look at those particular figures. I think I am paying the penalty for asking too many questions on this at estimates last week. I have probably covered the key things I wanted to talk about, so, if anyone else wants to ask a question and I have any revelations in the interim—

Senator SIEWERT—I also used up quite a lot of my questions last week. I want to talk about the surveys. I am being boring by going back to the article I was talking about to some of the other groups this morning, which is the article by Michael Livingston looking at the trends in risky alcohol consumption and related harm. Basically the article—as I interpret it—points out some of the holes in the data from the surveys, particularly related to risky behaviour. I am seeking your opinion on whether the issues raised in this article should be borne in mind when reading the survey data that you have presented. Michael Livingston points to the fact that some of the more marginalised groups—the groups that are displaying the most risky behaviour—are probably not covered. There were issues around more kids staying in school rather than leaving and similar issues. I am wondering about your thoughts on those issues that he raises.

Dr Allbon—I think we are, in a sense, dealing with two different things here. Our information is the analysis that we have done to date on a survey: the household drug survey. A lot of the information that is in the study by Michael Livingston really goes to the heart of some research in which he has used a whole range of other data sources and pooled together a lot of information. Normally, the kind of survey data that we produce is one of those inputs into the research and analysis that goes on. We are very happy to see the survey work that we have done as an input to that work. That work certainly points to a whole range of other contributing issues, or to issues to which changes might be attributed. I think it is a very valid place to be looking.

Senator SIEWERT—Would you therefore think—and, again, I am not trying to put words in your mouth—that the areas that he was highlighting would be areas in which further work should be carried out? I am piecing together other evidence we heard this morning when we were talking about marginalised groups and some of those areas where risky behaviour is occurring. It seems to me that we still do not have a good handle on whether there is or there is not an increase in those areas that may have been missed out of the survey data—that we should be looking at how to address those gaps. It seems to me that those are some of the areas that we might want to focus on in some of the programs that we are talking about that address seriously risky behaviour.

Dr Allbon—I think that is the purpose of research and there is still a great deal to be learned about behaviour here. At this stage we are hoping to be able to do more analysis ourselves on the links between alcohol and violence and between alcohol and traffic accidents, and we are very hopeful that some of the new questions in the survey which we have not fully analysed will go to the heart of that particular issue.

With regard to the issue about how useful survey data can be where it is a survey of the whole population and you want to concentrate on a particularly marginalised or small group within that

population, unless your sample size is very big you are going to have quite limited information about that group. If you have only 100 or 200 people on whom you have based a survey or who are in that particular category, it is not necessarily telling you anything that is statistically very significant. There really is a case to do much more in-depth research into those issues and to be able not only to draw on broad population-level surveys but to investigate in much greater depth what some of the issues are within that small population.

Senator SIEWERT—I am looking at the issue as it relates to the other half of the article and the work that Michael Livingston was talking about around the issue of harm and the significant increase in related harm. The work that he did did not really show a statistical increase, as I understand it, given the other issues that he explained that could be reasons why the data did not show an increase in risky behaviour. But it did show a very definite increase in harm, which also does not seem to me to be consistent with some of the things that you are saying. Am I misinterpreting your work?

Dr Allbon—There is some information in our submission in relation to attempts people have made to moderate the harm of risky drinking. As I said before, some of the questions in the survey will allow a lot more analysis to be done about the links between alcohol and harm. But we have not yet carried out that analysis on the questions. It is a big survey and there is a lot of complex analysis to be done. We are hopeful that there will be some further results on harm, but at this point in time we have nothing from the survey that significantly contributes to that.

Senator SIEWERT—The issue that was brought out this morning but that also seems fairly obvious to me is that whether or not the rate of risky behaviour is going up is a moot point when we have significant harm occurring. There is a significant cost to society—\$15.3 billion—and it seems to me we are having an argument about whether in fact risky behaviour has gone up when there is a significant amount of harm occurring already. Are we focusing on the wrong issues here and should we be going back to the fact that it is costing society a lot but, more important than that, it is actually costing our community a lot? It is linked very strongly to domestic violence and to a whole lot of other health issues. Maybe we would be better concentrating on that harm rather than on the issue about whether it has gone up by this much per cent or not.

Dr Allbon—The information from the household surveys certainly does demonstrate that nine per cent of young people do drink at high-risk levels at least once a week. We have estimated that that is around 170,000 young people. That is in the 14 to 19 age group. It is very hard for that statistic not to stand on its own.

CHAIR—I am trying to find out exactly how this survey works. I have checked the website. Sometimes I think you have to have a degree in working websites! It has been going since 1985, is that right?

Dr Allbon—Yes, that is correct, with a smaller sample size originally. The sample size was increased for the last three surveys—since the 2001 survey—and we have been doing it for the last three surveys.

CHAIR—Did you develop the questions?

Dr Allbon—We have a reference group.

CHAIR—Yes, I saw that. For each particular area in which you work you have different reference groups.

Dr Allbon—Yes.

CHAIR—It is an incredibly impressive workload. For the alcohol and drug one, with the reference group you developed the questions. What is the survey number meaning, what is the size of the survey for coming up with the assessment?

Dr Allbon—We go out to over 50,000 households. We get a response rate of around just under 50 per cent, which is not bad because you have to spend quite a considerable amount of time filling this survey in.

CHAIR—The work is very detailed. Is it a random survey to 50,000 households?

Dr Allbon—Yes. It is random to households.

CHAIR—And it is all across the country?

Dr Allbon—That is correct.

CHAIR—There is a statistical basis for working out how you go, because in all of these things there is an argument that circumstances vary immensely from place to place. So, to get an average it is very difficult.

Dr Allbon—The sampling frame for the survey is worked on quite extensively to ensure that it is as acceptable as possible.

CHAIR—And it happens annually?

Dr Allbon—It happens each time the survey goes out, which is every three years.

CHAIR—The drug and alcohol ones are done every three years?

Dr Allbon—Yes.

CHAIR—I know it is your profession, but I am finding it very difficult, with the number of surveys and the numerical information that has been bandied around. I know it happens in all issues, but because of the particular focus we have at the moment we are being bombarded with submissions that are quoting figures and making assessments on those figures. Often they are similar figures with totally different assessments in terms of where that comes. It is very confusing and, I am beginning to think, deliberately so. Nonetheless, yours is an established method and people quote from your surveys all the time.

I have a natural problem with people's ability to tell the truth. I have had a look at the format for the survey and I think it is very difficult to answer. The questions are quite specific. For instance, the one that we talked about before when Senator Colbeck was talking about the

preferred drink. I am trying to get myself inside the head of a young person, which is another thing that is very difficult. I actually rely on videos!

When you are given a question that asks your preferred drink and there is a list put down there, sometimes I wonder whether people actually know what those headings are. They may drink something that they refer to as a cruiser, but the word 'cruiser' does not appear in the list of options. When the survey is sent out is there any kind of help or support given to help people fill it out?

Mr Cooper-Stanbury—There are prompts for what each of these terms mean, and for this survey we reduced the clutter a little by giving them a reference card that they carried through the whole questionnaire. That pertains more to the illicit drugs, where there are many street names.

CHAIR—Do kids know what an opiate is?

Dr Allbon—There is a fascinating session that goes on in the reference group before these surveys to make sure that we are fully up to date with the street language.

Mr Cooper-Stanbury—For example, when we first come across the different types of drink—in fact, the alcohol preference question—we say, 'Premixed spirits in a can—for example, UDL and Jim Beam & Cola,' so they have got a couple of prompts as to what we are referring to.

CHAIR—Good. Is the idea that they fill this in as a family or individually—so they get that rather large yellow book that comes in the mail?

Mr Cooper-Stanbury—No. We send interviewers out to the household. They then select randomly a person within that household and only one respondent. We use a conventional method, which is to take the person whose birthday is next.

CHAIR—What if you have got twins?

Mr Cooper-Stanbury—There is a way of distinguishing twins. There is an older one; it might only be by minutes.

CHAIR—Because you could have 18-year-old twins.

Mr Cooper-Stanbury—We encourage the younger people to go off somewhere where they are not going to be monitored in their answers but, right at the end, there is the question: 'Did anyone help you with this, were they looking at what you were doing and did that influence your answers?' They may also be dishonest at that very last point on whether it influenced their answers but—

CHAIR—But you have to trust, I know. I think I am reflecting my own behaviour onto surveys and things. But there is only one person within a household who answers it, so how do you determine if it is going to be a 12-to 15-year-old person or someone over 40?

Mr Cooper-Stanbury—No. That is where we try to keep it as random as possible by using the next birthday method.

CHAIR—Sorry, Senator Colbeck; I was just trying to work out where it all came from.

Senator COLBECK—All grist for the mill. We heard this morning another set of statistics, and I am interested in whether you had come across them: 10 per cent of those consuming alcohol consumed 50 per cent of the alcohol consumed, and that 20 per cent consumed 70 per cent.

Dr Allbon—I am not familiar with that number. I do not know if you have a source for that.

Senator COLBECK—We are waiting for the source, and it was quite a striking figure. I gauge that you had a similar reaction, but it was an interesting set of numbers. Given some of the other figures about volumes of alcohol consumed in the country, there are some pretty sick livers out there if that is in fact the case. Just going back to the survey and the data that we have, looking at this in respect of recent trends on particular types and substitutions of different varieties of alcohol or presentations of alcohol, 2001-02 in RTDs does not show up. Does that mean that we started asking questions about RTDs separate from spirits in the 2001 survey? It is on page 13. I am just trying to get a sense of when we started measuring RTDs as an individual product, because the overall consumption rates are probably about the mark if you add RTDs and spirits from 2002-03 onwards.

Dr Allbon—That is a different source for that information—the apparent consumption trends. This is the ABS survey, which is the one I mentioned earlier—that is, information from the ABS on consumption. They did not distinguish.

Senator COLBECK—They did not until 2002-03.

Dr Allbon—Which is perhaps when the product came more to their attention.

Senator COLBECK—So when does it start to appear in respect of the household survey numbers?

Dr Allbon—It has certainly been in there since 2001. It was also in there in 1998. I am unclear about before that.

Senator COLBECK—Going back to the figures we had there before, on page 6, do you have the figures for those categories in 1998?

Dr Allbon—They were not information that we gained because we did not carry out the household survey then. But I would imagine that that information does exist and we could certainly go back and have a look at the previous survey results.

Senator COLBECK—I am just trying to get a sense of the drivers. I note that you said in the key points in your report that, given the stable prevalence of risky drinking and the lack of any clear trend regarding preferences for RTDs—the fact that it has been fairly flat over the life of the figures that we have—the increased availability of RTDs did not appear to be directly

contributing to an increase in risky alcohol consumption. There has been some discussion about transference across different varieties of alcohol and what the drivers for that might be, whether it be price or other factors. I am just trying to get a sense of that, so if you could give us the basis for your comments.

Dr Allbon—I would just point out again that the 2001 figures do not include 12- and 13-year-olds.

Senator COLBECK—I understand that. Essentially what you are saying is it is over a shorter period of time.

Dr Allbon—Yes.

CHAIR—You have heard the kinds of things that this committee is struggling with, but that actually reflects the wider struggle in the community around these issues. Is there any way from your perspective in your organisation that you could measure the issue of transference?

Dr Allbon—Of substitution, you mean?

CHAIR—Yes, substitution.

Dr Allbon—I think that would be extremely difficult to do.

CHAIR—I have been thinking that as well, as to how you assess that and over what period of time, using the kinds of data sets that you use and the kinds of questions that you are familiar with in your organisation, but I am at a loss as to how you could come up with a base about substitution, what kind of question you could ask.

Dr Allbon—Really, to test it properly, you would probably have to do something like a pilot study in order to understand what factors do influence people.

CHAIR—Yes. This is very difficult. There is some anecdotal stuff around now, but there is the question of how you assess that as well.

Senator COLBECK—People come up with models and make assumptions—

CHAIR—They have.

Senator COLBECK—but what underlies the assumptions? The tax office told us last week when they did their figures they assumed zero transference. I do not think any of us really believe that. But we are trying to get a sense of where things might go, given the individual drivers that might appear as part of the overall process. We are here today to talk specifically about one particular measure that was to have a certain effect, and we have heard a lot about what the effects might be with respect to that measure. But, again, it is about trying to get a sense of where it all goes to, and I think that probably leads to more research.

Dr Allbon—Yes. One can draw the conclusion from these figures that regular strength beer has maintained a very stable drinking pattern. The figures over the years would indicate that you

could draw a conclusion there is no substitution effect there. So you could certainly eliminate some categories from substitution. But it would be very hard to specifically say that there was substitution even between cask wine and bottled wine. There are issues there about fashion and taste and marketing. Similarly, it would be very hard to draw that conclusion for other categories there.

Senator COLBECK—The only thing that comes close, really, is if you look at the ABS data we talked about before on page 13 and, as you have mentioned, in 1998 in the household survey when you started measuring RTDs as opposed to direct spirits. There seems to be a correlation in the numbers. But without figures going back any further, to understand how the growth patterns developed in RTDs as they were brought into the market, it is a bit hard to actually make those assessments.

Senator HUMPHRIES—If somebody has already asked these questions, just say, ‘Refer to the *Hansard*.’ I assume this starter is the best available in terms of the number of people who were interviewed in order to form the basis for the conclusions you draw. Is there no other comparable set of figures available in Australia at the moment?

Dr Allbon—I referred earlier to the Australian Secondary Schools Drug and Alcohol Survey. The household drugs survey, which our submission is based on, has a broader sample across the whole population—it is about 23,000 people—but the secondary schools survey has about 21,000 people in the secondary school age group, so it is a broader sample in that age group. It is done in a slightly different way. It is done by randomly choosing about 370 schools, with about 80 students from each school. The students fill that in at school. There is an issue in that in, I think, about half of the cases it has teacher supervision, so that may go to how strong the accuracy or the honesty of it is. That is then collated and put out. That survey is currently in the field and is due to be fully reported early next year. The last of those secondary school surveys was dated 2005, so it is reasonably old now but the next one is in the field now and will be out next year. It is a particularly robust survey in that age group.

Senator HUMPHRIES—I want to know how we should reinterpret or modify the findings about the use of alcohol by young people, given that the 2001 survey did not include 12- and 13-year-olds. If it is fair to conclude that people get into alcohol as they grow older, it is fair to assume that the 12-year-olds are using less than the 15-year-olds overall. Would that suggest that the figures for that age group in 2001 tend to be exaggerated and that you are only actually dealing with those in the later part of that cohort who would have been more likely to be drinking, or is that jumping to a conclusion that you cannot really reach?

Dr Allbon—I think that would be a fair conclusion to draw in interpreting that data knowing that 12- and 13-year-olds are not in there. The sample is different. So, yes, I think it would be a reasonable assumption to make. We break it up on page 8, and you can see that the figure for the 16- and 17-year-olds is comparable.

Senator HUMPHRIES—Yes, they are separated. Did you provide any breakdown of these figures by region or area of Australia—by state and territory?

Dr Allbon—We certainly have not at this stage. We have only published the first results, which were in April, apart from the information that is in this submission. The full information

comes out in about October when we have finished analysing the information. That will have the capacity to report by region.

Senator HUMPHRIES—There is no sense in the figures that you have—

Dr Allbon—No; sorry. I need to ask Mark to correct me there.

Mr Cooper-Stanbury—Maybe not for the very small age groups. We have about 750 in each of the two-year age groups up to 19. We can do a stable national analysis but we would not reliably break that down to the states and territories. We could possibly do the whole of that 12 to 19 age group.

CHAIR—Is there any reason, Dr Allbon, that the term ‘abstainer’ is used, rather than ‘non-drinker’?

Dr Allbon—I presume that is from our reference group. It is a bit of an old fashioned term.

CHAIR—Yes, it is.

Mr Cooper-Stanbury—The term includes both non-drinkers and ex-drinkers so it is—

CHAIR—I saw the heading ‘ex-drinker’ in one of the tables, which I thought was very interesting, and ‘never a full serve of alcohol’.

Senator SIEWERT—Can I just ask about the definition of risky behaviour. I understand there is some work being done on a definition. Is it you or is it ABARE that is changing its definition of risky behaviour and when risky behaviour moves into people being absolutely drunk or being wiped out, to use a colloquial term?

Dr Allbon—We base our categories of risk on the NHMRC guidelines for what is acceptable drinking. Just to give you an idea for females, if you are drinking more than seven drinks then that is in the high-risk category and we would consider you to be at risk of harm in the short term. Five to six drinks would be risky.

Senator SIEWERT—My understanding is that the NHMRC are talking about revising that in line with what actually affects your health, which I think we heard this morning is actually two drinks for young people. While I am not disagreeing with the fact that that is harmful, how do you then look at those who are drinking themselves into oblivion? That is risky behaviour but the two drinks are not as risky. Do you see what I am trying to get at?

Dr Allbon—Yes. There is quite a complex approach to risk in this survey. The new NHMRC guidelines are still under discussion at the moment. These ones reflect where the current health thinking is at the moment.

Senator SIEWERT—If NHMRC do change the guidelines in the future—as I said, I can understand why they would—how would you deal with that issue of differentiating risks? I agree that it is risky but it is not the risky behaviour that we are talking about now.

Dr Allbon—Are you talking about how much you drink in a session?

Senator SIEWERT—Yes.

Dr Allbon—We do have some questions, and you will see them in the back of the first results, that go to how many drinks people drank when they drank, and we will do an analysis that takes the level of risk into consideration. With the information that is in here, it is already possible to get at that high-risk level. The NHMRC guidelines will potentially change what is considered good health behaviour at the lower level, but once you get up into the high-risk categories I think we already have the potential to be able to comment on that.

Senator SIEWERT—Thank you.

CHAIR—Dr Allbon, who is the reference group for the survey. I cannot find that on the website, but that could just be my inability to use the website.

Dr Allbon—It is actually listed in appendix 1 of the first results of the last survey. The reference group is chaired by Susan Killion, who is on my left, and Mark Cooper-Stanbury is also on it. It has a representative from the Department of Health and Ageing; Dr Louisa Degenhardt from the University of New South Wales; Dr Toni Makkai, who was at the Institute of Criminology; Professor Ian McAllister from the ANU; Rebecca McKetin from the University of New South Wales; Fearnley Szuster from the Public Health Information Development Unit at Adelaide university; Jenny Taylor from the Department of Health and Ageing; and the secretariat from the institute.

CHAIR—So they are professionals in the field, rather than community people, people from industry or anything like that?

Dr Allbon—That is correct.

CHAIR—We are constantly being asked whether industry people are being involved. So there is no-one there from industry?

Dr Allbon—They are researchers in the field.

CHAIR—As there are no further questions, Dr Allbon, thank you so much for your submission and for your time, with your staff members, this afternoon—as well as at estimates. This could go on for a long time, and we do appreciate your appearing here today. If we have any further questions, we will get in contact with you.

[2.35 pm]

STRACHAN, Mr Stephen, Chief Executive, Winemakers Federation of Australia

YOUNG, Mr Douglas Arthur, Director, Economics and Policy, Winemakers Federation of Australia

CHAIR—Welcome, gentlemen. You have information on parliamentary privilege and the protection of witnesses. We have a copy of your submission. I invite you to make an opening statement and then we will go to questions.

Mr Strachan—I will make a brief opening statement, as I think you have copies of our submission, and I will take the opportunity to answer your questions.

CHAIR—We have, yes.

Mr Strachan—Our submission is a joint submission with Wine Grape Growers Australia. They are the body that represents the 7½ thousand growers across Australia that would ultimately be affected by any change to tax on our industry. As previously stated before this committee, the Winemakers Federation of Australia represents the interests of Australia's wineries, which are about 2,300 in number. I am going to talk about wine tax. I am happy to take questions beyond that but, given the nature of the supplementary questions that came out, I thought that that would certainly be appropriate.

CHAIR—Well spotted, Mr Strachan.

Mr Strachan—Calls for a volumetric tax on all alcohol are essentially calls for a wine tax increase. Beer and spirits are already taxed on their alcohol content. I think that there is some degree of confusion in terms of the debate around that—although I am sure not amongst this committee. A uniform volumetric tax at, say, the beer rate would lead to an increase in the price of a \$12.50 cask of wine to \$28; an increase in price for all bottled wine that currently sells below \$25, which accounts for about 98 per cent of all the wine that we sell in Australia, including cask wine; a reduction in wine demand, resulting in a drop of about 250,000 tonnes of grapes required by the industry for the domestic market; and about 3,500 fewer employees—in terms of the people who are employed by that part of the business. It would also of course result in a drop in the price of spirits and would result, at the beer rate, in a modest drop in government taxation revenue, although it would be very modest. A revenue neutral volumetric type tax across all alcohol would necessarily be slightly higher than the beer rate, and that would obviously lead to even more pronounced impacts on the wine industry.

To justify such a dramatic upheaval of our industry, we believe that two preconditions ought to be met: that it be demonstrated that wine is overrepresented as a beverage associated with risky consumption and that taxation is an effective measure to address alcohol abuse. On the former, there is no evidence that wine is consumed at more risky levels than other beverages and, for youth and underage drinkers, it is clearly not the beverage of choice. On taxation, there is simply no evidence that an increase in tax leads to a demonstrable reduction in risky consumption. It

lumps the good with the bad and penalises all. It leads to significant product substitution between beverage types. I believe that there is evidence emerging that the recent increase in taxation on RTDs is essentially leading to that substitution effect that I just spoke about.

Our product is abused, and this is a source of regret for many of our members. While we do not shy away from our industry's obligation to be part of proposed solutions to address alcohol abuse, bitter experience has taught us that tax increases do a lot to bolster government revenue but do very little to address abuse. Our product is taxed at lower levels than beer and spirits, and yet we are the highest taxed major wine-producing country in the world. Like the rest of the world, differentials exist between the taxation of wine, beer and spirits here in Australia. It may not all be logical and there may be inconsistencies, but make no mistake: any desire to tax wine, beer and spirits the same will have a devastating impact on our industry and the regional areas that it supports.

That is really my opening statement. You have all the other details in the submission.

CHAIR—Mr Young, do you want to add any comments?

Mr Young—No, I do not.

Senator HUMPHRIES—I just have a couple of questions. If I understand what you are saying, you are pointing out—quite appropriately, I think—that a volumetric approach would significantly increase the taxation on wine and would have an economic impact on the industry, on employment and on the capacity of that industry to generate export dollars and so forth for Australia. You point out in your submission that there is some exaggeration on the question of cross-elasticities between different products. How do we deal, then, with the problem of people migrating between different drinks according to which is the cheapest? Obviously there is some extent to which it occurs; I assume you would agree with that.

Mr Strachan—Yes.

Senator HUMPHRIES—To prevent the pricing distorting the use of alcohol, is it not fair that we create that common base on which taxation is levied against all alcoholic beverages?

Mr Strachan—It is a dilemma, Senator. What I would say is that it is not fair if it costs our industry 3½ thousand jobs. That is what it would cost. The dilemma exists because a number of successive governments over the years have, in their wisdom, made decisions to increase the tax, particularly on spirits and RTDs but also on beer on wine. I guess our argument has always been and consistently is that if government sees the merit in taxing alcohol excessively then it ought to put up evidence that it actually makes a difference in terms of alcohol abuse. If it does make a significant difference then there is probably a pretty solid case for it, but we cannot see the evidence. Our frustration is that we continually get benchmarked against those higher taxed industries. Whilst I will not go back over the history of why that has happened, the reality is that it has a big impact on our industry.

I guess on the first point of your question—will people substitute our products as a result of the recent tax changes—I think it is quite possible, and indeed probable, that there will be some substitution. I think that that is regrettable, but there is nothing we can do about it, because in

making these changes we are making the mistake of assuming that the tax system will address the problem. I think that what it is essentially saying is that if consumers consistently seek out the lowest cost beverage—whether it is wine, beer or spirits—then tax is not going to be part of any solution to address alcohol abuse by those people. If you put the tax up on wine then something else will become the cheapest and they will gravitate to whatever that product is.

Senator HUMPHRIES—Looking at the figures that the Institute of Health and Welfare have provided to us—and you have quoted from them as well—they suggest that it is very largely people in older age categories who will drink wines. It would seem to me that your industry, by and large, does not much pitch its promotion and advertising towards young people anyway. But would you accept that there are some other sectors which could be accused of that?

Mr Strachan—Other industries?

Senator HUMPHRIES—Other sectors of the alcoholic beverage industry.

Mr Strachan—You say ‘accused’. I think that all alcohol industries have a very legitimate right to promote their products to people of drinking age. Quite clearly, the RTD industry has done that. The wine industry perhaps regret the fact that we have not been terribly successful in converting the 18 to 30 age category. We tend to kick in after that, as you indicated. But I certainly would not level that accusation at any other industry. We do not make a habit of commenting on other industries. We do not see it as being a terribly productive exercise.

The point I would make is that the wine industry does not do it, and perhaps the wine industry does not do it because of circumstances in some respects but that is a convenient position for us anyway when it comes to the issues of youth and under-age binge drinking. Equally, I bet that we have got sectors of our consumers in other sectors that do have associated abuse problems. We are certainly not going to put our hand on our heart and say that we are holier than the rest of the industry.

Senator HUMPHRIES—We are still confronted with the reality—which many submissions have amply demonstrated—that there is a problem with younger people consuming alcohol at unacceptably high levels. That may be attributable to a culture in Australia of alcohol abuse. There may be other reasons, but it is clearly a problem that we, as policymakers, have to address. If a taxation regime of this kind is not the answer, what would the Winemakers’ Federation suggest is appropriate to pursue?

Mr Strachan—That is a very good question—and I wish I had a constructive answer to put. I think we had part of this discussion last time. Our approach to this issue—and I am not going to give you an answer because I do not think there is a simple answer—has been, with the other alcohol-producing sectors, to establish an organisation called DrinkWise Australia. I think we talked a little about that last time. The DrinkWise Australia philosophy is that the culture around alcohol consumption, where it is an abusive culture, does need to be addressed and changed. The approach towards doing that is very much about taking a campaign approach towards addressing these issues, utilising the skills that the industry does have in getting messages across to consumers and using those skills to start getting the message out that it is not cool to get drunk.

Whilst they are well worthwhile, unless initiatives around alcohol advertising are part of a significant campaign—and unless that campaign involves state and federal governments, law and order, policymakers, industry and community groups—the likelihood of joined-up thinking and real meaningful outcomes is pretty slim. I think that will ultimately mean that we will continually sit around tables like this and argue about tax, labelling and advertising. A more holistic approach towards this issue is absolutely essential, and I do not pretend to know what the answers are.

Senator HUMPHRIES—In your submission, you quote the literature review by Gallet last year, which observed that there were considerable differences in the own price elasticities presented in the literature. Gallet concluded that consumption by those in their teens is less responsive to price increases than consumption by people in older age groups. I find that a bit surprising, because you would assume that a younger person would have, on average, less money and would be more likely to be watching where their dollars went. Do you have a view on why that might be the case?

Mr Strachan—I will get Doug to jump in if I do not cover it. I am sure that there will be significant cross-substitution between beverages at the youth category, but the reality is—and I am sure we all watched *Four Corners* the other night—that if consumers want to get a drink, they will be able to get a drink. Unless you made it massively, prohibitively expensive, you are really not going to be able to address it through taxation. That gets down to the crux of what the issue is—that is, people, for whatever reason, want to get drunk. So, there will always be a beverage that is affordable to them. Unless we live in a prohibitionist environment, that is going to happen. My view is that tax is not even part of the solution. There is already significant tax on pretty well every alcoholic beverage that exists. I really do think that thinking has to go beyond that, and we have to understand what makes people make those decisions. I do not know what the answer is. Doug, do you want to add to that?

Mr Young—This is only a hypothesis, but I am wondering about the extent to which those in younger age groups are still dependent on income from family and so they are not as responsive—it is not their dollars as much. In terms of the elasticity, the finding is that large increases in price or through taxation are required to cause a small reduction in consumption. That is total consumption, which does not differentiate between, say, problem drinkers and non-problem drinkers.

Senator HUMPHRIES—That was not just from a collation of Australian studies—presumably it was other countries as well?

Mr Young—Certainly. It was a review of something like 132 studies from across the world, looking at a range of analyses. It found that there was a large amount of variation even between the way the relationship was framed as well as the estimation technique, whether it be ordinary least squares, two-stage least squares or whichever type of approach. So it really did point out the variation in results.

Senator HUMPHRIES—Does the federation have any views about alcohol trading hours as a factor in alcohol abuse in Australia?

Mr Strachan—No. I am not trying to be evasive; we just do not engage on that issue, so I would not presume that we have any competence to make a comment, to be perfectly honest.

Senator HUMPHRIES—Sure.

Mr Strachan—I do want to pick up one matter which I failed to outline in my introductory comments. There has been some speculation that there will be a substitution of wine based products for RTDs and that you can actually manufacture a wine based RTD. Practically, to be a wine product, the product needs to be in excess of eight per cent. But, technically, for a product that is above eight per cent with additives added, you could in theory produce a wine based product that looked and smelt like an RTD. For your information—I am not sure if we indicated this in our submission—we have written to Treasury and we have indicated to them that we fully anticipate that that is a loophole that they will close up. In writing to them, we have given them our support to do that—not that they would care what we thought, but we have indicated that there certainly will not be any problem from industry. The concern we have with it is that there are traditional wine based products such as vermouth and marsala, for example, that exist in that category for very good reason. So we are concerned that we are going to lose the capacity to produce those products. They are, I would argue, not even remotely associated with alcohol abuse. I think anyone under 40 would be struggling to even name them. But what we have said to the government is, ‘If you want to close off that loophole, do it, but if there is any possible way to protect those existing beverages then you ought to.’

CHAIR—Mr Strachan, we are in the situation where we are asking the same questions over and over again, but you referred to the *Four Corners* program, which has been getting a bit of commentary today; the timing was interesting. In that program there were a couple of examples of young people—and they only concentrated on young people—who were clearly drinking wine. It was bottled wine in some cases and there was also one young woman who was pointing out the economic value of going to a cask as opposed to what her friends were drinking. I do not think that was staged. Have you, in the research you have done, come across any similar kinds of patterns?

Mr Strachan—We rely on the same research that you rely on, so the National Drug Strategy household survey will, I think, release data on specific consumption—

CHAIR—You have the last one here, which shows from 2001 to 2007.

Mr Strachan—Yes, but my understanding is that the next report will have some details around risky consumption by beverage type which we have not seen yet, obviously. It of course will not reflect the alcohol tax change that is in place. The reality is that if someone wants to get drunk and that is their No. 1 objective then cask wine is the cheapest option. We cannot escape that fact. As I said before, something else will always be the cheapest option if you tax cask wine more. The evidence, though, shows that the majority of young consumers do not choose to switch to wine. We do not know yet what will happen on the basis of this RTD tax change. I suspect there will be some modest switch towards cask wine consumption. We certainly have not seen any evidence of that in the marketplace, but we are not close enough to be able to give you any insights into that. If you look at the next category they were looking at in the *Four Corners* report, the 22 to 30 age category—

CHAIR—Yes, employed people.

Mr Strachan—Yes, high-wealth individuals. The hedonistic set I think they called them. That is very much where wine kicks in, and you saw it throughout the footage. Again, if you look at the issue of taxation, you have to ask the question: what can you possibly do through taxation of the product when people have very high wealth and a very high disposable income? Very clearly, throughout that footage it really was not an issue for them. I suspect that, for a significant proportion of the population that does have reasonably high wealth and that does choose to consume wine, where there are excessive consumption problems associated with it you are not going to have any effect by changing the price of the product. So, again, it gets back to the challenge for all of us of what can you do about it. As I said earlier, I am not sure what the answer to that is.

CHAIR—How do you compare on price now? I am desperately trying to find out how this table that we have been given by the Alcohol Education and Rehabilitation Foundation works. It lists all the drinks. How does the alcohol content and cost of wine compare now with things like alcopops?

Mr Strachan—I can only tell you about wine. Do you mean in terms of the tax component of it or the price of it?

CHAIR—The whole thing.

Mr Strachan—A cask will be typically \$10 to \$12 retail.

CHAIR—Depending upon which one it is.

Mr Strachan—Yes.

CHAIR—Is it 12 per cent alcohol?

Mr Strachan—Yes, it is about 12 per cent alcohol. But you also have premium two-litre and four-litre casks which, for a two-litre cask, would be about \$18. So that is really a bottled product.

CHAIR—And they are all about 12 per cent?

Mr Strachan—They are all about 12 per cent, yes.

CHAIR—And in terms of comparing that with one of the things sitting in front of Senator—

Mr Strachan—How many standard drinks?

CHAIR—Yes.

Mr Strachan—A bottle of wine has about seven to 7½ standard drink, so it would be about five times that—35 or something like that.

CHAIR—And one of those things is one standard drink, is it not, Senator?

Senator HUMPHRIES—This table is produced by the Alcohol Education and Rehabilitation Foundation. They give a figure of how many standard drinks in the average cask, bottle and so forth, and what the effective taxation rate on each of those is. They also postulate in the submission they made today what the tax rate would be if you took a volumetric approach and you did not aim to increase the total tax take on alcoholic products. What they do suggest is that the tax rate on casks would rise from about \$1.89 per cask to \$12.12 per cask and confirmed that there would be a big increase there. A standard serve of wine—I assume this is from a bottle; I am not sure what they refer to there—would rise from 4c to 30c per standard drink, although the effective taxation on a bottle of wine per se would drop, they say, from \$3.63 to \$2.12.

Mr Strachan—No way!

Senator HUMPHRIES—Could you look at these figures and give us your view on them?

Mr Strachan—I am more than happy to. I will give you my view now if you like.

Senator HUMPHRIES—I was going to ask for a more scientific view actually!

Mr Strachan—The average bottle price will not drop under a revenue-neutral tax across all alcohol. The average bottle price is still down around \$9 to \$10 a bottle. Our figures which we did on the beer rates are going to be pretty close to this: a \$25 bottle is essentially the cut-off point. I do not know where the AERF consumed their wine, but in terms of the whole industry we are talking about high-end product there. It is going to have an impact on the whole industry.

The other point I would make is that it is not rocket science to come out and do an analysis of the tax on all of the products—and they have done it and I have no reason to argue that it is inaccurate. But it gets back to my point. We have a system in Australia—as does, I would add, just about every other country in the world—where there are tax differentials across alcohol products. Of course, the consequence of that is that it is confusing, it is a dog's breakfast and it is internally inconsistent. I would not argue with that for one second. Your dilemma, I suppose, and our argument is that to bring parity at the higher tax rates—and I have never heard a discussion around parity being, 'Bring all taxes down for wine'—is going to have a very significant impact on our industry.

I will make the point again: I think that, on the basis of the impact on our industry, you would want to be pretty sure that the evidence indicates that tax is actually going to make a difference to alcohol binge drinking. We have trawled a lot of evidence and we have not reached that conclusion. I think there are a lot of people that see volumetric taxes in some way as some sort of Holy Grail that ought to be achieved. A lot of those people see that Holy Grail as essentially being around having consistency in taxation, which is of course understood, and having a tax base where the tax reflects the alcohol content. Of course, you can understand the logic of that as well. Again, if the evidence is not there that, by doing it you are going to address alcohol abuse—particularly with the products through which wine is sold and consumed—then why would you do all that damage to our industry on that basis?

Senator HUMPHRIES—Can I ask a political question. If the government decided to align taxes in a volumetric way, how difficult would it be, do you think, for your industry to accept that kind of change? What kind of backlash would you expect?

Mr Strachan—I would imagine there would be nothing more difficult for our industry to accept. Let's put it in context for the moment. Our industry is made up of, as I said earlier, 7½ thousand grape growers. Let's talk about them for a second without talking about my members. Sixty-five per cent of Australia's production is in the Murray-Darling Basin—in the Riverland in South Australia, the Murray Valley around Mildura and the Riverina. That 65 per cent of production is pretty much where all of the cask wine and the majority of low-price wine come from. At the moment, those same regions are suffering pretty crippling effects of the impact of water availability. We have the situation where a number of vineyard operators are essentially having to walk away from their businesses. In addition, we have a situation where the exchange rate is absolutely crippling our export capability at the moment, and that is not through anybody's activities. Their two outlets, in terms of the domestic market, are potentially being threatened. Their export market opportunities are really struggling at the moment.

If we made these sorts of changes, those are the regions that would be affected very significantly by it and it would be devastating. It would be a major community problem in those regions. The wine industry in those regions, perhaps with the exception of almonds, is pretty much the exemplar in terms of growth and employment opportunities over the last 15 years. The wine industry is shrinking anyway to some extent and market forces will take it there to some extent, but, with an added government incentive to get there more quickly, I think there would be very big problems.

Mr Young—I can add to that. In the diagram which you handed out, I noticed at the bottom that it says the hypothetical tax rate had been calculated at \$25.25 per litre of alcohol. My understanding is that, to have a uniform rate across the whole industry, we would be looking at something like \$40 per litre of alcohol. That would explain a large part of the difference, I think, in our understanding of what bottle prices would be increased.

CHAIR—You may want to have a look at the evidence we had from AERF, because I know that you deal in this area all the time. They are saying that they have a comprehensive study, which is currently being peer reviewed, on this process coming out in the next couple of weeks. Then they will be able to be more public about what they are saying after that.

Everything you have in front of you is public, but for the kind of detail you would need to be engaged in this ongoing discussion, of which you are always a part, you would have to see their final result. Certainly from their perspective, and also from the perspective of the public health people who are giving evidence, they consistently talk about the preference for a volumetric process. I know you are aware of that because you have been having this discussion for 25 years, but I think the level and how it is going to be done are still debatable. Access Economics have done a study as well, which is now public, which also talks about the impact and how prices would go up and down. So it is not new at all.

Mr Strachan—No, it is certainly not. It is pretty much a straight mathematical conclusion and there are few assumptions built in around retail margins, essentially, that drive it. We will have a look at it and respond to you.

CHAIR—Thank you. That would be really useful because it would be very nice if everyone was talking about the same figures. There is enough discussion and different points of view, but when you have significantly different bases on which people are debating it makes it more difficult.

Mr Strachan, do you know what has happened in the UK? People have referred us to the situation in the UK, where they have brought in a different taxation basis over a period of time. I understand that, in terms of their market, there is not a great deal of wine grown in the UK and that that is not a core market. You have explained that for the people you represent it is a longstanding and important part of Australian agricultural business. Do you know whether wines have been caught up in the process in the UK? I have not done that degree of research yet.

Mr Strachan—Recently—I do not know how recently; the spirits industry could tell you how recently—they put up the tax on RTDs. In the case of wine, there was a substantial tax increase in March—on 12 March, from memory. There is an excise or a volumetric tax in the UK. That tax increase was substantial. I do not yet know what the impact has been.

CHAIR—It is relatively recent, from March until now, to assess it.

Mr Strachan—Yes. One of the reasons we have a real problem with a volume based tax is that in the wine business there are a couple of thousand producers that sell wine and if you have an index increase in taxation on a six-monthly basis then our experience in the UK, particularly when you are in surplus mode—which for our industry is about nine years out of 10—is that you absorb it. There is really not the ability to pass it on to consumers, particularly with very strong retail consolidation and very strong retail power, so essentially you absorb it until there is some quantum shift in terms of something like this tax increase. So, interestingly enough, companies actually have used this tax increase as a chance to reposition their brands in the market place. In that sense, it is a positive. We actually internally had a view that if they were going to make the tax changes, rather than incremental changes, to have a one-off change would be a much better outcome for the industry anyway. But I have to stress that we sell no cask wine into that market, or very little, and we are to a large extent becoming non-competitive at the very low price categories anyway. That market has a profile equivalent to the Australian industry except that the low-price wine is not produced and sold by Australia; it is produced and sold by France, Chile and other countries.

CHAIR—So it would be hard to do a direct comparison.

Mr Strachan—Yes. In Australia that low-price wine is produced by the Australian industry, so that is where the impact hits us. Technically, or in theory, if we had started off 50 years ago in Australia with a tax base system that was different then we would not be talking about these issues, but the adjustment problems are so significant that it is obviously very relevant.

CHAIR—We have almost exhausted our questions, it seems.

Mr Strachan—It has been a long day.

CHAIR—The issues are so significant, but it is variations of the same thing. In relation to studies that you do, one of the things that fascinates me is how people assess their data. I

genuinely question the veracity of some of the figures. If you ask people—particularly young people, but people of any age—questions about what they are drinking and when they are drinking, particularly when they are in a group, it is very difficult to be absolutely sure that they are telling you the truth. We have particularly small market samples. We see beautiful graphs and figures produced, but they are from relatively small numbers. I am just wondering whether you do surveys about who is drinking your—

Mr Strachan—No.

CHAIR—Do you use other people's work to work out what is happening in the industry?

Mr Strachan—Because we are a policy organisation we really are not close to that commercial side of the business. It is a question you could quite legitimately ask some of our companies. Our companies would be very much in touch with what their brands are doing in the marketplace. A good source for that data in Australia is Nielsen. It may well be that other companies have put Nielsen data in front of you.

CHAIR—Yes, they have.

Mr Strachan—But when it comes to risky consumption I do not know that Nielsen would actually cover any of that anyway. I am not sure. I am with you: if we are going to make policy decisions our position always has been that it needs to be evidence based and it needs to be informed. If we have concerns about the data then we ought to be looking at that and getting better data.

CHAIR—One of the things about this particular exercise is that we are not talking to consumers. The witnesses and the people who provided submissions are industry groups and public health groups. I think that would be a fair assessment. We are not talking to the people who are using the product.

Mr Strachan—DrinkWise published a report a couple of months ago. Anne Roche did some focus group work. That has some pretty interesting insights into some of the drivers, particularly for young people in relation to their consumption decisions. I do not have it with me. Is Anne appearing before the committee?

CHAIR—I do not think so. I do not have tomorrow's list. You are using her figures on youth consumption. That is the data to which you are referring?

Mr Strachan—Yes. I think a focus group approach supported by your broad population measure data is a pretty smart way to go.

CHAIR—Thank you. We do appreciate your time and your submissions, and your ongoing contribution to this work. If you think of something else we should know, please let us know. We will be in contact.

Mr Strachan—We will respond on that basis.

CHAIR—That would be very useful. You will see in the *Hansard* what they said this morning. You can see their latest round of proposals.

[3.13 pm]

McCLEAN, Ms Rosemary, Policy and Program Adviser, Australian Drug Foundation

MUNRO, Mr Geoffrey, Director, Community Alcohol Action Network, Australian Drug Foundation

CHAIR—Welcome. Thank you for coming on early. It is a very rare experience for this committee to be running ahead of time. I am quite stunned by it. Nevertheless, it is best to keep going. I know you have been given information on parliamentary privilege and the protection of witnesses, and you have probably done this a number of times. We have a copy of your latest submission; thank you very much. I invite either or both of you to make an opening statement, and then we will go to questions.

Mr Munro—We appear before the committee today on behalf of the Australian Drug Foundation, and we thank you for your time and for the offer to appear. As you say, Madam Chair, you do have our submission and we would like to spend a few minutes this afternoon amplifying that. As you know, we are in support of the proposed change to the taxation treatment of ready-to-drink products. We would like to emphasise that we understand that no party appearing before the committee is suggesting that underage drinking should be supported; no-one is recommending that underage drinking is a positive thing. We understand that premixed drinks or ready-to-drinks are the most popular alcohol beverage for underage young people. We understand that premixed drinks are the most popular alcohol beverage for underage people who drink at the riskiest levels. That is a matter of record found by the national household drug strategy survey in 2005.

We wish to emphasise to the committee that while there has been some debate and discussion in recent weeks about whether the level of underage drinking is increasing or has decreased or is remaining stable—and that is mirrored by a debate to some degree in the media as to whether the level of binge drinking is increasing or decreasing—we think that debate is taking place at the margins. Regardless of whether underage drinking or binge drinking is increasing or decreasing slightly, it remains an important social problem for Australia. There is clearly a high level of underage drinking; there is a high level of dangerous drinking by underage people as well as by adults. We do not believe this debate should ignore levels of binge drinking by older people. We think that debate really is something of a red herring. We should be focusing on the fact that Australia has a very serious binge-drinking problem and young underage people and people in their early 20s are contributing to that in a very serious way.

We would like to refer the committee to some objective evidence that confirms that we are facing an increasing problem. There are two pieces of evidence that we wish to lay before the committee. One is the report from the Rural Ambulance Service in Bendigo, Victoria, which reported that whereas they used to be called out to pick up young people aged 17 and 18 and to revive them after they had drunk themselves into a stupor, they are now picking up on the street and attending parties to revive 12-year-olds, 13-year-olds and 14-year-olds who need that assistance. We think that is an indication from the community that young people at increasingly young ages are drinking very large and dangerous amounts of alcohol. The committee may be

aware that a paper has been published just this week in the current edition of the *Australian and New Zealand Journal of Public Health* that states that admissions to hospital emergency rooms following binge drinking has risen sharply between 1999-2000 and 2005-06, particularly for young women aged 18 to 24. The rate has doubled from that first year, from around six admissions per 10,000 people to 14.6 admissions per 10,000 people. That again would confirm a lot of anecdotal evidence that young women in particular are drinking larger amounts of alcohol than they have done in the past.

I also refer the committee to the Australian Secondary Schools Drugs and Alcohol Survey 2005 which, amongst other findings, found that among Victorian secondary school students who are current drinkers—defined as students who had drunk a whole alcoholic drink in the previous week—the level of dangerous drinking amongst current drinkers had doubled between 1984 and 2005. That was true for both age categories—students aged between 12 and 15 and students aged 16 and 17. There is a good deal of evidence that suggests that while overall per capita consumption may not have moved a great deal in that time, there is certainly strong evidence that suggests that among younger drinkers in particular—that includes secondary school students and young adults—there is an increase in dangerous drinking by those young people who are currently drinkers and that they are showing up in some of the health statistics that are collected. I will leave it there for the moment. I am sure you will have some comments or questions.

Senator HUMPHRIES—The figures you have just quoted to us about hospital admissions by young women suffering alcohol abuse and so on, as well as the other figures, seem to stand in contrast to the figures that were presented in the submission of the Institute of Health and Welfare which suggests that the levels of alcohol abuse are fairly static, that if anything there has been a slight decline in the use of these ready-to-drink products and that there is not a connection between the ready-to-drinks and the incidence of binge drinking, which is acknowledged to be a problem. How would you suggest we steer our way through this variety of evidence?

Mr Munro—I would refer the committee to the article that I mentioned in the *Australian and New Zealand Journal of Public Health* because the authors discuss a number of surveys that throw up some conflicting results.

Ms McClean—We can supply a copy today.

Senator HUMPHRIES—That would be good, thanks.

Mr Munro—There are a couple of points that I would mention. One is that the AIHW, I understand, was really talking about the per capita consumption across the whole population. I think we need to be very careful about extrapolating from that to every particular population group. For example, Australia has an ageing population, and what we have known in the past is that as people grow older—in particular above 50, 60 and so on—their alcohol consumption drops off. So, if everything is left equal, we could expect Australia's per capita consumption to decline for the foreseeable future. We are seeing a similar stability or slight decline across the Western world. But that does not preclude that there may be different shifts taking place amongst particular subgroups or subpopulations. So, while the AIHW may well be correct, I do not think we can assume therefore that that is true for every subgroup.

Senator HUMPHRIES—What sort of subgroups do you have in mind?

Mr Munro—I am thinking of different demographic groups; so we might be thinking about young people aged 14 to 19 or young people aged 14 to 30, for example.

Senator HUMPHRIES—But the AIHW's figures already extrapolate those particular groups and refer to them.

Mr Munro—The AIHW, I understand, did concede that the national household survey sample of young people is rather small.

Senator HUMPHRIES—It is about 750, I think.

Mr Munro—I recall reading their comment that that is probably too small to extrapolate from with great confidence. Our view is that it is not unusual for surveys to throw up conflicting results. There have been surveys in recent years, particularly of young demographic groups in Australia, that have shown increases in drinking amongst young people. I am particularly thinking of the Victorian youth alcohol and drug survey, which the authors in the *Australian and New Zealand Journal of Public Health* article refer to as finding increases in young drinking, whereas the national household surveys and other surveys are not showing much change.

Senator HUMPHRIES—It bespeaks the need for a good evidence based approach, I assume you would agree. We are struggling to find evidence of what people, young people particularly, will do when they are confronted with a higher cost for the product that they have previously turned to for their fun, for their enjoyment. There is already some evidence to suggest people will switch to other, less expensive products. Have you got anything that you could suggest to us would be reliable evidence about the extent to which people will or will not switch to other products if you increase the tax on this particular set of drinks?

Mr Munro—I do not think we have what we could call reliable evidence—I am not aware of any; I am not sure about my colleague. But our view is that we would expect that some people would make a switch, depending on their personal preferences and their personal situation. I also think that it may be that underage young people, perhaps the earlier teenage years—14, 15—may not be able to make a switch. They may not make the switch because they do not like the alternative tastes. There is no doubt that the RTDs—and research shows this—are much more palatable for young teenagers, or 'novice drinkers', than for other people. Some young people may make the switch; some young people may not be able to for that reason. The result may be that some young people actually drink less.

Ms McClean—With the kids who are drinking now, the pattern seems to be to graduate to other drinks. It is the very young teenagers who have not yet begun drinking who are our concern. One of our main concerns about RTDs is that they are cheaper than they should be because of the tax system; they are palatable and attractive to those young, newly initiated drinkers—it is really that group. The evidence shows that a delayed start of drinking is very important because, the earlier children start to drink and the heavier they drink, the more likely it is that they are going to develop into really problematic drinkers, which we are now seeing in the 20- to 29-year-old age range. Anyone who watched the *Four Corners* program the other night, which I am sure would have got mentioned today, would note those 20- to 29-year-olds whom they studied had a long history of drinking before they got to that stage. If you look upstream, what can we do? What are we doing to delay as long as possible the onset of alcohol use and a

heavy problematic pattern of alcohol use? This is the real issue with RTDs because they are particularly attractive to those young drinkers; as we do have statistics to show.

Senator HUMPHRIES—On the point you made about RTDs being underpriced, we heard evidence earlier today from the Alcohol Education and Rehabilitation Foundation about what would happen to alcoholic product prices if we took a volumetric approach towards products and we aimed to get the same net tax take from these drinks. They suggested that RTDs, at the present time, are overpriced according to that measure and would fall back from about \$1.25 per standard drink down to 47c. It is drinks like cask wine that would rise most significantly as a result of that. Some other submissions from public health organisations have emphasised the need for this to be only a first step towards a look at considering a whole suite of taxation issues with respect to products generally. Would you support that view?

Ms McClean—I would like to answer that in two parts. When I say they are cheaper than they should be, given the current taxation system for spirit based drinks, they are underpriced compared to what they could be. The whole issue of appropriate pricing and taxation of alcohol products is very complex, as this work by the AERF shows. The ADF would dearly like to see a high-level, well-resourced, comprehensive review of alcohol pricing and taxation from a public health perspective where all those sorts of things are considered. We have got a very complicated tax system across alcohol, with subsidies and so on. We would also bring in the issue about pricing because there really needs to be some minimum pricing. We have had a classic example this week about one retailer in Victoria. Would you like to tell them about the Bendigo example, Geoff?

Mr Munro—Yes. There is a purveyor of RTDs in rural Victoria that is, I understand, advertising on radio, suggesting that people can continue to buy RTDs at this particular store as they are not passing on the tax increase.

Ms McClean—You can tax and you can do everything you want, but the retailers can still undercut all that impact by running at a loss. This particular retailer is infamous. We found a few years ago they were selling them at 50c a bottle.

Mr Munro—They have sold RTDs for \$1 a bottle.

Senator HUMPHRIES—At that rate I do not think they will be around too long to worry about.

Ms McClean—If you are going to have a public health impact from how things are taxed, you will really need to look at the whole minimum pricing issue as well. It is a complex one.

Mr Munro—I want to return to your earlier question about the per capita consumption because there is another point I would like to make that is quite important and it is referred to in the literature in many places in Australia and overseas—that is, when the reported consumption of Australians is totalled and compared to the retail returns of alcohol sold in Australia, the reported consumption only accounts for no more than 70 per cent of the alcohol actually retailed. Seventy per cent is the highest so that suggests that, as a population of flawed or frail human beings, we underreport our consumption. That is another good reason to take those surveys with

a grain of salt, and we need to build into that there is another 30 per cent of alcohol perhaps that is not reported but we are consuming.

Senator SIEWERT—What have the sales figures been like over the last, say, five years?

Mr Munro—I do not have the results handy.

Ms McClean—Also, we only count half because wholesale data is no longer collected in all states. So once the GST came out a lot of states stopped collecting that data. WA is the only one that does, and it has been a real problem for researchers and epidemiologists because there is a big missing part of data to reconcile and check against what our studies have shown and what the reality is. It would be good to see the collection of that data reinstated.

Senator SIEWERT—Who stopped collecting that data?

Ms McClean—State governments.

Mr Munro—Western Australia and the Northern Territory continue to collect it but the other states have stopped collecting it.

CHAIR—This is based on sales.

Mr Munro—Wholesale sales.

CHAIR—So the distillers and brewers probably have some records.

Mr Munro—I recall that recently the Australian Bureau of Statistics released some figures showing how much alcohol was available or was produced. We could refer—

Ms McClean—It is very interesting.

Mr Munro—the committee to those figures.

Ms McClean—In one of the last ABS reports on alcohol consumption, they have a rider down the bottom saying this may be the last time this type of data is released because the wholesale sales data is no longer collected.

CHAIR—It is very odd. We have not had that issue raised with us before, so we will take it up.

Ms McClean—We have raised it in another forum. The other thing I wanted to add to what Geoff was saying is that population studies are like a bird's eye view and they give us a rough what. We need to look at the qualitative studies where people get in, down and dirty and talk with the subgroups because that is telling us the why, the context of drinking, the pattern of drinking, and it gives us a much richer understanding of what is happening, especially in the groups and subgroups that we are interested in. It is never one or the other; it is a combination of a lot of datasets we need to look at.

CHAIR—Whilst I take the point about—and I raised this with the AIHW as well—the security of the data, the way people respond when they are fill in forms and those things, is the schools data, which is the other major survey, collected individually or in focus groups?

Mr Munro—Individually.

CHAIR—One of the things I find when I am working with groups is that sometimes individual people may tend to understate; in a focus group arrangement, the tendency is to overstate when people ask how many drinks you have had in a night. It may well be an encouragement to say you have had more.

Mr Munro—I understand that the student surveys are collected under supervision and they are completed individually and anonymously to try—

CHAIR—So there is no peer pressure to say, ‘I had 15’ or ‘I had 20.’

Mr Munro—Some people would still argue that there may be a tendency for younger people to overestimate their use, but I think the survey contains questions worded slightly differently to gain similar data so to try and test whether the students are responding. I think they are accepted as being as accurate as they could be. We should also point out that it is an international given that people typically underestimate their alcohol consumption for a whole range of good reasons: that they simply forget, that it is often difficult to remember how much they have consumed, and that because people are not served or do not drink according to standard drinks they often simply do not know how much they have consumed.

CHAIR—Also a knowledge of what a standard drink is. Of those two bottles there, one is labelled as a standard drink; the bottle that looks very similar is not so you have no idea.

Mr Munro—And when you are being served in a restaurant or a hotel it is very difficult to know.

CHAIR—Maybe it has come off, but there is nothing on that pink one that indicates whether or not it is a standard drink, whereas on the back of the green one it says—

Senator SIEWERT—I thought you had to put that on.

Mr Munro—Yes, it is required by law in Australia.

Ms McClean—Sometimes it is very small and you cannot read it.

CHAIR—Or, as it is an adhesive, it may come off. That is another thing with it being in and out of refrigerators.

Senator SIEWERT—Can I go back to the wholesale figures. You said that the ABS did have some but put the note on—

Ms McClean—They reissued some figures on consumption levels just recently. Right at the bottom was a note to say that there was no surety that they would be able to continue the series of data because of the lack of wholesale data. I can send you the link to that.

Senator SIEWERT—If you could, that would be appreciated—and if WA and the Northern Territory are still collecting that data where we could find that.

Ms McClean—I have a short briefing paper that I will send to you.

CHAIR—The other thing with the Northern Territory is that they have recently had legislation come in that talks about people having to show ID after a certain amount of purchases. So there could be closer awareness of what purchases have been made as a result of that through their intervention.

Senator SIEWERT—My understanding is that they are only monitoring the wholesale sales to look at what impact the bans had in the proscribed areas.

CHAIR—So there are all kinds of things that are impacting on it. Do you have any further questions?

Senator SIEWERT—I apologise as I do not know whether you were here when I was asking earlier about the volumetric tax system. We have had quite a robust discussion today about what is best. I am concerned about the fact that if you bring in a volumetric approach it may in fact make RTDs cheaper. I was asking the medical practitioners and they were saying that you may be able to make exceptions to some of those volumetric rules. Do you have an opinion around those issues?

Mr Munro—Yes. In principle, we would support a volumetric tax because it seems to be fairer and have a clearer rationale than the situation we have at the moment, which is very mixed. But we would be concerned if any change to the taxation system resulted in alcohol products being cheaper than they are now, because there is clearly no real barrier to people buying alcohol should they wish to do so. We understand that consumption is linked to price very much, and we would expect that, if alcohol became cheaper, we would see a rise in consumption. The research from around the world suggests that when consumption rises we see an increase in harm. We believe we have seen that in Australia in the last couple of decades—in particular in Melbourne along with a deregulated licensing environment and cheap alcohol. We have now seen the state government taking steps to rein in some of the availability of alcohol. So, while we theoretically agree that a volumetric taxation regime would be fairer, it may need to be restructured to ensure that we do not simply make alcohol much cheaper and therefore have even more problems.

Senator SIEWERT—And worse outcomes.

Ms McClean—I think too that it is what other initiatives have been undertaken as well as taxation changes, and I am sure you have heard this too. They are complex problems, and there is no one simple solution. It is about how alcohol products are promoted, marketed, priced as one of them and made available. There is a whole issue around how packaged liquor is sold and to whom. We are exploring other options and looking for what other changes would help,

because we know from data that a lot of problematic drinking by young people is not done on licensed premises; it is done outside of premises. What about secondary supply to young people? What are the restrictions about buying from bottle shops? What are the controls? As our National Alcohol Strategy reflects, there are lots of different issues to be looked at.

Mr Munro—One of the general points I neglected to make in my opening statement was that, while there may be debate about the actual practical result of this small change as we see it, we do not believe government should be making a tax break for the alcohol beverage that is most preferred by underage drinkers and preferred by the highest-consuming underage drinkers. We think this really is an essential step of its own, but we also need in Australia a whole range of other measures to reduce alcohol harms.

CHAIR—That particular point has not been raised a lot in the debate, in that there was a significantly lower rate for this group of alcoholic products, which was an example of history. It was undertaxed in comparison to other products until this change came in. It more or less slipped under as a tax break, to use your terminology, which is quite an interesting way of looking at it. Amidst all the other complexities of the taxation system that we are struggling with—and it is extremely complex—unless you have lived through it, you are not quite sure where it has come from. Given all of that, this particular group of products was undertaxed compared with the others until this was brought in.

Mr Munro—That is our understanding and that it emerged almost inadvertently, but it represents—

CHAIR—That is my understanding as well and I am trying to find it quantified somewhere, but certainly that has been said. In terms of all the different taxation levels for different things, this particular mix was at a lower rate, when in fact it is made up of spirit and mixer. It is also the difference between what people call the ‘dark mixers’ and the ‘light mixers’—I love that; I think it is very good.

Mr Munro—We would also want to draw the committee’s attention to a statement made by Mr Matt Baxter, who is a senior partner in a marketing firm called Naked Communications in Sydney. Mr Baxter’s firm had the contract for marketing an RTD produced by the Absolut Vodka Company. He made a comment to the marketing trade journal *B&T Weekly* last year. He then amplified his comments and was reported in the *Age* newspaper. He spoke about the role of RTDs. This is what he said:

It’s one of the few drinks where you don’t necessarily know you’re drinking alcohol and that’s a conscious effort to make those drinks more appealing to young people.

This is a man who is paid to market ready-to-drink products. He went on to say:

But the real area for growth if you can carve out is still at 7% ...

By that he is referring to seven per cent alcohol strength.

... with a sophisticated but affordable drink that will appeal to young people on a budget who want to get drunk very quickly.

CHAIR—Where was that said?

Mr Munro—That was reported in *B&T Weekly*—I can quote you the journal—and the *Age*. His testimony was voluntary. He was not appearing before a committee of parliament; he was reporting to a trade journal in the first place. He was actually saying to the alcohol and marketing industries that this is the future market: the youth market is looking for stronger alcohol drinks that they can drink quickly because they want to get drunk fast.

That is proof, to my mind, that not only the marketing industry but also the alcohol industry—the manufacturers of these drinks, regardless of what their original intention was when they produced them—know that young people, including underage people, are buying these drinks and consuming them in order to get drunk and because they are palatable and disguise the taste of alcohol. He is really saying that we ought to move on now and increase the alcoholic strength. That is exactly what the alcohol industry has done. Seven per cent has become the second generation of RTDs. Jim Beam and a whole host of other brands are now producing seven per cent RTDs because that is the market.

Senator SIEWERT—You have just triggered another question I meant to ask earlier. What type of RTDs do various demographics drink? Your mention of Jim Beam reminded me. There has been some media coverage around the fact that there are a lot of older people who are annoyed about the RTD tax because they buy Jim Beam, Bundy and similar drinks, while younger people buy the sweeter ones. Has there been much work done around that?

Mr Munro—My understanding is that the industry itself is reporting that the RTDs that are white spirit based drinks—based on vodka—are preferred by females, whereas males prefer the scotch, whisky and coke variations.

Senator SIEWERT—I will chase this up if you cannot answer it. Did you say that men go for the white spirits?

Mr Munro—The dark spirits.

Senator SIEWERT—Women go for the white spirits and men go for the dark spirits?

Mr Munro—That is what the industry is reporting, as a generalisation. We have seen in the last five years a huge increase in dark spirits RTDs because the industry wanted to attract males away from drinking beer. Smirnoff said publicly that they produced the double black vodka based RTD—‘double black’ meaning that there are two standard drinks in the bottle—in order to make RTDs attractive to men who did not want to be drinking the ‘girlie’ RTDs. The double black meant that you got a double whammy, so men would feel okay about drinking it because it was masculine and heavy. We even see RTDs on the market now that go to eight per cent and nine per cent. They tend to be bourbon and colas that pack nearly three standard drinks into a single can. Our query to the industry was: ‘What is the legitimate market for a product that packs 2.7 standard drinks into a single can? What adult is going to drink that?’ Once you have opened the can, you have to consume the product, pretty much.

CHAIR—Mr Munro, have they been the subject of the voluntary reduction?

Mr Munro—Foster's and Lion Nathan said that they would withdraw their RTDs that are above seven per cent, but Independent Distillers is, I think—

CHAIR—Still a free rein?

Mr Munro—Still a free rein. So there are still many products out there on the market that are well above seven per cent.

CHAIR—Are they mainly the dark mixers?

Mr Munro—Some of them are vodka based.

CHAIR—Those little Cruisers are about four per cent, aren't they?

Senator HUMPHRIES—This one is 4.8 per cent.

CHAIR—You really have to work hard to read this stuff. The ones that worry me are those that are widely available, the ones that have the—

Mr Munro—The energy—

CHAIR—The energy—the alcohol plus something like the high-octane mixers.

Mr Munro—Guarana or taurine.

CHAIR—Yes, guarana and that other thing.

Senator HUMPHRIES—Ginseng?

Ms McClean—Caffeine?

CHAIR—The special mixer. I forget its name. They are already highly caffeinated—

Ms McClean—Red Bull?

CHAIR—Yes, Red Bull.

Ms McClean—They have other specific issues, because of the masking effect.

CHAIR—And they are very high—they are seven per cent. In your submission, Mr Munro, you have given us in your recommendations on the things you would like to see.

Mr Munro—Yes.

CHAIR—In particular, you want a wider range of responses. Once again, it is not a single response that would serve the purpose.

Mr Munro—We think it is very important that there is not an expectation that there is any single measure that is going to have a dramatic impact on consumption of alcohol—unless it was a massive tax increase, which is not on the table, obviously. We think that it will be similar to the gradual changes that have taken place regarding tobacco over the past decade. Australians have changed their attitudes towards smoking and they have changed their smoking practices greatly, and that has come about through a lot of community based education, certainly some taxation changes to the price and also other measures which have placed some limits on how and where people can smoke. We believe a similar number of changes are going to be required to materially alter Australia's binge-drinking culture but, as we have explained, we see this as one such change that is certainly worth doing.

CHAIR—Mr Munro, you heard the evidence from the previous witnesses: the gentlemen from the Winemakers Federation were saying that if you change the taxation regime and certain things go up, there will always be a cheap option and that people will always find something that is cheap. This committee was involved with the petrol-sniffing inquiry in the Northern Territory where it was put to us that if people are prepared to take action they will find something that is damaging, that will be risk inducing, and that they will behave accordingly.

Mr Munro—Yes.

CHAIR—Given that kind of scenario, what is your response? The reason I am asking you that and no-one else is that you represent a consortia that is deeply involved in this area—the Drug Foundation, the Cancer Council et cetera. If someone throws that at you, what is your response?

Mr Munro—Could I make the point—and I should have made it when I began—that today we are representing only the Australian Drug Foundation. Even though the submission was on behalf of the three organisations, the others could not attend today so we are just representing the ADF. I think that is a reasonable point, but we do not know what the effect is going to be. Yes, there will always be a cheaper version of alcohol. But in this particular case, as I said earlier, we do not think that the cheapest version or the version which appeals to the youngest drinkers should be a version that gets a tax break.

CHAIR—So it is more the attraction to the young, amidst all the other arguments, that you are focusing on.

Mr Munro—Yes, because young people have said, and we heard it again in the *Four Corners* program on Monday night, that a lot of these ready-to-drink products simply do not taste like alcohol so they provide that entree to young people. We can quote articles from the trade industry in which the spirits manufacturers—and, again, I am happy to provide the records—say that that is the function of ready-to-drink products: to introduce the drinker to spirits, and they hope that as the drinker becomes slightly older they will progress to what they call the 'glass version' of the product, meaning the straight spirits. They might say that they are talking about the 18-year-old consumer, of course. Nevertheless, it is true for the underage drinker as well.

Ms McClean—To add to what Geoff said—and your point, Senator Moore, is really pertinent—as humans we seek risk, we seek intoxication, whether or not it is from alcohol. There will always be people who get intoxicated. This is exactly why not only this issue or what we do about alcohol can be looked at in isolation; it is the whole social fabric. So there is a huge

area. We have talked a lot about the cultural change needed, but we need a culture change around what is tolerated and what is expected around behaviour and intoxication, what role parents have, what standards are expected socially and so on. So it is a very complex problem. We would be very naive to think there is a magic bullet that we can use to cure one thing without impacting on other areas.

Mr Munro—We would say that we will not see a dramatic change until we see some change in attitudes and expectations among the Australian people. Legislation and regulation have a role in changing people's attitudes and expectations, as do education and discussion and information. There is no doubt that the restrictions on tobacco have helped to change people's understanding of what it means to smoke and have changed people's understandings of what responsible behaviour is from smokers. People are much less likely now to accept someone smoking in their presence because they know it is dangerous. So we change our attitudes and expectations along with our behaviour. Maybe it is a chicken and egg situation. We want to see changes to some legislation and regulation, but we also want to work on the community to try to change their attitudes about harmful and binge drinking. We are not trying to prevent people drinking. It is clearly our right to enjoy alcohol, but we think the pendulum has gone too far one way and we need to find ways to bring it back.

Ms McClean—We will undertake to provide that ABS reference, some information on wholesale data and copies of those media articles.

CHAIR—That would be very useful, with their particular focus on the market. Thank you very much for giving evidence to us. I am sure we will continue this discussion at some stage.

Proceedings suspended from 3.56 pm to 4.20 pm

MATTICK, Professor Richard Phillip, Director, National Drug and Alcohol Research Centre

PRICE, Ms Karen, Manager of Operations and Development, National Drug and Alcohol Research Centre

SHAKESHAFT, Dr Anthony, Senior Lecturer, National Drug and Alcohol Research Centre

CHAIR—Welcome. You have got information on the protection of witnesses and evidence. Copies of that can be made available to you. I invite you to make opening statements.

Prof. Mattick—The opening comments will be in two parts. Dr Shakeshaft will follow me by making further representations to the committee shortly. I want to make some comments that since the decision by the federal government in April to raise taxes on RTDs we have seen a very interesting debate in Australia about alcohol, and in particular about binge drinking and what we should do to address it. Using the results of the 2007 household survey, some commentators have suggested that this approach is an unwelcome solution to a problem that does not exist—that is, that drinking rates have not changed much in the last two decades. We agree with about half of that statement and with the Australian Institute of Health and Welfare's submission that suggests broadly that drinking levels have remained the same over the last decade or so. But that is the reason that we think this is important. The rates of risky drinking really have not changed much and that is exactly why we should welcome a focus on alcohol and on binge or risky drinking, particularly by young people, and encourage further steps in this direction. I would make the point that I think that as a series of governments we were preoccupied in Australia with illicit drugs and, whilst illicit drugs will continue to be a problem, alcohol has not been an area of great focus over the last couple of decades. We think that is something that should change.

The decision to increase the tax on premixed spirits, which have become known as RTDs or alcopops, effectively does close a loophole which has contributed to a 76 per cent rise in RTD sales over five years from 2002 to 2007. Anthony Shakeshaft will speak about that in more detail later. Our estimates are that with young people of 12 to 17 years—that is, underage drinkers—the amount of alcohol consumed in terms of dollar cost was \$218 million in 2005 and \$73 million of that was for RTDs. In addition, in the context of a previous parliamentary secretary for health, Trish Worth, we were funded to do a study—it was actually the first study done internationally—looking at alcohol, RTDs and young palates.

We got individuals aged between 13 and their mid-20s to taste and to look at the packaging and preparations of RTDs. This was a consequence of the alcohol summit that was held in New South Wales. We found what the industry had suggested was unknown, and in a sense they were correct; there was evidence about this particular topic because it had not been focused on internationally. We were able to show that, particularly drinks that had a milk base—so chocolate milks combined with vodka and other drinks—were very palatable and that young people could not really tell the difference between a chocolate milk from the schoolyard and a chocolate milk with alcohol in it. That has been published in international peer review journals and is available to the committee.

CHAIR—Is that on your website?

Prof. Mattick—Yes, and we can table that today if that is helpful.

CHAIR—That would be very useful.

Senator HUMPHRIES—Where in your bibliography is that particular study?

Prof. Mattick—It is the third one: Copeland, Stevenson, Gates and Dillon.

Senator HUMPHRIES—Right.

Prof. Mattick—The parliamentary secretary in the previous government, prior to Chris Pyne, was interested in this being a topic, particularly in work with the honourable Mr Della Bosca in New South Wales, as a consequence of the alcohol summit. We think there should be further work done in this area, but the criticisms from the industry, which were that their drinks were not targeting young people, were partly true, in that we did not have evidence. There was no evidence either way, but young people do find—it should not surprise us—that sweet drinks are fairly palatable. So we are aware of that. The final thing I would make a point about is what you already know, that the cause of about 3½ thousand deaths per annum, and a million days in hospital in 2005, is largely alcohol, and we believe that this current debate is actually quite healthy, to consider how we should deal with alcohol in this society. I will turn over to Anthony Shakeshaft at that point.

Dr Shakeshaft—We have tabled two reports for the committee's reference this afternoon. One is the Euromonitor International report from 2008, which we have provided. It is a fairly substantial document, so we have provided only one copy of that. The other document that I believe you have all got is a copy of a publication that has just been accepted in arguably the most prestigious medical journal internationally, called the *Lancet*. That is a paper that essentially takes the data presented in the Euromonitor report and analyses it more specifically within the Australian context. It is a paper by Professor Doran and me.

I thought what I would do briefly this afternoon is take you through the main points of our analysis based on the Euromonitor report. The first thing to note is that the report clearly shows that the alcohol market in Australia increased by about 47 per cent between 1997 and 2006. Over that same period the ready-to-drink or alcopops share of that market increased from three per cent to 15 per cent. So the alcohol market overall increased and the share that is specific to ready-to-drinks also increased. That was between 1997 and 2006.

CHAIR—Is that the whole market?

Dr Shakeshaft—Yes. The whole market overall increased by about 47 per cent.

Senator COLBECK—Is that based on volume or dollars?

Dr Shakeshaft—We can look at it both ways. In terms of the dollars, alcohol sales have increased by 47 per cent. In real dollar terms, that is an increase of about \$20 billion up to about \$29 billion. The per capita annual expenditure has increased 34 per cent, from about \$1,000

annually per person, to about \$1,400 annually per person. Both sales and the overall proportion of alcohol have increased.

The main point that is of interest to this afternoon's proceedings is that the differential tax rate that has been applied to ready-to-drinks as opposed to straight spirits—that has recently been abolished—has really allowed the industry to exploit differences in price. A good example of that is to compare the share of revenue that the industry gets and the amount of tax that is applied to different beverages. For example, the lowest taxed product in Australia is domestically produced wine, and the industry share of revenue associated with that is around about 43 per cent. That compares to domestically produced spirits, where the manufacturer shares about 23 per cent. As a result of the tax being higher on spirits than it is on wine, the profit share to the manufacturer goes down as the tax goes up.

Previously, the tax differential for RTDs enabled the industry to compete on that price differential. I think what we are seeing as a result of the increase in tax on RTDs is that there has clearly been the potential for those price increases to influence industry behaviour. In terms of how to get rid of that potential for the industry to exploit those price differences, the fairest way to do it is to introduce a volumetric tax, which I am sure you have heard a lot about and has been discussed in great detail this afternoon. The main advantage of a volumetric tax is that it removes that price differential.

The other important point to make about that is that it provides an opportunity for the industry to align better with public health goals. From a public health perspective, what we want to see is an overall reduction in average consumption—how much people drink all the time—as well as a reduction in how much people drink on one occasion. That is the idea of the long-term harm as opposed to the short-term harm. We think once you take out the price differential, then there is an opportunity to get the industry to compete on things other than price that, as I said, would align better with public health. For example, you could get them to promote things like lower alcohol beverages. They could compete to increase in their market share on issues that use those kinds of strategies rather than just on price.

The final point we want to make based on the paper that has been submitted to the *Lancet* is about the likelihood that increasing the tax on RTDs is going to change the drinking behaviour of young people. Clearly that has been an issue that has been raised in the media. There has been pretty clear evidence in the secondary schools survey that young people have a clear preference for drinking spirits and RTDs. About 45 per cent of 16- and 17-year-olds who drink report that they drink straight spirits or ready-to-drinks. We tend to think that, because they are so price inelastic and they have such a strong preference for drinking spirits, the most likely outcome is that they will switch from drinking ready-to-drinks back to straight spirits. We think the consequence of that, certainly in terms of public health, is that there need to be other strategies as well as just trying to influence their behaviour on price, and those strategies would be things like advertising and restricting availability. Those are the main points we wanted to make, based on that paper.

Prof. Mattick—To answer Senator Colbeck's question about volume, the *Lancet* paper does set out the data from the Euromonitor data set, which shows the increase in volume of alcohol consumed and the percentage increase of alcohol across the period 1997 to 2006 was 21 per cent.

Senator COLBECK—It looks at both price and volume?

Prof. Mattick—Yes, and millions of litres of alcohol.

Senator COLBECK—Price on its own would be a problematic indicator, quite frankly.

Prof. Mattick—Yes, and I understand why, but it is the increase in volume of alcohol as well.

Senator COLBECK—The whole purpose of our conversation has been brought about by the move by the government to change the tax regime on RTDs, to increase it to match that of pure spirits. I am interested in the discussion in respect of a volumetric tax because the rationale, as I recollect it, when taxation on RTDs was first introduced was to equate a product with 1.5 standard drinks at, say, 4.8 per cent alcohol with a stubby at 4.8 per cent alcohol, which is effectively volumetric tax across those two different products.

We now have the industry arguing against a volumetric tax but we have everybody else arguing for a volumetric tax, which is effectively going to take us back to exactly that place, where, if you have an RTD with 1.5 standard drinks, it is going to attract exactly the same tax as a stubby of beer with 1.5 standard drinks, which is effectively where we have come from. The whole process is being argued to us in the context of closing a loophole, but at the same time we want to go back to where we were in the broader scale of taxing alcohol across the board.

I find it an interesting argument. I understand, I think, the fact that people are keen to see a volumetric tax across the board, but the effect of what they are arguing is basically going to take us back to where we started from before 24 April.

Prof. Mattick—I think you are right. I think in a way the whole discussion is confusing and the representations from different groups are confusing. The RTD has become a focus, however, because the industry, quite reasonably, behave like any group that sell a product and are trying to maximise a profit—and that is an admirable thing; we think that is appropriate, that is good—and they realise that they can make more profits by selling their drinks this way. And so they push that. The sales data from the industry themselves says RTDs have gone up to 12 per cent from a relatively low base over the last few years. Everybody agrees there has been this increase. I think the industry have used an opportunity legitimately, correctly. It is how the government responds to that, given the concerns about alcohol consumption generally.

What this has probably done is allowed for this kind of meeting—for you as a group and for the parliament to consider this issue, which has largely been ignored. As you understand, there are very complex different rates of excise and taxation on different products, for all kinds of different reasons. The political and other factors that go into that are huge, and we understand the issues faced by the government and the opposition in considering what to do. Australians think of themselves as a pragmatic country, pragmatic in making good decisions. We admire our health service and our other services. I think we need to make some pragmatic decisions about what will be good, without taking alcohol out of the picture. Alcohol is part of our culture. It should be there. It should be admired and it should be used. But it should not be used in a way that is harmful. So it is adjusting the level of consumption. That is what taxation allows you to do.

I think what has gone on—to answer your question, or your comment—is that the RTDs have become a vehicle for reasonably making a profit, and now concern has occurred about that. I think we have got to pay attention to how we control alcohol and have an equitable tax system which allows people still to enjoy a beer but reduces consumption somewhat. That is the opportunity before the government.

Senator COLBECK—I would agree with you that the one thing it has done is given us the opportunity to have this conversation, which we have been reflecting on variously during the day. Dr Shakeshaft, you mentioned the sliding scale of returns versus tax and the fact that the higher the tax is, the lesser the return. Do you think that reflects natural price points within the market that apply to various forms of alcohol and that is why that scale exists?

Dr Shakeshaft—I think the main point that that raises is the idea that, with the revenue that is raised on any beverage, there is a certain amount in the pie and, depending on what happens with the rate of tax and excise and various other things—just because the tax goes up does not mean that the manufacturers will necessarily pass on all of that increase in terms of what happens at retail level. There are probably a series of factors that go to make up what the end price ends up being, in terms of different types of beverages. I think the overall principle is that, because there is only a certain amount of revenue attributable to each beverage, as the tax goes up, there is less there for the manufacturers to profit from.

Senator COLBECK—I think we are actually agreeing, although there might be some certain boutique products that would allow a higher margin, based on their target market and the level of affluence of people who might be looking at buying them. I think we are effectively on the same wavelength.

I was interested in your comment—and it is something that we have discussed at length today—about the transference effect of this measure. Your view is that those who are drinking RTDs will probably just go back to spirits because their baseline preference is spirits. I think the data over time would suggest that they were drinking spirits before RTDs came onto the market, so the RTD has been a convenient form of consumption of those spirits to a certain extent. There are potentially other factors that we have discussed about desirability and otherwise of flavourings and those sorts of things, but I think there is also a convenience element in the overall process. Going back to my point about price points and price signals, I was interested in your comment that people would revert to the product that they have probably come from traditionally—we are talking about a moving cohort, so it is not the same 13-year-olds drinking spirits like they were in the mid-nineties, for example—and they will do that as a preference.

Dr Shakeshaft—I think you are absolutely right about the cohort effect. The crucial point here is that transference or going from drinking ready-to-drinks back to the straight spirits is, as far as the data tells us, just applicable to young people. So when you just look at the drinking habits of underage people—and the data we have got is for 12- to 17-year-olds—they tend to be very price inelastic around alcohol, so they have got a clear preference for spirits. The two arguments that we have been talking about are linked, so it makes sense that the industry would promote, market and try to sell a greater proportion of RTDs because their marginal revenue is greater because the excise has been lower on ready-to-drinks. Previous to April they were making more money selling ready-to-drinks than straight spirits. Now that has gone, the price of

RTDs has gone up, and I think because there is such a preference by young people for spirits that they are most likely to revert to drinking and buying straight spirits and mixing it themselves.

Whether that is true of people over the age of 18 is another question. I do not have data on that. But certainly for young people, because they have got that clear preference for spirits, the most likely outcome is that they will switch to spirits. I think that reflects that the basic economic principle of price elasticity is right. The data that seems to be coming in around sales now seems to be showing that there is a switch back to straight spirits. So that clearly shows that by adjusting the price you can influence behaviour. One of the main outcomes I think we all want to see is less harm associated with underage drinkers. Now that the price differential has been taken away, there needs to be some other strategies around how to support parents and how to limit the availability particularly of high-alcohol drinks to young people.

Senator COLBECK—Which leads nicely to my next point: what is your perspective on the support or otherwise of incentives for low-alcohol beverages?

Prof. Mattick—I think this is quite complex. The issue of volumetric tax could lead to some relatively low-alcohol beverages being taxed at a higher rate. I think it avoids the central question here, and that is: what we are trying to achieve. People get caught up with what the taxation is and how that will affect the punters, the drinkers, and how they will react to that in a number of ways. A World Health Organisation meeting has just finished in Manila with about 20 Asian countries, including China. The World Health Organisation has been trying to convince these countries to introduce taxation to reduce alcohol consumption. The literature is clear—it is not hard to understand—that price is a way of controlling consumption. We do this with tobacco. We have done this effectively, and Australia is a leader in reducing tobacco consumption in the world. Largely, it has been through price through taxation increases.

We do not want to price alcohol so it is unacceptably high. We do not want to cause more harm by having lower alcohol drinks necessarily taxed at the wrong rate. There is an argument, I think, for taxing lower alcohol drinks somewhat lower. That is why I think that this issue of RTDs really has been an unusual phenomenon. I think the focus on it is wrong. We need to think of what is the notion behind the tax. There are various reasons why taxes are collected. One is to have the price at a point so that people may be disinclined to buy as much as they were buying. That is the argument being put here today: that consumption in Australia has increased, that it is fairly high allowing for population adjustments, and we think there is room for changing the price through taxation and perhaps equalising it generally to reduce consumption.

It is then whether you want to recommend that the lower alcohol drinks be taxed at a slightly lower rate than spirits, which have a higher alcohol concentration. It is a progressive tax system, just like that for income tax. I think that has a lot of merit. Thinking that through requires a bit of analysis by some independent groups to consider what the implications would be in terms of consumption, acceptability to the public and taxation revenue.

Senator COLBECK—It is certainly something that we have talked about today, particularly its impact and the way it encouraged the production of low-strength beer, which led to a significant change in the consumption patterns of low-alcohol beer and its desirability in the market. It was also sending a message to people. They saw that the government had a certain perspective about it and that became a part of the way that people were thinking. It was with a

range of other measures. That is the other thing that we have been talking about. This particular measure on its own might have a certain affect, but its individual effect, isolated from other particular measures, is what we are questioning as part of this inquiry. The government has made a decision to do that, and the opposition has a different perspective on it based on an individual measure. That is effectively what we are talking about as part of this process today.

Ms Price—To follow on from your comment, Senator, one of the things that we agree with you on is the idea that you need to look at a cross-section or a range of measures to appropriately inspire behavioural change as to in this case in particular, alcohol consumption. One of the projects that Dr Shakeshaft has been working on and in which NDARC has been heavily involved over the last few years—and it will be involved in this over the next couple of years—is a project called alcohol Action in Rural Communities, or ARC. It is funded by the Alcohol Education and Rehabilitation Foundation, and I am dobbing in Anthony to talk about that a little bit more in a second, so I am just warming him up.

Essentially it looks at a range of measures. First of all, it looks at how to measure alcohol harm in communities across a number of different indicators. Secondly, it looks at a whole-of-community approach to intervening on high-risk weekends—and I am stealing his thunder now so I will shut up. That is the kind of approach that we are thinking of. The \$53 million binge drinking strategy which was announced in April, I think, has a community component in it, so it will be interesting to see what the funding for that particular element of the measure is directed towards and to see the criteria they are going to use to fund that. I will hand over to Anthony to talk about that, because I think that is a really interesting point for this committee to consider as to other recommendations around other measures that get at the heart of what we are talking about and of the concern of the community. The rigorous nature of the debate has been fascinating to watch over the last two or three months as to Australia's relationship with alcohol and all of our drinking, not just young people's drinking but all of our drinking.

Dr Shakeshaft—As Karen mentioned, it is a large-scale community based project. There are 20 communities in rural New South Wales altogether. Ten of those are experimental and in them we are actively trying to do things to reduce alcohol harm. The other 10 are controlled, and we are not doing anything other than just measuring the harm. We have matched the towns on things like population size, age and sex distribution and the proportion of the communities that are Indigenous. We have 10 matched pairs. What we are hoping to see is that in each of the experimental towns relative to the control towns there will be a reduction in alcohol harm.

For two and a half years, the big trick for us has been trying to work out how to measure things to get away from just self-reporting, because we know self-reporting of consumption and harm tend to be underreported. There is a nice example of that in the sales data that I mentioned before. According to the sales data, market share of alcohol has gone up—increasing by 47 per cent—but when you look at the self-reporting through the national surveys, it has remained relatively flat. That is just a good example of how self-reporting tends to underreport the true levels of both consumption and harm.

We spend a lot of time working out how to measure the effects of alcohol in a way that, as I say, does not rely on self-reporting. One of our main outcome measures is alcohol related crime, so we are working with the existing police data. We have had to modify it to take into account some of the problems in the data—I will not bore you with some of the scientific details—but,

basically, we are looking at alcohol related crime that gets reported to the police; alcohol related presentations to hospital—through both the emergency departments and people who end up being admitted as in-patients; alcohol related traffic accidents; and we are also doing a random survey in the communities. Those are our four main outcome measures.

As academics, our job should be to measure things and tell the towns what seems to work. The process we have set up is to try to work with the towns, and have a model where we have town meetings. We show them their data—when I say that, we show them their rates of crime, hospital presentations, what they said in the surveys, and the traffic accidents. Then we say that from the evidence, ‘Here are three or four things that seem to work.’ The main thing that comes out of the public health literature is that you have really got to get multiple groups working together. Previously, we have tended to say, ‘Let’s do school based education over here. Let’s have the police doing this. Let’s do this with the hospitals.’ What we have tried to do is find a way to get those groups to work together much more effectively.

The example Ms Price used was around high-risk weekends. One of the things that all the communities were interested in was how to reduce their levels of alcohol related crime. We looked at the data, and the crimes related to alcohol that occur most commonly are assaults and malicious damage, but they do not occur evenly throughout the year—some weekends are worse than others. We pick the five or six worst weekends in each of the towns and get the police involved. They agree to be quite highly visible on that weekend. We get the local mayor to go on to the local media and talk about the issue, and why that weekend is being targeted. We get, perhaps, a doctor from the hospital to talk about any increases in emergency department presentations. We involve local councils, media, hospitals and police—all working towards reducing assaults and malicious damage on a specific weekend.

That is the approach we are taking, and it is showing really nice outcomes. We are getting something like 70 to 80 per cent reductions in assaults and malicious damage just on those targeted weekends, and, when we look at that over a whole year, we hope that will translate to about a 10 or 15 per cent reduction in assaults and malicious damage. It is a nice example of where, as researchers, we are working with the community saying, ‘Right—we’ve worked out how to measure these things. What you need to do is reduce assaults and malicious damage, and we would suggest you target these weekends, because they are the worst ones.’ We do the same with the hospitals in terms of targeting their presentations to accident and emergency, and we are doing the same in working with the RTA and road safety officers to try to reduce traffic accidents.

I think the key components are: having a clear way to measure things at a community level, which really has not been done before; trying to get different groups in the community to work together; and making sure it is evidence based. As Professor Mattick mentioned, in the context of the current debate on RTDs, there is reasonably good evidence that multiple strategies are most likely to be effective. Exactly how they would fit together needs further analysis.

Senator COLBECK—Thanks.

Senator HUMPHRIES—I want to come back to the point you made about the 47 per cent growth in the alcohol market in Australia. Before we grow alarmed at that figure, I am wondering, looking at the figures from the Institute of Health and Welfare about a relatively

stable pattern of drinking among Australians—those figures about harmful drinking levels—whether it would be reasonable to assume that some of that growth could be explained by the increased affluence in the Australian community. Perhaps people are buying more expensive alcoholic products and consuming more across the board because of greater affluence. Do you think that would be part of the explanation?

Dr Shakeshaft—I think that sounds like a reasonable hypothesis. That probably comes out when you look at the per capita annual expenditure. That has gone up 34 per cent. Not only has the share of the alcohol market increased but the amount that individuals are spending on an annual basis has increased about 34 per cent. So that is a reasonable hypothesis, yes.

Senator HUMPHRIES—In your submission you talk about price elasticity and you say:

Demand for alcohol is generally considered to be price inelastic—a 10% increase in price will reduce consumption by around 5%.

I assume that that comment would relate to a 10 per cent increase in all alcohol. If there is a 10 per cent increase then five per cent of people will stop using alcohol, is essentially the argument. Here we are looking at an increase in one particular alcoholic product and the chance, then, for people to move across to other products. You indicate some support for the increase in the excise on the RTDs on that basis, partly because it stimulates an important debate in Australia. I agree with that point, but I am not sure we need a \$3 billion adjustment in the excise level, with the resultant effect it has on all sorts of other issues like employment in the industries that produce these drinks, simply as a debate starter. That is just a comment in passing.

You also say it is good because it highlights the ‘glaring inconsistencies in our current approach to alcohol taxation’. The problem I have with that is that, as I understand it, this measure is not like the first brick in an edifice which is essentially a volumetric approach towards taxation of alcoholic products. The figures that the AER Foundation put on the table today suggest that if we took a volumetric approach we would be taxing each of these sorts of products at about 47c per can or bottle, when in fact the announcement in April puts the tax rate at about \$1.25. So we still have inconsistencies. I am trying to get a picture on where we should be ending up with all of this. The other question is whether it actually is possible to get a volumetric approach in Australia, given how many existing alcoholic products would have to be increased in price, particularly wine, to be able to make that work. So I suppose the question I am leading to here is: is it really sensible to excise this particular part of the market, given that people will bleed out of it, as you have suggested, back into other spirits? Is it really sensible to take this particular issue in isolation and increase the tax there without a policy that deals with the taxation levels on all the other alcoholic products?

Prof. Mattick—With regard to RTDs there has been an issue, which is well-identified by various groups including the Australian Institute of Health and Welfare, of an increase in consumption of these by young women particularly. There is a reasonable concern that young women will do with alcohol what they did with tobacco, and that is that they will accelerate their use, so we will see much higher rates of use, and that they will not necessarily exceed young men’s consumption—because men probably have a greater propensity to drink alcohol—but will move a fair way along the road towards drinking very heavily. I think there is a real issue with RTDs because they are very palatable.

We agree with your general comment that there is a need to look more broadly. We in fact suggested that Ken Henry's taxation review should look at this exactly—that is, look more broadly at the way in which this should be structured. The fact that it is complex does not mean that we should not consider trying to do it, except that the lobby groups are extremely powerful, and one has to consider that too. Then you are faced with that alternative of Australia being a pragmatic country and thinking about what you do want for health and welfare for Australians.

Alcohol caused disease is one of the leading burdens of disease for Western countries, for Australia. It causes a massive amount of disability. Adjusting the price—that is, taxation, perhaps across the board—and favouring lower alcohol drinks like low-strength beer and others may be ways for governments to reduce harm in the community from road traumas and long-term harms to do with cirrhosis and other problems. That would be an outcome. So there are inconsistencies. I think you are right about this being one approach. I think there is a justification for it because of young women, young people, and the growth in this particular segment of the market. That is what has caused the alarm, but I think it needs a broader approach.

If I could make a comment about your earlier question about whether there is an increased affluence or we are just seeing a change in drinking, the AIHW data are not as sensitive as industry data for understanding consumption. They tend to underestimate for two or three reasons. One is that they sample people in relatively stable households, so they might have fewer young people who are living in flats and other accommodation. They are less likely to get those people to answer their questionnaires over the phone because they will be less interested anyway; they are not going to sit on the phone. There are a whole lot of reasons why those data will not necessarily accurately reflect the real consumption. I am not criticising the AIHW. I think they do an excellent survey. But you need to understand the limitation of those data when considering how they should be used in policy and decision making.

Senator COLBECK—You are one of the few people to tell us to trust industry data, Professor Mattick!

Prof. Mattick—We do not trust industry data for the reason that they will not provide it, which we think is particularly interesting. They stopped providing it about five or six years ago. But at a time when it suited them to provide the data they were suddenly able to do it quite quickly and quite well. We think they have excellent data.

CHAIR—They just do not share very often.

Prof. Mattick—Which is something that governments could suggest quite strongly that they might start doing again.

Senator SIEWERT—The others are probably bored of me asking this question, but I will ask it anyway. The issue of volumetric charging has come up repeatedly, and we have this chart provided by the Alcohol Education Research Foundation which shows that under their recommendations, where they are recommending a uniform approach of \$25.25 per litre of pure alcohol, RTDs would go down in price, which is in fact contrary to what this particular piece of legislation is trying to do. You are right—everything I have read talks about using price as an incentive or as a mechanism to reduce consumption. So if you went with the volumetric approach, RTDs would actually go down in price. A couple of other witnesses suggested that you

could use other methods or you could use exemptions. Do you have any thoughts on how you would deal with that issue? Is it better to have a volumetric approach across all drinks and just deal with the lower price for RTDs, or should you have a volumetric price and still have some exemptions like those we talked about for low-alcohol beverages?

Dr Shakeshaft—I have two comments on that. One is that it is important to keep in mind that even though the ready-to-drinks and the spirits are favoured by underage drinkers and young people, that is not true across the whole community. So that is one issue. Even if the price of RTDs or spirits were to drop if you introduced a volumetric tax, the impact that that would have across the whole community would need to be considered, because spirits still make up a minority of the alcohol market. By far the biggest share of the market is beer. Picking up on Professor Mattick's point, the underlying or primary purpose of having a volumetric tax is to try to favour or promote the consumption of lower alcohol drinks because the price of those is lower. Whether you have a volumetric tax or a tax that has different thresholds for different types of drink or some combination of both of those—and that would need to be carefully analysed—the key principle would be, for both the industry and consumers, to make lower alcohol drinks more attractive relative to higher alcohol drinks.

Senator SIEWERT—While I have a great deal of sympathy for that argument, I am still not convinced about the RTDs because all the evidence we have been collecting through this inquiry looks at the role RTDs play with younger drinkers.

Prof. Mattick—I agree with you, and my earlier point stands: the RTDs have brought us to the point of having this discussion. If we are trying to cure this and yet bring in a system which reduces consumption generally, those two things might be in conflict. That is why I said before that, as a group, you with your recommendations need to think about what you are trying to achieve. If you are trying to achieve reductions in drinking in only young people, then you might do one thing. If you are actually saying, 'There is a lot of drinking in the community, and there is a lot of concern about not just the young people but people over 18, people who have fights at clubs and pubs, licensing hours and a whole lot of complex issues,' then you might think, 'We would like to see a reduction.'

It is clear that if you do increase price across the board, whether or not that favours RTDs, you will get an overall reduction of consumption in the community. Once you do that, you send messages about drinking culture, which is something you may have heard about here before. You have the opportunity to say to Australia, 'The culture we have got, with a lot of excessive drinking, is not the one we really want to have.' There are lobby groups, powerful groups, involved, but as a government you have to think, 'Where do we go with this and what messages do we want to send to the community?'

I think getting diverted by only the RTDs—while I appreciate the point you are making and I think you are right—just confuses the whole discussion. You are quite correct, but it takes us to a place where you think, 'How do I achieve that if I am going to do this?' If you have special exemptions, then you are doing what we basically have now. There could be a broad exemption which says something like, 'Low-alcohol drinks will be favoured'—beers at 3.5 or whatever per cent or lower—that kind of approach where we send a message about drinking low-alcohol beer. So it depends on where you are going.

The other thing I think is that Dr Henry's review could consider some of the questions you are raising about taxation.

Ms Price—One of the other issues to consider is the issue of age of initiation, which is covered in the paper that Professor Mattick opened with and the Copeland study about tastes and perceptions and introducing young people to drinking things that are actually lowering the taste barrier to drinking alcohol. That is a very important reason to be looking at RTDs. I know that young people are not the only people who like them. However, when you look at the study of Australian secondary school students' use of alcohol, a good proportion of females—over 50 per cent, in fact—consumed or preferred RTDs. I am not sure if the data are available, but if you had done that same study 10 years ago you probably would not have had that finding. Males like them as well. The point is that young people like RTDs.

Senator SIEWERT—That is my point. I am in fact in conflict with myself because I agree with both your comments.

Ms Price—So the answer is, if we summarise all three of our confusing comments to you now, that we agree that dropping the price of RTDs is probably not a great idea. Young people like RTDs and we want to try to increase the age of initiation when young people are drinking, not decrease it. Addressing that issue and the issue of taste or palate around introducing young people to alcohol should be considered. Perhaps that should be considered in terms of what taxation regime you would wish to impose. Dr Shakeshaft made a very important point, I think, and one that I would like to see considered more broadly by the research sector, about aligning public health goals with industry goals, so we can stop having this argument, which is actually quite confusing—'My data is better than your data' and that sort of thing—which you people have to grapple with over the next couple of days and beyond.

Where you can get them to line up behind the same goal—where they are still making profit and public health goals are still being kicked—is the optimal place you want to be. Part of that is a trickiness around understanding what sort of alcohol and what sort of drinking causes the greatest public health harm. Do you want long-term harm, where you have liver disease at 50 or 60, or do you want short-term harm, where people are having road smashes at 17? What beverages lead to those sorts of harms? I think you are right to be confused, because it is tricky and confusing. Part of the reason it is tricky and confusing is that you have two different groups telling you different messages because they have different goals. You should have them swinging behind the same goal, and I think a taxation discussion about alcohol should be about that.

Senator SIEWERT—I do not disagree with you. I agree with everything you have said in terms of using price and the volumetric approach. I am still concerned about lowering the price of RTDs. I do not see why we cannot meet both objectives: have a volumetric tax and deal with issues around RTDs being a special type of beverage that is doing just what you said—initiating young people and increasing risky behaviour, which will inevitably lead to all the other long-term issues that we have been talking about. My concern is how we deal with RTDs under that approach of using price on a volumetric basis.

Prof Mattick—I suspect you may have a problem in doing that. The industry had tried to introduce alcohol in a number of vehicles, including Moo Juice. You may have heard of Moo Juice in Victoria. There have been other ways of presenting alcohol. We did some work with

some private schools in Sydney—Waverley College and a couple of other private schools—which showed that initiation and transfer to normal alcoholic beverages occurred very quickly with RTDs. People would go from the schoolyard to drinking the chocolate milks, then the cokes, then more quickly on to alcoholic beverages than had been observed in the past.

CHAIR—That was with boys, at Waverley?

Prof Mattick—Yes, at Waverley.

CHAIR—One of the things we have seen is that the male-female difference is very great. With young men, you found they went quickly from the things we have been looking at to the harder core.

Prof Mattick—Yes. We can provide that reference to the committee. I work in the Alcoholic Beverages Advertising Code education panel with Michael Lavarch from Queensland. I have watched the advertising across time and I have watched the discussion about consumption. With RTDs you have something which is very sweet and which in some ways was ruled out when it was called Moo Juice. Suddenly, when it is chocolate milk with vodka in it, that is okay. I think we missed the opportunity of saying, ‘No, this is inappropriate.’ Five or six years ago when there were issues raised at the alcohol summit in New South Wales by the Trish Worths and by the Della Boscas, Trish got up with a bottle of a bright pink strawberry milkshake coloured RTD and there was a lot of consideration of how we deal with this. But nobody actually took the action to say, ‘We’ll have to say that these drinks are inappropriate.’ The industry, which was there, said: ‘There is no evidence to say that these drinks are attractive to people under 18. We are targeting 18- to 24 year-olds.’ They were right. That is where this discussion started, with Trish Worth. I was challenged by somebody from the industry who said that he thought there was absolutely no evidence of this effect. That is why I spoke with Trish Worth. We had the study which we mentioned: the Copeland study.

I think there could be a notion of monitoring the marketing of alcoholic beverages to people who are under 18, and their appeal, and having some kind of sense of what advertising—which includes marketing, packaging and presentation—really is attracting young people. Perhaps the code could be strengthened.

Senator SIEWERT—At another inquiry we did, on the Alcohol Toll Reduction Bill, we had Professor Parker presenting just that sort of evidence. He has evidence about the type of advertising—the polar bear being one of them—that appeals to young people. He clearly documents what type of advertising appeals to young people, and the young people interviewed were very clear about what appealed to them and what did not. They were smart enough to work out: ‘That ad’s for older people—it’s not for me. That ad’s for me.’

Prof Mattick—Yes, it’s cool.

Senator SIEWERT—It is very clear that certain ads are marketed for young people.

Prof. Mattick—I think the industry are doing this quite carefully and systematically. I will not say that they are trying to target people who are under 18, but they are targeting young people and the under-18s are being inadvertently caught up. That did not happen 20 years ago. If you

think about the ads that occurred 20 or 30 years ago on TV and in different media, the only premix was UDL; otherwise, it was beer and so on. The closest we got to drinks that were sweet were passionfruit wine, Blackberry Nip and things like that. There has been a whole change in the way this is being presented to young people, and it is becoming very attractive. Again, as to whether this kind of move is appropriate, I am very sensitive to the industry and recognise their importance. I think you are dead right: there is a very important issue about employment. But I think—

Senator SIEWERT—There was with the tobacco industry, too.

Prof. Mattick—it has to be balanced with the question of where we want that product to be. If it has increased by 21 per cent in volume, over the period of approximately a decade, is that appropriate? If that trajectory continues, where will we get to in another 10 or 15 years? Are we really inducing a cohort of young people who are drinking at the age of initiation, as Karen Price mentioned, to start drinking younger and get used to having alcohol as very much part of their culture? The work that has been done by people in Melbourne—we have done this work as well—shows very clearly that the earlier age of initiation to illicit drug use and to alcohol is related to problems later on. The younger you start, the more you get into it earlier on, the more likely you are to have problems later life. That is the question before the government; it is a very broad one.

We come as public health types, and we are often characterised as boo-hooing something. We are not. I think that alcohol is a very important part of our culture. It is whether it is dealt with appropriately—whether you recognise these changes in consumption, recognise the inroads and have some levers that work. The levers may not work for everything. Maybe the RTDs cannot get caught up in this one because there is an issue of equity, and you need an equitable system. But then you might say, with respect to marketing to young people, that anything that does appeal to people under 18 really is inappropriate and we should do some regular checks on ads. I am not saying we should change the self-vetting, self-regulation process with the industry. That is a sensitive issue. But, where there is evidence that marketing is appealing to young people under 18 years, those marketing campaigns and approaches should be deemed inappropriate. I think that could be part of the discussion that you have.

Senator SIEWERT—We could be here for hours talking about that, because that opens up a whole other area of discussion.

Senator COLBECK—We have talked about the growth in RTDs, and we have had some discussions about what might have been consumed before, given the longitudinal reporting that is there. That has specifically been based on spirits. Is there any data on what other products were being consumed? We have mentioned the cooler type products, the sweet wines, the ciders and things of that nature. Is there any longer term data that talks about were those popular entry-level drinks, going back prior to the introduction of RTDs? You are right—my recollection is that UDLs have been around for a long time. But things like Westcoast Cooler and Maroomba and all those sorts of things are the things that come back to my memory from days in that important cohort.

Senator SIEWERT—That peachy stuff.

Senator COLBECK—Yes, that's right—the peachy stuff.

Prof. Mattick—There is data on alcohol consumption from the eighties. I do not think it is available to us at that level of premix et cetera. We can look into that, but I do not think we could give you that in a timely fashion. So the answer for you now is that we probably cannot help you.

Senator COLBECK—Okay, thanks.

CHAIR—Professor, we had evidence earlier this afternoon from the wine producers group. Their evidence indicated that, should we go down the volume taxation route, they will be the biggest victims of that. I am still trying to find any evidence in any of the stuff we have seen that indicates that the younger cohort drink wine. There is certainly an indication that, as the age groups go up, the attraction of wine increases, but in terms of the group that we are mainly focusing on, which is the younger drinker who may be in the first stage, there is no indication that the wine industry has been particularly involved in that process. It seems to be just part of the whole complex nature of the taxation system that, should there be the changes that so many people in the public health area are talking about, they will be severely impacted.

Prof. Mattick—I think you have to think about what the severity of the impact might be. The example given here was that a 10 per cent increase might affect consumption by less than 10 per cent. It is not stopping five per cent of people drinking; it is reducing consumption overall by five per cent, and that is the desired effect. A five per cent reduction in consumption would be, I would suggest, something that the industry could bear. It has seen good growth over time. One has to ask: does the industry have the unbridled right to grow and complain when anybody calls attention to this issue and calls foul, or are we thinking, 'Hang on, the consumption in Australia is getting to be high'—and it has been high for a long time—and thinking about some reasonable measures which respect the industry's right to continue to employ and to produce? Also, the industry makes a lot of money by exporting overseas, and presumably some of these tax measures will not be affecting it there. But I still think that the government needs to have some control over consumption.

There is a fairly uniform voice from the public health sector. We do not all get together and talk about this—we do occasionally, but it is not like we have some conspiracy. That is why I mentioned the World Health Organisation report earlier. This is done internationally. The director of my sister centre from Perth has been at the meeting about increasing taxation in South-East Asia. The Asian countries are terribly concerned about the rate of alcohol consumption. It is really skyrocketing. Australia is partly responsible for that, of course—we export to these countries. They have great concerns and they are looking for answers. They are actually being the pragmatic countries. They are trying to move ahead. I still think the issue before you is to say: 'At a pragmatic level we respect the industry and we understand what the industry is saying.' We do not believe this is going to impact on and destroy the industry; it is not going to remove employees. It may change some sales, but we think on balance that is a healthy thing.

CHAIR—On that issue, for how long has the public health community been pushing for a change in the taxation system?

Prof. Mattick—I would say about six to eight years—probably longer, but there has been some discussion for six to eight years.

CHAIR—There has been a concerted kind of process about changing it?

Ms Price—I think maybe for a bit longer. I have been in the drug and alcohol sector for 13 years and I remember this being a debate very early on, and it probably predates me somewhat. So I do not think it has been a recent discussion; I think it has been around for a while, mainly because there are so many obvious inconsistencies around different products—wine in casks versus wine in bottles and a range of things. So I do not think it is a new discussion.

CHAIR—Thank you very much for your time and your submission. If there is anything else that comes up that you think we should have, please get in contact with the secretariat.

Ms Price—The *National alcohol strategy* is a document I am sure you are all familiar with and have. The section on intoxication I think is the important one in terms of the cultural place of alcohol and the way we drink—not necessarily always focused on products but the way we drink. That is an important section to read.

CHAIR—Thank you very much.

Committee adjourned at 5.23 pm