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STANDING COMMITTEE ON COMMUNITY AFFAIRS

**Reference: Customs Tariff Amendment (2009 Measures No. 1) Bill 2009; Excise
Tariff Amendment (2009 Measures No. 1) Bill 2009**

TUESDAY, 10 MARCH 2009

CANBERRA

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**SENATE STANDING COMMITTEE ON
COMMUNITY AFFAIRS
Tuesday, 10 March 2009**

Members: Senator Moore (*Chair*), Senator Siewert (*Deputy Chair*) and Senators Adams, Bilyk, Boyce, Carol Brown, Furner and Humphries

Substitute members: Senator Bernardi to replace Senator Adams from 11 February to 12 May 2009

Participating members: Senators Abetz, Adams, Arbib, Barnett, Bernardi, Birmingham, Bishop, Boswell, Brandis, Bob Brown, Carol Brown, Bushby, Cameron, Cash, Colbeck, Collins, Coonan, Cormann, Crossin, Eggleston, Farrell, Feeney, Fielding, Fierravanti-Wells, Fifield, Fisher, Forshaw, Furner, Hanson-Young, Hefernan, Hurley, Hutchins, Johnston, Joyce, Kroger, Ludlam, Ian Macdonald, Marshall, Mason, McEwen, McGauran, McLucas, Milne, Minchin, Nash, O'Brien, Parry, Payne, Polley, Pratt, Ronaldson, Ryan, Scullion, Siewert, Stephens, Sterle, Troeth, Trood, Williams, Wortley and Xenophon

Senators in attendance: Senators Bilyk, Birmingham, Carol Brown, Cormann, Furner, Humphries, Moore, Siewert, Xenophon

Terms of reference for the inquiry:

To inquire into and report on:

The provisions of the Excise Tariff Amendment (2009 Measures No. 1) Bill 2009 and Customs Tariff Amendment (2009 Measures No. 1) Bill 2009 to the Community Affairs Committee, together with the following matter:

The impact of the tax on ready-to-drink alcoholic beverages, the so-called 'alcopops' tax, since its introduction on 27 April 2008, with particular reference to:

- a. the revenues raised under the alcopops tax measure;
- b. substitution effects flowing from the alcopops tax measure;
- c. changes in consumption patterns of ready-to-drink alcoholic beverages by sex and age group following the introduction of the alcopops tax;
- d. changes in consumption patterns of all alcoholic beverages by sex and age group following the introduction of the alcopops tax;
- e. any unintended consequences flowing from the introduction of the alcopops tax, such as the development of so-called 'malternatives' (beer-based ready-to-drink beverages);
- f. evidence of the effectiveness of the Government's changes to the alcohol excise regime in reducing the claims of excessive consumption of ready-to-drink alcohol beverages;
- g. any evidence of changes to at risk behaviour or health impacts (either positive or negative) as a result of the introduction of the alcopops tax;
- h. comparison of the predicted effects of the introduction of the alcopops tax, with the data of actual effects, with a particular focus on evidence (or lack thereof) collected by the relevant department; and
- i. the value of evidence-based decision-making in the taxation of alcoholic products.

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Committee met at 9.15 am**ARTHUR, Mr Hamish, National Corporate Affairs Manager, Australian Hotels Association**

CHAIR (Senator Moore)—The Senate Standing Committee on Community Affairs is commencing its inquiry into the provisions of the Excise Tariff Amendment (2009 Measures No. 1) Bill 2009 and the Customs Tariff Amendment (2009 Measures No. 1) Bill 2009. I welcome Mr Hamish Arthur of the Australian Hotels Association. You have received information on parliamentary privilege and the protection of witnesses and evidence. If you need any more copies of that or further information the secretariat will be pleased to give that to you.

Mr Arthur—First of all, I would like to apologise for Bill Healey, our national chief executive officer. He is unwell and is out of action for a week or two so I am deputising for him today. I think it is important to emphasise that he has had carriage of this policy issue. I will do my level best to answer all of your questions and give a brief presentation today but in the event that I cannot answer any of your questions I will take them on notice and come back to the committee as required.

CHAIR—Can you make sure that he receives our best wishes. I only heard this morning that he was unwell. We meet with him fairly regularly on these things so if you could pass that message on to him, that would be very useful. Thank you for your submission. If you would like to make an opening statement then afterwards we will go to questions. Your evidence will have no interruptions but I need to put on record that as this committee is meeting during the sitting of the Senate this afternoon and also tomorrow at times there could be disruption if some of the senators need to leave. You are lucky; it will not happen to you unless there is some major thing that happens this morning. I just want to put on record straight away that the committee is holding hearings during a sitting of the parliament.

Mr Arthur—I will firstly give a very brief explanation for those who are not familiar with the Australian Hotels Association of who we are, how many members we have and who we represent here today. We have about 5,000 members across all states and territories of Australia. We are a very diverse industry association. We represent metropolitan pubs, small country pubs, major accommodation hotels as well as Australia's leading resorts. In fact our membership of hotels across Australia is in excess of 80 per cent so we can give you a very strong perspective on behalf of the industry here today. Of particular relevance to this inquiry is the on-premises or the over-the-bar side of our members' businesses. Of course we are also looking at the off-premises side of things as well, or take-away liquor sales to use the industry jargon.

I underline our strong commitment to the responsible service of alcohol and indeed responsible consumption of alcohol, and I will talk more about that shortly. That is one of the pillars of our industry. We realise that it is one of our major responsibilities, our social responsibilities, going forward that we have a product that potentially when consumed in large amounts has the potential to cause the people who consume it in large amounts to act differently than they otherwise would. Our licensees are well aware of that, and particularly their obligations with regard to that.

The AHA do not generally comment publicly on issues relating to tax on alcohol but we are happy to provide the committee with an insight into what our members have seen since the introduction of the higher taxes on RTDs—ready-to-drink products or alcopops; there are a number of expressions used but I am going to stick to the term 'RTDs' today for the sake of my presentation. To reinforce our case, as has been outlined in our submission the AHA conducted a survey of members across Australia in the past fortnight and the outcomes of that survey are found in a more detailed form in attachment one of our submission. Several of the major hotel companies and individual operators across Australia completed the survey on our behalf. It encompassed some 1424 outlets—that is, almost a third of our membership. I am going to give you a bit of an insight into the major results. Before I go over those results, it should also be remembered that the vast majority of RTDs consumed in 2009 are the dark spirit based products—that is the bourbons, the whiskies and so forth.

As per our submission, six key points that came out of our survey are that since the introduction of the tax in April last year:

1. The take-away sales of RTDs have decreased significantly;
2. The take-away sales of full bottles of spirits have increased;
3. The take-away sales of beer have increased slightly or stayed the same;
4. The take-away sales of wine have increased by around 20%;
5. The take-away sales of other alcohol products such as cider have increased; and—

perhaps the most important point from our perspective—

6. There has been no discernable drop in the overall sale of alcohol products.

The other thing that our survey shows is a substitution factor, if you like. We have seen the tax come onto the RTD products, and the results from our survey show that they have been substituted for full bottle spirits. I will give you a common story amongst our association members: where, once upon a time, customers would come into bottle shops in particular and buy takeaway alcohol, where they would once be buying RTDs—particularly, as I mentioned, the dark spirit based RTDs—we have seen a distinct shift towards the full bottle spirits. Particularly concerning from our point of view is that, whereas the RTDs contained the correct mixer, we are seeing a full bottle spirit which contains in the vicinity of 23 standard drinks and the purchaser would perhaps only buy two, or at most four, litres of mixer. It is well acknowledged that that is certainly not going to be enough mixer for responsible consumption of that particular full bottle of spirits.

I would like to pass some comment on the tax increase and the manner in which it came about. It is fair to suggest that the announcement of it in April last year caught the AHA and its members by surprise. We have found the federal Labor government to be very consultative. We have had some fantastic dealings on a whole range of other issues, and to have this particular measure imposed on us was a surprise and perhaps the exception rather than the rule, and we are very pleased about that. What we have also found is that it sharply contrasted with the stated aim of the government to introduce evidence based policy. It is also fair to say there has been a lot of conflicting evidence about the reasons why the tax increase was introduced.

I mentioned earlier our commitment to responsible service of alcohol on premise, and certainly that extends to responsible consumption of alcohol off premise. For 30 seconds or so I would like to take you over an initiative we launched ahead of New Year's Eve 2008, some six or eight weeks ago, where we appealed publicly to Australians to drink responsibly on New Year's Eve no matter where they were consuming alcohol. Our national CEO, Bill Healey, conducted a media conference in a backyard. That was significant, given that we made the point that 70 per cent of alcohol on an occasion like New Year's Eve is consumed in backyards or at parties away from licensed premises. Often after those parties our members see the end result for people who have been consuming alcohol irresponsibly. That was a key public policy platform for us to emphasise—yes, we are all about responsible consumption of alcohol on premise, but particularly off premise as well; so if you are consuming alcohol please do so responsibly on New Year's Eve. That was our key message.

In terms of tackling the wider issue of alcohol abuse, the AHA holds the strong view that there needs to be a major cultural change to tackle the responsible consumption of alcohol. We have cooperated with the ministerial council in this area, and I think a terrific example of the type of cultural change we are talking about is the ongoing campaigns that we have seen in the last 10 to 20 years to stop people from drink driving. We have had it constantly drummed into us, whether it is in the public arena or through different measures, that drinking and driving is totally unacceptable. From the AHA's perspective, we feel that it is that type of cultural change that is going to be needed to change people's views when it comes to consumption of alcohol. And to that point, I think one of the best examples of a measure that has been undertaken in the past 12 months to help bring about that cultural change, which I appreciate is a long, slow process, was the campaign that was launched by DrinkWise Australia in June last year, a very public campaign about consumption of alcohol. I think the length and breadth of that campaign has been very significant. Only last evening I was sitting at home here in Canberra and two more television ads—I think we are all familiar with them—came on TV, and anyone who has been through Canberra airport in recent times would have seen a very big billboard where you pull into the departure area, which is one of the DrinkWise initiatives. So on behalf of our industry I would certainly like to commend DrinkWise Australia, and also the Department of Health and Ageing, which co-funded that campaign, for its efforts to bring about cultural change. I think that is one of the major significant steps going forward if indeed we are to tackle what is a very serious problem in society today.

That is it for my presentation. As I said, I am happy to provide more information via questions. I will do my best to answer them. If I cannot answer them, I will take them on notice.

CHAIR—Thank you, Mr Arthur.

Senator SIEWERT—Could you tell me a little bit more about how the survey that you undertook of your members was undertaken. Did you actually get the figures from each of the respondents or was it filled in, as the results are presented here, with estimations?

Mr Arthur—It is as you see in front of you. The information was provided to our members for them to go over their own figures and fill out the appropriate percentages as you have seen in the submission.

Senator SIEWERT—So, in fact, you did not get the actual data; you were relying on them going through and saying, ‘25 per cent’, ‘30 per cent’ or whatever?

Mr Arthur—That is right. As I understand it they went through their sales data both on-premise and off-premise.

Senator SIEWERT—So we did not have access to the raw data?

Mr Arthur—That is correct.

Senator SIEWERT—So there is no ability to do any statistical analysis on it whatsoever?

Mr Arthur—Not at this point in time, no.

Senator SIEWERT—My concern in that respect is that it is not quantitative in that you do not have the data that we can actually review to see the estimates to verify the data. It is purely what they estimate and you do not know whether they went through the data and did it properly or whether they just estimated it.

Mr Arthur—My understanding is that our stipulation in the survey was that they would go through their sales figures and line them up against their internal procedures, so they would not be estimates as such—they would actually review their sales since the tax was introduced in April last year and fill that survey out accordingly.

Senator SIEWERT—The problem is that we do not get access to the data, so we cannot tell whether it is an accurate reflection of the sales or not, quite frankly—can we?

Mr Arthur—We are going on the good nature of the businesses. I would have thought there is no real reason for them to fill out incorrect data.

Senator SIEWERT—Only that the industry has been running a very strong campaign to oppose this tax.

Mr Arthur—Can I say that it was not as though the AHA were sitting over the shoulders of our members saying, ‘This is the way you must fill out the survey.’ We relied on them coming back to us.

Senator SIEWERT—I am not accusing you of having done that. I am merely pointing out that there has been a very strong public campaign from virtually the whole of the industry opposing this tax. As I cannot see the data, I must say I cannot rely on this excessively because we do not have access to the raw sales data to see how in fact it has been analysed by the people who have filled in this survey.

Mr Arthur—Sure, I take your point.

Senator CORMANN—Mr Arthur, are you aware of any evidence that the incidence of alcohol abuse or binge drinking has reduced as a result and since the introduction of the 70 per cent tax hike on RTDs?

Mr Arthur—Not specifically, no. We have not seen a measurable change. It has only been 11 months since it came in. It goes back to my point about major cultural change in that we think there are far more effective measures of bringing about cultural change when it comes to responsible consumption of alcohol than the tax increase. So the answer to that is no.

Senator CORMANN—If you are not aware of any scientific evidence, are you aware of any anecdotal evidence from your members that the incidence of at-risk levels of drinking or binge drinking has reduced since and as a result of the 70 per cent tax hike on RTDs?

Mr Arthur—Not specifically. Mind you, there are a whole range of initiatives going on at the moment. I pointed out the DrinkWise initiative. For example, I know particularly that the New Years Eve eight weeks ago was perhaps a quieter than usual New Years Eve. Certainly, the AHA would love to sit here and think that the media release we put out on 30 December last year directly resulted in a drop in irresponsible consumption of alcohol, but I am not suggesting that at all. There are a whole range of factors that contribute to that. I think it comes back to my point about the need for significant cultural change within Australia about responsible consumption of alcohol.

Senator CORMANN—Are you aware of any evidence that harm from excessive alcohol consumption has reduced since April last year as a result of the increase? The point you are making is quite right. Understandably, all parts of the community—government and a range of organisations—were focused on reducing harm from alcohol abuse well before this measure came into effect. What I am trying to ascertain is the causal link between this initiative and any evidence that you might be aware of that harm from abuse of RTDs has reduced since this measure was introduced.

Mr Arthur—If anything—I will come back to my point about the substitution factor—we are more concerned than before, given that when you purchase a ready-to-drink product, whether it is over the bar on premise or as a takeaway sale off premise, the correct amount of mixer is designated; it is a very controlled form of consumption of alcohol. Regarding the purchase of full-bottle spirits, earlier in my presentation I gave the example of the takeaway sale at the drive-through bottle shop where a 750ml bottle of spirits and perhaps only two litres of mixer are purchased. If the person who is going to consume that full bottle of spirits was to buy the correct amount of mixer to mix the 23 or so standard drinks that are in that full bottle, they would need to buy much more than two litres of mixer.

Senator CORMANN—So your point is that, if anything, things could actually have gotten worse than they were before specifically as a result of this measure—everything else is still going on to address the harm from alcohol abuse, but, in your view, as a result of this measure, if anything, things may well have gotten worse?

Mr Arthur—Can I say that the potential is there for it. Our concern is that it could lead to greater strength alcohol being consumed than would have been consumed in the case of an RTD product.

Senator CORMANN—The government has admitted in answers to questions I put to them in the Senate that, since the RTD excise increase in April 2008, they have not collected any consumption data on:

... the reduction in of risky or high risk and/or at risk behaviour.

Does that surprise you? Essentially the government are saying that they do not have any evidence to indicate whether the measure has been a success or otherwise since it was introduced as far as reduction of risky or high-risk levels of drinking are concerned. Given what you have said about the government's stated commitment to evidence based policy, is that something that surprises you?

Mr Arthur—As I said, from our industry's perspective, we are very supportive of evidence based policy. In terms of regulation of our industry—which, as you are all aware, is one of the most highly regulated industries in Australia today—having evidence based policy is a crucial part of that.

Senator CORMANN—Given the public interest and the question marks about whether a policy measure like this is likely to be successful, do you think that the government should have commissioned some research specifically to assess and evaluate the effectiveness or otherwise of this measure in terms of reducing at-risk levels of consumption or harm from risky behaviour?

Mr Arthur—I do not think there is any doubt, if we take the clock back 12 months to March 2008, that it would have been preferable from our industry's perspective to have greater consultation on this particular measure. But, as I said, we found that to be the exception to the rule, because the government so far has been—

Senator CORMANN—I am not talking about consultation, if I can pick you up there. The measure was introduced with a stated objective of reducing at-risk and risky levels of alcohol consumption and harm from at-risk behaviour. When we talk about evidence based policy, there are a number of components to this. One is that you have to be very clear in setting out the objectives you are trying to achieve. You have to put some targets and some measures in place and you have to have a process where you actually evaluate after the event whether you have achieved what you set out to achieve in the way that you anticipated. You also have to establish that causal link—is what we have done what has made the difference? I ask the question again: given the public interest, the levels of public debate and the question marks raised by stakeholders like you about whether or not this measure was going to be successful or whether it would potentially make things worse through unintended consequences, don't you think the government should have commissioned some research towards the latter part of the 12-month period after bringing this measure into effect to assess and evaluate its effectiveness or otherwise?

Mr Arthur—As I have said before, I think supporting evidence for this particular measure would have been our preference whether it was before it was introduced or in the ensuing period.

Senator CORMANN—You mentioned your commitment to responsible service on premise and responsible consumption off premise. What is a responsible level of consumption of RTDs?

Mr Arthur—Are you talking on premise, off premise or both?

Senator CORMANN—Both. I suspect that in terms of the quantities there would not be much of a difference between consumption on premise and off premise because it is a question of biology rather than geography.

Mr Arthur—Perhaps I can answer your question like this. We are all about promoting a drinking culture as opposed to a drunken culture. We do not want to see anyone drunk. To borrow a line from our media release of 30 December last year, ‘Drunks in pubs are bad for business.’ We do not begrudge anyone having a drink, but our message to them is to do so responsibly. For some people, depending on their height, weight, different characteristics and so forth, that may mean one or two standard drinks. For other people it may mean five or six standard drinks. There are all sorts of variables there.

Senator CORMANN—If you look at the total population of people consuming RTDs, are you aware of any data or evidence identifying what proportion consume at responsible levels versus risky or high-risk levels?

Mr Arthur—Without specific evidence in front of me, I would not be able to give you an accurate answer on that one.

Senator CORMANN—Okay. I will keep asking questions down that same path—I will ask other witnesses the same question.

Mr Arthur—The vast majority of Australians consume alcohol responsibly. I think some of the stories we see highlighted in media coverage are to do with particular pockets or occasions. That is not to say that alcohol is not consumed irresponsibly and we are not, as hoteliers across Australia, aware of our obligations, but the vast majority of Australians consume alcohol responsibly. If that gives you a better guide—

Senator CORMANN—I am just wondering whether you can be any more specific than ‘the vast majority’. What would be a percentage for ‘the vast majority’? Are we talking ratios of 60-40, 90-10 or 70-30? I guess I am keen to pursue whether there is any difference between the population component consuming alcopops, or RTDs, and the population component consuming other forms of alcohol. If you had to put a percentage on it, what would it be?

Mr Arthur—I would think in excess of 90 per cent of Australians consume alcohol responsibly—that would be my estimate.

Senator SIEWERT—Based on what data

Mr Arthur—That is an estimate.

Senator SIEWERT—That is an estimate; thank you. So there is no statistical backup—no nothing.

CHAIR—I think it is fair to say the witness was asked his opinion, and now that we have clarified—

Senator SIEWERT—The point there is that, with all due respect, Mr Arthur, there is no statistical backup; it is your opinion, yet alcohol harm costs the Australian economy \$15.4 billion a year. So it is all very well to say ‘over 90 per cent’ but the point is that there is a lot of harm done by alcohol.

Mr Arthur—We are not denying that either. But, as I said, I was asked for my opinion, and I am going on the feedback of our 5,000 members across Australia.

Senator CORMANN—Madam Chair, I will just take back the question if I may. The reality is, Mr Arthur, that I have asked you for your opinion. I would have preferred it if you had access to specific scientific data, but I am trying to get what I can get. I will ask the same questions of every other witness and we will be able to assess and compare to see how it all works out. But, in your opinion, unless you have access to hard data, is there a discernible difference in the levels of at-risk drinking, high-risk drinking or risky behaviour among people consuming RTDs and among people consuming beer, wine, full-bottle hard spirits or cider?

Mr Arthur—No, not that we have noticed. We do not think that an irresponsible level of consumption is any more discernible with this particular product, RTDs, than other types of alcoholic products.

Senator CORMANN—Do you see any public policy benefit of penalising the, in your opinion, 90 per cent of people who consume RTDs responsibly with a 70 per cent tax hike?

Mr Arthur—Are you talking about RTDs?

Senator CORMANN—Yes.

Mr Arthur—I apologise for going back over old ground, but our perspective is that we will be looking for evidence based policy. In other words, if there is evidence to support that, we would certainly examine that and take it on board, but at this point in time there is a lot of conflicting evidence about the effectiveness of the measure and, as I said at the top in my presentation, we think there are far more effective measures for changing the culture of responsible consumption of alcohol in Australia than this particular tax measure.

Senator CORMANN—The minister and others have expressed concerns that alcopops are deliberately targeted at young people and underage drinkers, and she said that in her second reading speech as well. You talked about your commitment to the responsible service of alcohol. The sale of alcohol to underage people is illegal, isn't it?

Mr Arthur—Absolutely.

Senator CORMANN—Is there a significant problem in your industry where RTDs are sold to underage drinkers?

Mr Arthur—No. The answer to that is 'no'. As you can appreciate, it is very difficult in this situation to collect data on this particular topic. Our feedback is that, if there are persons who are under the age of 18 who are accessing an RTD product, it is from a close relative or a parent as opposed to purchasing it themselves.

Senator CORMANN—I will get to that as a second point, but what would happen to one of your members if they did sell RTDs or any other alcohol product to underage people?

Mr Arthur—They could be prosecuted under the Liquor Licensing Act in that particular state or territory and face suspension of licence, fines and all those sorts of things. It is a very serious breach of their licensing obligations.

Senator CORMANN—Which is, of course, something that does happen. There would be instances where people have breached those provisions and have been prosecuted.

Mr Arthur—Correct.

Senator CORMANN—But your comment essentially is that there would not be a widespread problem where people from your industry consciously and deliberately sell any alcohol product to underage people.

Mr Arthur—That would be a totally irresponsible course of action for any business that is a member of our association or member of the hospitality industry in general and, if they did engage in that sort of conduct frequently, they could expect the full weight of the law to count against them.

Senator CORMANN—Why do you think parents or legal-age relatives or associates would purchase drinks on behalf of underage people, and do you think they are dissuaded from doing so by a 70 per cent tax increase?

Mr Arthur—I am perhaps not the best qualified person to answer that. That is probably more a question for some of the health people that are going to appear after me.

Senator CORMANN—Fair enough. I am talking to you as an expert representing the industry. I am trying to get different perspectives.

Mr Arthur—I am happy to answer it, though. Firstly, on your question about whether the tax increase would dissuade them, if there is a parent who is interested in purchasing alcohol for one of their children for the purposes of introducing them to alcohol when they get to about 16 or 17 years of age—and certainly there are instances of it—I think they would be looking for a particular type of product which they think would be suited to that person. That may be an RTD product, a beer, a wine or another type of alcohol product. I do not think the cost of it is going to make a difference, particularly for the parent. Sorry, Senator, what was your other question?

Senator CORMANN—I think you have answered it in relation to that. In the minister's second reading speech she also said, by way of substantiating evidence, that 70 per cent of every police engagement with a member of the community has alcohol as a factor. She does not specify what alcohol, whether it is RTDs, wine, beer, full spirits or others, so I am not entirely sure what it proves. However, given the experiences in hotels across Australia, what is your experience—in an ad hoc fashion if you cannot give me scientific evidence—in terms of the level of difficult, bad or bordering on criminal behaviour by patrons? Is it related to people consuming RTDs, wines, spirits or beer? Do you have access to any data which breaks that up?

Mr Arthur—Not in front of me today; no.

Senator CORMANN—Would drugs be a particular problem?

Mr Arthur—It is a major issue; yes. It was remiss of me not to mention this earlier but it is not all about consumption of alcohol. A person can consume two standard drinks and if they have taken an illicit drug alongside of that—and that might have also taken place at a private party—then, whether it be at one or two o'clock in the morning after a private party that is held between say 7.00 pm and midnight, it is our member who has to deal with the consequences, and those consequences can be quite drastic.

Senator CORMANN—My last question: is binge drinking a new phenomenon or is it something that your industry has had to deal with as a problem for however long? Maybe you could quantify that for us a bit. As this is my last question, can you tell us from your point of view whether binge drinking does relate to a particular demographic and a particular alcohol product, or whether it is something that is a problem across all ranges of alcohol products.

Mr Arthur—In terms of consumption, the level of alcohol consumption has dropped markedly in the last 20 to 30 years, so in terms of binge drinking being a problem, it is an ongoing problem; it has been around for a long time; it has probably been around since the first liquor licence was issued to a pub in Australia when Australia was first settled. Can you please refresh my memory on your second question?

Senator CORMANN—Has there been any marked difference in terms of the incidence of binge drinking among demographics or across types of alcohol products?

Mr Arthur—Perhaps I can give you this example. The answer to that is no, we have not seen any discernible difference. I would have thought that if you were to go to the hill at a cricket ground in the middle of summer in Australia, the majority of product consumed there would be beer. If you went to a particular type of party, the majority of alcoholic product consumed there might be champagne or wine. So there are a whole range of diverse alcoholic products that are consumed across the board. The potential is there, if binge drinking is to occur, across a whole range of different alcoholic products.

Senator SIEWERT—I want to go back to the issue of increased full-strength spirits being sold. Was not the industry running a campaign that encouraged people to buy two bottles of some particular spirit and throwing in free bottles of coke or other soft drink?

Mr Arthur—From time to time there are various consumer initiatives that are announced by individual businesses. I am not aware of a specific campaign about that on an industry wide basis.

Senator SIEWERT—Were not those ads saying, ‘Beat the RTD meanies or alcopops meanies; buy two bottles of alcohol and throw in a bottle of soft drink’?

Mr Arthur—I am not aware of that specific—

Senator SIEWERT—Even though you are senior in the AHA, you are not aware of any of those promotions in the newspapers or in-store promotions?

Mr Arthur—I am not aware of that specific promotion. I am aware that there has been one or two other promotions.

Senator SIEWERT—Could you take on notice how many promotions the members of your organisation ran, both in store and in the media?

CHAIR—Maybe you could survey them on that question, Mr Arthur.

Senator SIEWERT—And how much they cost or what the expenditure was.

Mr Arthur—Sure. I am happy to do that.

Senator SIEWERT—My supplementary question is about the proposition you were putting: that because people only bought one bottle of coke or whatever when they bought their bottle of spirits, it does not necessarily mean that they were intending to drink the whole bottle; wouldn’t it, rather, reflect that they bought it so they could drink a couple of drinks with that bottle of soft drink and maybe save the rest?

Mr Arthur—We would hope so because—

Senator SIEWERT—You would hope so.

Mr Arthur—I think this gets to the core about the issue of binge drinking, doesn’t it?

Senator SIEWERT—And how do you know whether they did that or not? Why is buying just one bottle of coke or any soft drink—coke seems to be the pre-eminent mixer that they use when they are buying spirits—taken by the association to be evidence that a massive amount of binge drinking occurred?

Mr Arthur—Can you take me back a step? When you said ‘massive amount of evidence for binge drinking’—

Senator SIEWERT—You said that bottles of stronger spirits were sold and—this is what I took you to be saying—because only one bottle of coke was taken, it meant that they were actually drinking stronger drinks.

Mr Arthur—That is correct; yes. But substituting that for RTDs was my point.

Senator SIEWERT—Yes. So the point is that if you look at it the other way, they are intending to have a couple of drinks; they had one bottle of coke so they have a couple of drinks. In no way can you infer that they drank the whole bottle of spirits. I am just going on the evidence that you presented, which does not have any statistical back-up, that they bought more spirits. Just buying one bottle of coke in no way infers that they drank the whole bottle of spirits or that it has caused a spike in binge drinking.

Mr Arthur—There are a lot of variables involved. As I said, I am just giving you the feedback from what our members told us. We would like to think that they would certainly drink responsibly and in that 23 or so standard drinks only utilise the two-litre mixer or whatever the case is. But when we are talking about substitution, and given the fact that our survey says that there has been no discernible drop in the overall consumption of alcohol, that is what we have come up with.

Senator SIEWERT—That is the survey in which we have no statistics to back it up.

Senator CAROL BROWN—But you cannot link the fact that somebody buys one bottle of Coke and a bottle of spirits to suggest that they are not mixing their drinks appropriately—you cannot link that.

Mr Arthur—I think what I am talking about there is that if a person says, ‘Righto, on a Saturday night I have a particular budget—it might be \$25 or \$30—I’m going to spend this much money and this is how I’m going to spend my money.’ And so, where previously they may have purchased a sixpack of an RTD product, our survey shows that they have purchased a full bottle of spirits instead with the mixer.

Senator CAROL BROWN—In your evidence you inferred that they were making stronger drinks. From what you have just said, you cannot infer that at all. They may be just having six drinks; and a litre of Coke is enough to make six drinks, wouldn’t you say?

Senator CORMANN—Are you saying that you cannot deduce consumption from sales data? I agree with you on that.

Mr Arthur—But at the same time then we would have seen—

Senator BILYK—What I am saying is that you do not know where they get their bottles of Coke from—

Senator SIEWERT—Or the fact that they left half the bottle on the shelf afterwards.

Senator BILYK—That is right. Do you drink a full bottle of spirits every time you buy it?

Senator CORMANN—Not myself.

Senator CAROL BROWN—You talked about favouring evidence based policy and yet a lot of the evidence you are giving us today is not based on evidence; it is based on the opinions of your members and extrapolated out to a result that I do not think many people actually would agree with.

CHAIR—I take it that is a question. Mr Arthur, do you wish to make a comment?

Mr Arthur—I have been through our survey and the way that it was undertaken. I take on board Senator Siewert’s comments earlier about that. As I said, we were not standing over the shoulder of our members right across Australia saying, ‘Fill it out in this particular matter.’ We said, ‘Look at your sales data and fill it out. Give us the information we are after so we can present it here today.’

Senator CAROL BROWN—How many did complete the survey?

Mr Arthur—My understanding is that somewhere between 20 and 30 operators of the 1424 outlets completed that survey looking at sales data across their premises—I am talking about multi-owner premises.

CHAIR—Was that 20 or 30 per cent?

Mr Arthur—No, it was 20 to 30 operators of the 1424 outlets.

Senator Furner interjecting—

Mr Arthur—In our industry?

Senator FURNER—Yes.

Mr Arthur—I would not have thought so. I have been—

Senator Furner interjecting—

Mr Arthur—No, not for the hotel industry. Certainly we have a lot of small country pubs—family owned businesses, if you like—and certainly getting them to engage in survey work is quite difficult. I think the best example of that is that many of them do not even have access to broadband Internet, and they have trouble doing their pays because they are on dial-up Internet, so to actually get them to engage in a survey like this and

to get a response like that—which is almost a third—is certainly terrific. We have undertaken a separate survey in recent times with regard to another legislative matter that is going on and the response was quite similar—not from our industry's perspective, no.

Senator FURNER—When was the last survey you did of consumption of alcohol in respect to your members?

Mr Arthur—I will have to take that question on notice. I have only been in this particular policy area of the national office for a short time so I would need to find that out and come back to you.

Senator FURNER—How long have you been employed there?

Mr Arthur—Just on two years.

Senator FURNER—So in your period of two years there has not been a survey done?

Mr Arthur—I did not work in this particular policy area so, as I said, I would need to check with our CEO and come back to you on that one.

Senator FURNER—In your survey there appears to be no demographics of age of consumption. Is that something that was purely an oversight or something you were trying to ascertain in getting that information?

Mr Arthur—I think if we were going to undertake a more comprehensive survey then we would certainly look at that. We do not have the resources of some of the other organisations when it comes to engaging outside survey sources and we conducted this e-survey ourselves.

Senator FURNER—I will just go back to the questions of Senator Siewert about the full-strength spirit sales. I know for a fact that in some of your outlets you do sell two bottles for a set amount—for example, it might be two bottle for \$60 or something like that. I have seen that myself on your shelves. I imagine that during this period of the survey there was in your industry periods of sales where there were two bottles of spirits sold for a particular price so I think that may have contributed to the figure of a 42 per cent increase in sales of full bottles of spirits. Would that be fair enough?

Mr Arthur—No, I would disagree because I think that—

Senator FURNER—Sorry—you disagree with the fact that you were marketing sales of two for a set figure, or—

Mr Arthur—No. I think the process of marketing two full bottles of spirits for a particular price—like two for \$60, as you mentioned—was going on long before the introduction of this tax. That is a measure that has been around for some time. I disagree with the fact that we have seen initiatives like that as a direct result of the introduction of the RTD tax.

Senator FURNER—But your answer on takeaway sales of full bottles of spirits since the introduction of the RTD tax—it goes through a series of questions—does not identify whether they are one, two, three or copious numbers of full bottles of spirits, does it?

Mr Arthur—No it does not but that is overall sales. If a person comes in and buys two for \$60 and then one more on top of that, that will be reflected as three bottles, if you like.

Senator FURNER—The point I am making here is that it does not identify the quantitative amount of spirit sold in bottles. It just purely indicates there has been an increase.

Mr Arthur—Total overall sales.

Senator FURNER—Yes. You did touch on the fact that parents or relatives do buy alcohol for underage children—you indicated that is a fact. In your expert opinion have you ever been made aware of any prosecutions for people who have been conducting that behaviour?

Mr Arthur—I am not specifically aware of that here today, but that does not mean to say it has not happened. It is a very serious issue—supplying alcohol to a minor is an offence that is punishable by law and there are ramifications for the licensee who knowingly supplies liquor to an adult who then supplies it to a minor. As I said, I do not have a specific example here in front of me but it is certainly an issue that we are aware of. I anticipate there has been a case where a licensee has been penalised for that particular practice.

Senator FURNER—By memory, in Queensland—my state—the premier, Anna Bligh, introduced laws last year before schoolies week. I do not know whether it was a fine or a jailable offence but certainly she introduced legislation through the parliament there to prevent parents purchasing liquor and then providing it

to their children to use during schoolies week. I imagine there is certainly an issue out there—but you do not have any statistics on that?

Mr Arthur—No we do not. It is not a major issue as such, but it is an issue and it is an issue that we make our members aware of constantly and of their obligations in that regard. It is certainly something that we, as an industry, do not support in any way. To be brutally honest, it is breaking the law and we do not advocate any of our members breaking the law.

Senator FURNER—Are you aware of statistics produced by the Australian Secondary Students Alcohol and Drug Survey that one in 10 in the age bracket of 12- to 17-year-olds have been binge drinking?

Mr Arthur—I am aware of the survey—thanks for reminding me of that—yes. Would you like me to comment on that?

Senator FURNER—If you have a particular view on that.

Mr Arthur—As I said, we are all about responsible consumption of alcohol. That is probably a question that is better left to the health experts, if you like. If there is an issue about supply of alcohol to a person who is under 18 we are very clear: it is against the law, whether it is directly to the person who is a minor or through an intermediary such as a parent or close relative.

Senator FURNER—Returning to your survey—the 20 or 30 of your members who responded indicated that there has been at least a 42 per cent reduction in the overall sales of alcohol across the board?

Mr Arthur—No, that is not correct.

Senator FURNER—I have got your results in front of me and that is what it says.

Mr Arthur—No, I think I said that there has been no discernable drop in the overall sale of alcohol products.

Senator FURNER—It says there has been a 42 per cent decrease—that is on page 11 of your submission—unless there is something wrong with the survey results.

Mr Arthur—I cannot find the specific place.

Senator FURNER—It is the last question.

The experience of our business is that since the introduction of the RTD tax, the total sales of alcohol has:

... ..

4. Decreased 42 % **Mr Arthur**—Yes, but at the same time the other 58 per cent have not noticed that discernible decrease and that was what—

Senator FURNER—Once again that is out of 20 or 30 respondents to your survey

Mr Arthur—The survey covers roughly a third of the industry—about 1,400 outlets.

Senator BILYK—Twenty or 30 out of 1,400—

Senator CORMANN—Not out of 1,400; it covers 1,400 outlets.

Mr Arthur—They operate the 1,400 outlets.

CHAIR—I think it would be very useful if we had the senator and the witness exchanging rather than the committee. Mr Arthur, it would be useful if you could respond to the question.

Mr Arthur—Let me clarify that. It is not 20 or 30 of those 1,400 outlets. Twenty to 30 hotels or hotel companies operate those—in total—1,424 outlets.

Senator FURNER—Thanks.

CHAIR—Mr Arthur, to clarify that point could you give us some feedback later about exactly how many people responded and how many suboutlets came under each of them? We have your submission that says 1,400 but then you did say 20 to 30 in evidence. It would be useful to have it absolutely clear. I get the impression that one of those businesses could have a hundred outlets—that kind of thing.

Mr Arthur—Yes.

CHAIR—To make it absolutely clear, it might be useful if we could get that clarified.

Mr Arthur—I will do my best.

Senator CAROL BROWN—How many members do you have altogether?

Mr Arthur—Around 5,000.

Senator BILYK—Following on from Senator Furner, given that the sales of alcohol tend to increase year on year and looking again at that last part of the survey, that shows that 75 per cent of your members think that alcohol sales have either decreased or stayed the same since the alcopops measure was introduced. Doesn't that mean that this is working? Because if you add 'stayed the same' and 'decreased' you get 75 per cent, which is not quite what you said in your last answer to Senator Furner.

Mr Arthur—I think I said there was no discernible drop overall in the consumption of alcohol. That was my point.

Senator BILYK—And yet 75 per cent think that it has either decreased or stayed the same.

Mr Arthur—'Stayed the same' is not a discernible drop, is it?

Senator BILYK—Forty-two per cent think it has decreased. The majority of the people who answered your survey think it has decreased. With regard to that, don't you think that that means this measure is working?

Mr Arthur—I think 42 per cent, when you are looking at increasing and decreasing—

Senator BILYK—Forty-two per cent is nearly half.

Mr Arthur—But I made the point before that 58 per cent have either stayed the same or have increased. What we are saying is that there has been no discernible drop, according to our survey results. In terms of it working, I come back to my original point. We think there are far more effective measures to tackle the issue of alcohol abuse in Australia than this particular measure.

Senator BILYK—To be very clear for me, do you think there is a binge drinking problem with young people in Australia?

Mr Arthur—Binge drinking is not necessarily an issue for young people. It is an issue for people of all ages and it has been an issue—

Senator BILYK—I am referring specifically to young people here.

Mr Arthur—It is an issue with young people. It is an issue with middle-aged people.

Senator BILYK—Young people mainly drink alcopops. Do you not think the alcopops industry received a tax break from the Liberal Party in 2000?

Mr Arthur—I would not like to answer that question. That was before my time.

Senator BILYK—Somebody in your area must have a point of view on it. There has to be an answer. Do you think—yes or no—they received a tax break? It is a question with a yes or no answer, to me.

Mr Arthur—I think I have made the point at the top of my presentation that taxation issues on alcohol are something that we do not generally comment about publicly.

Senator BILYK—But you have made a submission to this hearing, which is all about the sale of alcopops to young people and the fact that, prior to the middle of last year, there was a tax break for alcopops that made it much easier for young people to buy them. They were cheaper, so they bought them. The whole point of the hearing is whether the tax break made a difference. In most of the submissions I have read and according to the statistics, most young people will go for the cheapest option. The other thing that concerns me greatly about alcopops—being the mother of two young teenagers and constantly having a house full of young adults—is that alcopops are made to be sweeter. According to the National Drug and Alcohol Research Centre taste perception study, alcopops expose young and inexperienced drinkers to a higher than normal risk because they are more likely to make false judgments about the product they are consuming. Because they taste sweeter, they like them better. That is as opposed to if you were mixing straight spirits with a soft drink bought off the shelf. What comments do you have in regard to that?

Mr Arthur—We are here to represent the on premise, off premise sellers. I think that is probably a question that is better put to the manufacturers of those particular products, without wanting to not answer your question.

Senator BILYK—But you are still happy to sell these goods even though you know that they cause social problems.

Mr Arthur—I think that, as I mentioned earlier, our licensees, publicans across Australia, are well aware of their responsibilities when it comes to on premise responsible consumption of alcohol and service to young

people, including people who are under the age of 18. Certainly that is the case when it comes to off premise or takeaway liquor sales as well.

Senator BILYK—I take the point. So you say your members that undertook the survey are able to talk about selling issues. I am getting back to Senator Siewert's comments regarding whether young people buy a bottle of vodka and a couple of bottles of lime or whatever and take them home and mix them. You were saying before that they could go home and drink a bottle of Coke with a whole bottle of spirits.

Mr Arthur—I was talking about the possibility.

Senator BILYK—There is no evidence of that, though, is there? There is the possibility they could mix a bottle of spirits with 36 gallons of Coke, for all the evidence is worth. It is hearsay, isn't it?

Mr Arthur—As I said, I am giving you the feedback we have had from our members on it.

Senator BILYK—You can often buy Coke, for example, much cheaper in a supermarket or a corner store.

Mr Arthur—At the same time, they can go home and take an illicit drug alongside of that as well. I am just telling you the feedback that we have from our members. We would like to think there is responsible consumption of alcohol but clearly, as I acknowledged earlier, binge drinking is a problem and our industry is awake to it.

Senator BILYK—My concern is we need to have statistical analysis, not hearsay, so I am just trying to clarify that it is more hearsay than statistical analysis that you have put up for us.

Mr Arthur—That is right. In this particular instance it is, but at the same time I have clearly shown the survey from our members.

Senator BILYK—I appreciate your submission.

Senator CORMANN—Senator Bilyk actually raised an important point and you did not answer it. I suspect the reason the AHA does not comment on alcohol taxation matters is because you sell the whole gamut of alcohol products through your premises and you do not want to get yourself in the middle of the beer, wine, RTD and spirit lobbies as far as alcohol taxation is concerned. However, could you take the question on notice and consider whether you can provide an answer to the committee about whether or not the Howard government essentially created a tax loophole, as Senator Bilyk put it, by making the change to the tax treatment of ready-to-drinks, or whether at the time they were closing a tax loophole and essentially putting the tax treatment of RTDs on the same footing as other alcoholic drinks with the same alcohol content. Without any value judgments, I would be interested in your perspective as to whether it was the former or the latter.

Mr Arthur—I am happy to take that on notice. The one point I would make about taxation on alcohol is that our members have some concessions in terms of the on-premise supply of alcohol, and I think that take into account the different aspects of providing that responsible service environment on premises. I know that it is all under review at the moment, but no matter where the taxation debate heads in the future we would be very keen to see those concessions retained. This goes back to our new year's eve media release that 70 per cent of alcohol is now consumed away from licensed premises. For the 30 per cent who do consume alcohol on licensed premises, we as an industry are at pains to provide a responsible service environment and a secure environment, whether that is CCTV cameras or security or lighting, or whatever the case may be, or having staff members working behind the bar, making a judgment about whether a person has had too much to drink. They are all important issues when it comes to the responsible service of alcohol on premise.

CHAIR—Thank you, Mr Arthur. I have a question on notice. Your survey concentrated on takeaway sales. You were comparing full bottles of spirits. Are the sales of alcopops normally done in multiple amounts? Can anyone tell me that? If someone is going to a takeaway outlet to purchase one of the RTDs, is that the kind of thing that is bought in multiple numbers, be it six packs or whatever? Or, is the normal takeaway service in ones or twos?

Mr Arthur—I would think that the majority of takeaway service would be a six pack, not unlike beer.

CHAIR—That is normal way of purchasing?

Mr Arthur—Correct.

CHAIR—We are comparing the takeaway, which is usually a multiple purchase service, with the full bottles as an alternative. Is that right?

Mr Arthur—I would think so, without having the statistical evidence here to back it up. I think I pointed out before that that is a total figure. As I said, are you buying a stubby of beer, or are you buying a six pack or a case? I do not think it is any different.

CHAIR—Yes. But takeaway is normally in multiple amounts?

Mr Arthur—I would have thought so.

CHAIR—Thank you, Mr Arthur. It would be very helpful if you could get back to us with answers to those questions on notice as quickly as you can.

Mr Arthur—Yes. Thank you for your time.

[10.12 am]

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

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

CHAIR—Good morning and welcome. You have the information on parliamentary privilege and the protection of witnesses.

Prof. Moore—We do.

CHAIR—We have your submission, for which we thank you. I now invite either or both of you to make an opening statement, after which we will go to questions.

Prof. Moore—I shall be brief in my opening statement but I do want to emphasise from the Public Health Association perspective that we clearly support the government in its closing a loophole in taxation. I have to say that I think governments always have the prerogative to close loopholes where they see them, whether other loopholes exist or do not exist. We think that is an important thing. There has been a significant debate over evidence. We like to base our policy as far as possible on evidence, but we have to say that, in this debate, there have been a huge number of confounding factors that appear not to have been taken into account, which I believe the person speaking before us referred to in some ways as variables, and used a number of different words. It is difficult because one of the things that the industry seems to be demanding is that a causal link be established between a taxation measure and a health outcome. Whilst you can look at evidence, to then also work towards a causal link is difficult; they are two complete differently things. Of course, as far as possible we work on finding a causal link.

Most decisions in the political sphere, as all of you would know, are made on a cost-benefit analysis. I think that is the important thing that the Public Health Association, if we can, would like to persuade the committee on: decisions like this do have weaknesses. On cost benefit there will always be some costs. I referred to those in a previous hearing before the committee and it was then taken out of context by another submission that was put in to you and presented to you as though I thought that the costs were an important part of my view.

CHAIR—You did read that one, Professor Moore?

Prof. Moore—I did read that one. Therefore it is important to understand that cost benefit decisions are what we are actually looking at. One of the reasons for our participation in a survey which we referred to in our evidence, where we found 80 per cent of people supported this taxation provided the money went to health, was to illustrate that you can ask these questions and get evidence the way you want. And, of course, surprise, surprise, industry was able to get an almost identical result: 80 per cent are opposed to the taxation, when you asked the question the right way. For us, as important as it was to say that a comprehensive approach is important, that the money associated with this particular thing should go into harm minimisation processes associated with alcohol policy, it is also important to understand that getting evidence is a difficult thing and sometimes decisions are made—most times decisions are made—taking into account as much evidence as you have available and then proceeding.

I would also like to emphasise that in this particular issue the people who appear in terms of the health outcomes do not actually have a self-interest. The people who appear in terms of industry do have a self-interest. It is quite clear that these particular drinks—these alcopops—have been selling at a very, very high level. When we appear before you it is because we are interested in improving the health outcomes of the community as a whole and we are looking for the best possible method to do it. That is why it is that we have said from the beginning that we do not think it is enough to have this taxation measure on its own. It is part of a comprehensive package and it has to be. That is the same reason that we appeared before this committee with regard to Senator Fielding's alcohol toll bill and strongly supported that particular piece of legislation—that we believe that it will be part of a solution, and this is only part of the solution.

The other thing that is very important in terms of evidence and causal links is that health promotion actions are rarely actions that give an instant result. We are all looking for a result after about a year of this tax, and yet if we were trying to do the same, for example, with tobacco, where we increased the price of tobacco, do we see a reduction in the number of people going to hospital following that? No, but we can measure some outcomes: we can measure how much tobacco is sold after that measure. That is a similar measure that has been presented in evidence by the minister, looking at a reduction of, I think, 91 million standard drinks, which is not a bad output measure, but it is not an outcome measure. We are looking at health outcomes and

that is really where we want to go. We were interested in seeing the Greens present a compromise position, where they were suggesting funding being put aside to deal with this issue—all of the alcohol funding going that way. We are very supportive of that. We would like to remind senators that there are two government bodies that have supported a national prevention agency—that is, the preventative health task force and the Australian Health and Hospitals Reform Commission have supported that. Perhaps that would be the logical way of dealing with that money.

I have two concluding comments. The alcopops that we are interested in are the sweet, sugary drinks that appeal particularly to young women. They appeal, they cover the taste, and they have done so quite deliberately. The increase from the time of their introduction, at around the same time as the loophole was created, through to 2005, where we have the figures, was astronomical. The marketing may not have been ‘We’re selling to young people under 18,’ but it was clearly targeted at those young people. That is one of the concerns that we have.

I would also like to draw attention to the fact that we released a press statement yesterday, through our president, Mike Daube, pointing out the importance of advertising with regard to alcohol, particularly at sporting events and the association between sport and alcohol—because, whilst the work of this committee is incredibly important, it is also important for us to maintain that we want a comprehensive approach, and to do so not only here but also publicly. I would be very happy to take questions on our submission.

CHAIR—Thank you, Professor. Ms Walker, would you like to make any comments at this stage?

Ms Walker—Not at this stage. I will respond in questions, thanks.

Senator SIEWERT—I want to go to the points you made in your submission, and also the points that I was following up with the AHA, around the issue of sales. You made the point in your submission:

Since the announcement of the tax ... there have been a series of special promotions designed to have young people substitute spirit mixing for pre-prepared alcopops. Despite these substitution has been minor.

I have a couple of questions there. Firstly, can you tell me a bit more about the ‘substitution’? Secondly, I am aware that you were sitting in the audience and you heard the AHA say that there has in fact been an increase in the sales of full-strength spirits. Can you comment on both of those points, please.

Prof. Moore—That is one of the things I referred to as a confounding factor, if you like. We were aware that one of the chains was providing two bottles of Coke with a bottle of spirits. I have to say that we were horrified to hear that. But it is not surprising, because this is clearly a significant hit on the industry. I was very surprised at the figures associated with this particular taxation measure. We were talking about raising money in the billions from the taxation, which of course illustrates how much greater the sales are and how many billions are in the sales. But those promotion campaigns effectively undo the work that the AHA claims they are doing in terms of encouraging responsible drinking. I do not see how that does anything other than undermine a comprehensive approach.

Senator SIEWERT—The claim was also made that they had been having these specials for a long time, and in fact it is no different to what they were doing prior to the tax being introduced.

Prof. Moore—I have to say I am not particularly aware of it, because I do not spend a lot of time looking for specials on those. I am not a wowser, nor is the Public Health Association, and under our policy of volumetric taxation a single-malt whiskey will probably increase significantly and I will pay that penalty! But we do note, and it is a good opportunity to mention this, the NHMRC guidelines and the fact that they have provided evidence to us. I and our association note the efforts put in by the industry to resist this taxation and their surveys et cetera—one of which the head of the Department of Health and Ageing, Jane Halton, described in a very scathing manner, in a way that I cannot recall a public servant describing a survey before. So I think by and large the focus still has to be that it is closing a loophole—that the harm that has been done is a focus but it can only be done in a comprehensive context. I do refer to the Australian Taxation Office figures. I think putting them in ‘standard drinks’ was an excellent way for us to understand the figures.

I also note that the next people to appear at your hearing have published an article in the *Medical Journal of Australia*. I had intended to quote from that extensively, but it seems much better to let the people who have done the survey and the work do that. So I will leave that to them. But, quite clearly, the evidence, with its confounding factors, is showing that some progress is being made. But that progress will take a long time and it will be fraught with variables and confounding factors.

Senator SIEWERT—The other issue you raised that is interesting is the link between advertising and sport. I understand there was some further research released last Friday, although when I tried to google it I

could not get the full article. But there is some dispute about the link between advertising and sponsorship of sport and alcohol consumption.

Prof. Moore—Perhaps the research you are referring to is from Curtin University. Our president, Mike Daube, also runs a separate institute. His institute at Curtin University looked at sporting advertising. One of the really notable things that came out of that, that I am aware of, is that when you watched a specific game of sport which they monitored the alcohol logo was on the screen 75 per cent of the time of that game. I think that if I were a business producing Bundaberg rum, or whatever the particular advertising was for, I would have to be really pleased with having my logo showing in the middle of a sporting event. At the same time we have sporting teams saying, 'Oh, no, we're actually now trying to teach responsible drinking, because rugby players are responsible drinkers.' I think there is a fairly significant conflict in how we get those messages through, and part of a comprehensive approach is to deal with those as well. But I think that might be the research you are referring to.

Senator SIEWERT—That was in fact one that I was not referring to, but thank you for that because I did quickly see that in the *West Australian* I think. There was some research out of America that looked at 6,000 young people and their association with sports and sponsorship. I think it was released on Friday.

Prof. Moore—We will have a look and see if we can find something for you. I have actually been on leave for the last week and a half, until this morning, so I have not seen that.

Senator SIEWERT—If you could take that on notice I would be interested to see what you think about that research. Thank you.

Senator CORMANN—Professor Moore, before I get into my substantive questions, you made a particular point of focusing on the fact that you come here without self-interest, contrary to those from the alcohol industry. Do you or the Public Health Association receive any funding from the federal government?

Prof. Moore—No, we do not.

Senator CORMANN—Okay, thanks. Essentially, what I heard you say—

Prof. Moore—Perhaps I should clarify that a little bit. When we hold conferences we sometimes get funding to support specific conferences and things like that, but we do not have a funding base from the federal government.

Senator CORMANN—I just thought we would clarify that.

Prof. Moore—Yes.

Senator CORMANN—In your opening statement what I essentially heard you say was that people might be asking for evidence that there has been an impact in terms of reducing at-risk levels of consumption or risky behaviour and harm from alcohol abuse. What I essentially heard you say is that that is a bit hard (1) because it is too early and (2) because it is hard to properly assess a causal link. Is that what you were saying?

Prof. Moore—What I did not say there, and I probably should have—and it is in our submission—is that that does not excuse not making a decision. I gave a specific example about HIV-AIDS and the needle exchange program, and mentioned Senator Baume at the time and health minister Neal Blewett, because I think it is really important to understand that some of the most important long-term health decisions have been taken with minimal evidence but a sense of what is going to protect the community from harm.

Senator CORMANN—So we go for what essentially we think is the right direction and then suck it and see. Is that—

Prof. Moore—No, we get whatever evidence we possibly can, and we certainly work on the evidence. But, as I said, sometimes getting a causal link is difficult. And the step with the needle exchange program was then to make sure you have the evidence and check that evidence once you have made that decision.

Ms Walker—An important distinction Michael was making in his comments is that while at this early stage, given that we have had less than a year of the legislation, it might be difficult to measure outcomes as such in terms of overall reductions of binge drinking or reductions within particular age groups, there are some indicators in the data that has been collected in terms of outputs: reductions in sales. And I think there is some pretty compelling evidence in the *Medical Journal of Australia* article that Michael is talking about—and that the following speakers will no doubt talk more about because they are the authors—with regard to the reduction in sales of RTDs and the substitution effect that has been talked of a little bit by the preceding speaker. It shows that while there has been some substitution effect it has not been of the magnitude of the

reduction of the sales in RTDs. So what we are saying is that, while outcomes are a little difficult to measure over the short to medium term, there is some fairly compelling data, as well as the tax office data, with regard to outputs that show that we are moving in a solid direction on this.

Senator CORMANN—You have pre-empted my next question. All the data that the government presents and that those surveys talk about is essentially sales data, which you call output data. Output data, sales data, does not tell us anything about levels of risky drinking and harm from alcohol abuse in the target audience. The question I have specifically is: have you any evidence as to whether this measure has made any difference in terms of the target audience, those who are indulging in binge drinking, which we are all against? Have you any evidence at all that indicates either in a scientific way or in an ad hoc way that there is a reduction in at-risk levels of drinking in that target audience?

Prof. Moore—Ninety-one million fewer standard drinks: it is an output measure and it is an indicator. The very point I was making to start off with is that nobody at this stage can collect data of a result like that. That is the sort of data that comes out of the household surveys and the drug and alcohol surveys; and to actually be able to measure that in an effective and comparative way, even over a period of a year, would not be strong evidence. I think it is very important for us to use what we can—that is, the output measures—and keep monitoring for the outcomes that you are looking for and that we are looking for. They are outcomes we all agree on, and I have to say that I think the industry will be very pleased to see an end to binge drinking because it always puts them on the back foot.

Senator CORMANN—Essentially, what we have is a reduction in sales in RTDs. We all agree on that. There has been an increase in sales of some other alcohol products. Some will say it is not by as much as the reduction in RTDs; others will say it is about the same. But let us just work on your working assumption that the drop has been by more than the increase in other alcohol categories. Do we know that that drop has not been by responsible drinkers as opposed to binge drinkers?

Ms Walker—What we can say is that the evidence shows that in about 1999 about 23 per cent of young women in the 12- to 17-year-old age group had RTDs as their preferred drink of choice—and I feel a bit bad here because I am cutting across some of the evidence in the *Medical Journal of Australia*, but no doubt the next speakers will elaborate on it—but by 2005, after the tax decrease or the loophole that we have been talking about, RTDs were the preferred drink of choice for 48 per cent of young female drinkers. So there is a clear correlation there in the drinking. If you will stick with me for a second will take us to some newer data.

Senator CORMANN—Are these comparable surveys, or do you go from the household survey to the Nielsen research?

Ms Walker—There are several sources for this analysis in the *Medical Journal of Australia* article, so I can provide that. What it also states is that while the standard drinks sold as spirits and beer increased in the three months following the introduction of the alcopops tax, the increase represented only about 53 per cent of the 91 million fewer RTDs sold. So if you look at the correlation between young women favouring the RTDs and the pick-up in the other types of beverages not matching the reduction in the RTDs, I think while we cannot look at solid outcomes at this stage there are some positive indicators in terms of impacts for that group in particular.

Senator CORMANN—I am rushing through this because the chair at some point is going to tell me I have had enough questions. Did I hear you say there are good and bad RTDs? You practically focused on what you described as the sweet drinks, so from your point of view perhaps the dark—

Prof. Moore—These are inanimate objects. I don't think they are good or bad; it is how they are used.

Senator CORMANN—I described them colloquially as good or bad RTDs based on what I heard you say inasmuch as you say there is a particular category of RTDs that leads to higher levels of harm than other categories of RTDs.

Prof. Moore—No, I do not think we have even inferred that. We use the term 'alcopops' quite deliberately because there is a particular group of RTDs that probably have a much greater appeal to young women and which has resulted in this increase to 48 per cent in 2005. We think they are marketed specifically to get young people drinking earlier and also, if you like, drinking easier, which will lead to drunkenness.

Senator CORMANN—Is there in your view a safe and responsible level of consumption of RTDs?

Prof. Moore—The evidence has just come out from NHMRC, and we would rely on that evidence. It is very interesting that they say there is no safe level for people under 18; that the safe level of drinking is two

standard drinks in terms of long-term risk; and that in terms of short-term risk it is four standard drinks. That is evidence that they have developed on the best possible information available to them, and it is for individuals and for parents—Senator Bilyk talked before about having teenage children—to make their best decisions on with regard to that.

Senator CORMANN—I am moving through quickly. Do you have any concerns that the regulated liquor industry in Australia gets involved in sales to underage people?

Prof. Moore—We are actually much more interested in their marketing rather than their sales. It is the marketing that is by and large targeted—it might not even be specifically targeted, but it is targeted—at young people. One of the great marketing tricks is to actually say to young people, ‘No, no, this is only for adults.’ Of course, there isn’t a more effective marketing tool to get young people involved.

Senator CORMANN—Someone earlier mentioned that it is predominantly parents and other adults who might be purchasing RTDs—alcopops—on underage people’s behalf. Why would that happen? What would be the most effective way of dealing with that?

Prof. Moore—The same question came up in this committee on a previous occasion. I have to say that my response is the same that I gave then: parenting is a hard enough job for anybody anyway and the Public Health Association would not buy into how parents deal with these things and how they respond to the evidence available to them. We would point to the NHMRC guidelines, but parents will make their own decisions based on the best information they have available and in the best interests of their children.

Senator CORMANN—But focusing on parents, if that is indeed part of the problem, would be a more targeted way than penalising all of the responsible drinkers of RTDs and other alcohol products with a 70 per cent tax increase.

Prof. Moore—And it would be appropriate in a marketing campaign to focus on parents, but this is not a marketing campaign that you would leave to industry; this is a marketing campaign that should be the role of government.

Senator CORMANN—Just on the tax loophole issue, you mentioned in your opening statement a couple of times how this is closing a tax loophole. My recollection of what was done at the time was actually to close the loophole then—where RTDs of similar alcohol content were taxed higher than beer and as such beer and other drinks were essentially then the binge drinkers drink of choice. Can you comment on that? Clearly, this RTD tax has created its own loopholes, which is why the government is already moving amendments.

Prof. Moore—I heard you ask that question to the previous witness, so I had some time to think about it.

Senator CORMANN—That was the intention.

Prof. Moore—In my mind, a loophole is a loophole. But our approach is actually for comprehensive taxation based on volumetrics. We think that it is still important to take the first step and then to look to take the next step, and it is important for governments to work out where they believe they can win—that is, get the Senate on side—to get a measure through in closing loopholes. We still see it as a loophole.

Senator CORMANN—But, essentially, if the government were to increase the tax on alcohol with a view of impacting on demand, then it would be a better way to apply that increase across the board so that there is, as you say, equivalent tax treatment based on alcohol content. Is that your view?

Prof. Moore—In the long term that is our perspective, but we also believe it is appropriate for the government to take this step and to continue taking it step by step. My recollection is that in 2000 when this loophole was created it was created as part of the introduction of the GST, which was an extraordinarily complex taxation system. Perhaps this is one of the unintended consequences. Maybe there are more and it is great that the government will pursue them.

Senator CORMANN—Light and mid-strength of RTDs are taxed at the same level as full-strength RTDs. That would seem to be counterproductive in terms of providing incentives for people to go for the low-alcohol-content products.

Prof. Moore—When we are talking about a comprehensive and a volumetric taxation system, in due time that should be addressed as well.

Senator CORMANN—So even if it is a bad measure—which we do not have any evidence for yet—as far as you are concerned, because it is a step, albeit is a small step, in the right direction, even if it could have negative, perverse consequences—

Prof. Moore—When you say that we do not have any evidence yet, we distinguish between causal evidence, if you like, or outcomes and outputs. We have said that there is quite a lot of output evidence that it is working. So we do believe it is working, but the sort of evidence that would provide a causal link is not there. There is a tremendous amount of ‘evidence’ that has been introduced deliberately to try to confuse the matter as well.

Senator CORMANN—People are throwing evidence left, right and centre at each other, and I understand that some people have got particular perspectives. But I am looking at what the government is saying. Leaving the causal link aside for a minute, the government has not collected any consumption data on the reduction of risky or high-risk and/or at-risk behaviour since the introduction of the excise increase in April 2008. Could the government have done so? Who would be the best organisation to conduct that sort of research and, given the public interest, isn’t it something that the government should be doing?

Prof. Moore—Yes, probably a little bit at arm’s length with regard to either the Bureau of Statistics or the Institute of Health and Welfare. Collecting that sort of evidence will be a very important part of the ongoing assessment of this measure.

Senator CORMANN—Who should be doing it?

Prof. Moore—In my mind, probably the Institute of Health and Welfare, but we would be just as happy with the Australian Bureau of Statistics.

Senator CORMANN—Thank you.

Senator FURNER—You were present in the room when the previous witness was questioned about their survey. In your submission, you go to some length explaining the differences between leading questions and basic questions and how you can get an answer that a questionnaire is seeking. You also indicate that there were questions delivered differently by the Heart Foundation, the Cancer Council, the Public Health Association and Action on Smoking and Health which had 84 per cent of Australian adults indicating they supported the government’s proposed alcopops tax.

Prof. Moore—Provided the money gathered was spent on health.

Senator FURNER—That is correct. Reflecting on that, how would you view the questionnaire the AHA produced to its membership, given that it provided basically a range of how they wanted to select the information and the answers by giving them a range—increases by more than 25, increases by more than 10, stay the same and decrease—rather than asking them a basic question: ‘What do you think in regards to this particular outcome in the industry?’?

Prof. Moore—Listening to the previous witness, I think the extraordinary thing was that, considering that questioning, they still had something like 42 per cent saying there had been in a reduction in sales overall.

Senator FURNER—That is correct.

Prof. Moore—I would have thought that, if you were intending to set your questioning up properly, you would want to do better than that. I do not see industry trying to be terribly tricky about this. I think they are feeling a great deal of pain associated with this tax and the reduction in the sale of these specific drinks and are therefore taking action to try to protect their income, their industry and so forth. I think that is not hard to understand. We think, however, that there is something that is more important. We admit that that has employment and a whole series of other things all associated with it, all of which have public health impacts, but we think that on a cost benefit analysis there is a much greater issue here about the introduction of young women to drinking at a younger and younger age.

Senator FURNER—I do not know whether I accept your view on whether they are suffering any pain as a result of the tax. I think that if you go through all their submissions they are going to great lengths to look at different types of information and surveys to indicate that the proposal has not worked. In fact, they are indicating that there are increases in the overall sale of spirits in other areas. That brings me to my next question. Looking at the big health submissions, they certainly do indicate there has been an increase in the sales of full spirit bottles because of ‘triple up and save’ as an example. I am just wondering what your view is on that in regard to whether that is a concern in respect of what is happening out there.

Prof. Moore—Of course it is a concern. As I conceded at a previous hearing—as I said, I was misrepresented about having made their concession—and why I keep emphasising cost benefit analysis, it is possible that there will be some increase in the sale of self-mixed spirits. We do see that overall there has been a reduction in the sale of spirits by eight per cent, according to the Taxation Office figures. The huge bulk of

that is of course associated with alcopops. There may well be some people—and I suspect there are—who have substituted. It is just that it seems by the sales figures according to the ATO that they have been largely outweighed by the others. We will not know the outcome measure until such time as the Institute of Health and Welfare or another body does the style of survey that Senator Cormann was talking about and which we would support.

Senator FURNER—I have just one last question. Focusing back on the issue of whether it be a purchase of one bottle of spirits, two for the price of one or 'triple up and save', there is no evidence out there that I have seen that identifies whether the purchaser is drinking that bottle over a period of months or a week or in what strength they are consuming the bottle of full spirit. Is there?

Prof. Moore—I only have anecdotal evidence. I went through an airport duty-free yesterday and bought two bottles for the price of one of single malt whisky and I certainly did not drink it all last night. I had one class with my family, my adult children, celebrating our return with. It was entirely appropriate way to drink. We had it leading up to dinner. Anecdotal evidence has a place. In survey terms, we talk about a case and a case series and then we go to assessing further evidence. But anecdotal evidence still only gives us a very rough insight.

Senator FURNER—That is right. Thanks for that.

Senator CAROL BROWN—You talked a little bit earlier about it being too early to talk about changes in attitude and behaviour about alcohol consumption and who is actually drinking less. But I would like to ask: in the previous inquiry last year there was evidence given that one of the biggest factors in reducing consumption of a product is cost; would you agree with that?

Prof. Moore—Absolutely, and you will find in our submission made to this committee, when different senators were on it prior to the change in the middle of the year, that we quite specifically looked at the impact of price on purchasing. In Australia it is really clear with regard to tobacco, and the evidence other than that, with regard to alcohol specifically, comes, I think, from Great Britain and Sweden. Certainly there is overseas evidence, specifically about alcohol, to show that an increase in price of alcohol reduces—

Senator CAROL BROWN—The cost affects behaviour?

Prof. Moore—The cost does affect behaviour. That was emphasised again in the Collins and Lapsley report. They refer to an even broader set of evidence. The Collins and Lapsley report is probably the strongest with regard to that particular point.

Ms Walker—That is right. They talk specifically about young people within that target group. They say that young people are more influenced by the price of alcohol, so increasing the tax rate on alcoholic drinks specifically targeted at the youth market is likely to be highly effective. The Collins and Lapsley report was in 2008.

Prof. Moore—Yes, and of course they are saying it in the context of, 'But don't just do it on its own; it has to be done as part of a comprehensive package.'

Senator CAROL BROWN—The report that was released by the Australian Drug Foundation a couple of days ago, which you have referred to, about an overall drop in the consumption of standard drinks, went on to talk about the biggest decline being 38 per cent in vodka based drinks which are popular with young women. Are you able to share with us any survey information which has been produced that backs that up, that white spirit drinks and alcopops—

Prof. Moore—As in the cruisers and alcopops?

Senator CAROL BROWN—are the ones that are popular with young women?

Ms Walker—Not in addition to what the ADF has got.

Prof. Moore—I think that is a question for the ADF. They are appearing before you, aren't they?

Senator CAROL BROWN—Yes.

Prof. Moore—Yes. I think it is a question for the ADF. If we had extra information we would be delighted to provide it, but we do not.

Senator BILYK—A couple of times you have mentioned about the advertising based around alcopops. Can you just expand on your concerns there?

Prof. Moore—We are particularly concerned about advertising in sport because there is a great irony in the link between sport and the unhealthy use of alcohol. There is a range of what I suppose I would call ‘irreverent’ ads that we have all seen and you cannot help but laugh at. The alcohol industry is absolutely brilliant with them and I just wish that governments would find an equivalent. It will be very hard. They are worldwide, and particularly associated with beer. We believe that contra-marketing is important. We also believe that it is time for government to look at how alcohol is marketed and to begin to put restrictions on that marketing. Probably the first of those that we would strongly support was identified by Senator Fielding in his alcohol toll bill, which was about a time restriction when alcohol could be advertised on television.

Senator BILYK—You are talking about television advertising?

Prof. Moore—In television advertising.

Senator BILYK—It has come to my notice that young people are now being targeted through areas such as Facebook. The Smirnoff Ice site is a classic, where people can actually go in and post photos of themselves drinking Smirnoff Ice. It just beggars belief, really, that you can encourage people merely to overimbibe and then ask them to put their photo up on the public Facebook. Have you seen things like that?

Prof. Moore—And, of course, industry will then claim ‘Oh no, but we don’t market the young people. It is only for people who are over 18.’

Senator BILYK—That is right. It is a fine line.

Prof. Moore—The attraction is usually to people who are younger, even if they are claiming otherwise. We have learnt a huge amount about this area from the association between sport and tobacco. Governments over the last two decades of the previous century spent a huge amount of money basically buying out tobacco advertising associated with sport. It is really time for us to ask: is it now time to do the same with alcohol?

Ms Walker—I think that is particularly relevant in the context of the recent government ad campaign that is part of the binge-drinking strategy. Here we are on the one hand promoting messages around the dangers of drinking, but that seems to be hugely counterbalanced by the massive spend on promotions like the ones you have mentioned and direct advertising, whether it be through ads or via sponsorship of sporting events. I think Michael has hit the nail on the head pretty well in drawing that link between what we are facing here with alcohol and more broadly looking at the tobacco campaigns that have gone before. There have been huge successes in reducing the rates of smoking in the general community, considering that after World War II—

Senator BILYK—It was 80 per cent, wasn’t it?

Ms Walker—Yes, 80 per cent of men smoked after World War II.

Senator CORMANN—Is there a safe level of tobacco smoking?

Prof. Moore—No.

Senator CORMANN—No, exactly.

Senator BILYK—But there are reduction strategies.

Senator CORMANN—So there are some differences. Is that what you are saying, Professor Moore?

Prof. Moore—Of course there are differences.

Ms Walker—Regarding the type of campaign, we have gone from a situation where just after World War II 80 per cent of men smoked and now we are down to about 20 per cent. But, as we have pointed out in the submission, if you looked at any nine-month period during that span of time, it would be really hard to point and say, ‘Look at the outcomes in that period; we’ve made a big difference.’

Senator CORMANN—But any increase in the tax on tobacco goes across the board, for example.

Ms Walker—Yes, certainly; and I guess we are saying that it has been consistent over that period. So it is clear that as part of a range of measures taxation does have a role to play.

Prof. Moore—I am just not sure that that is correct, Senator Cormann—

Senator CORMANN—Maybe you could take it on notice.

Prof. Moore—because I do not know about cigars and pipe tobacco and so forth. You may be right, but there is a question hanging in my mind with regard to that. Even though there are differences, there are still very important lessons that we can learn from tobacco in terms of health promotion. To clarify, I sang the praises of the advertisements of the industry. My anecdotal tests of my 20-, 22- and 25-year-olds suggest that

the recent government campaign, where a poor young woman gets knocked out by a drunk man, really hit the mark. It was trying to do something different and did it in an effective way.

CHAIR—Thank you very much.

[11.04 am]

ALLSOP, Prof. Steven John, Private capacity

CHIKRITZHS, Associate Prof. Tanya, Private capacity

Evidence was taken via teleconference—

CHAIR—I welcome Professor Steve Allsop and Associate Professor Tanya Chikritzhs from the National Drug Research Institute. Information on parliamentary privilege and the protection of witnesses has been provided, and we can provide any other details if you require them. We have your submission; thank you very much. Would either or both of you like to make an opening statement? Then we will go to questions.

Prof. Allsop—Yes, we will make a brief opening statement. There is a consistent body of evidence that indicates that alcohol consumption levels are strongly predictive of alcohol related problems in a community—not just problems that affect the individual drinker but problems that affect the broader community as well. There is a strong and consistent body of national and international evidence that indicates that changes in price are strongly associated with changes in consumption and thereby changes in alcohol related harm. We are also aware of a strong body of evidence that indicates that particular groups, such as young people and heavy drinkers, are sensitive to price changes, which is contrary to some claims that are sometimes made by others.

Tax is one of the means to change price. Our conclusion from our own research and international research is that, in terms of public health, price matters. Important current questions are: has the recent change in tax to the so-called alcopops affected the consumption of alcopops? Has the change of price been associated with substitution to other alcoholic products? Has there been a decline in alcohol related problems? To date, available, valid and reliable evidence is limited, but it does appear that there has been a significant decline in the consumption of alcopops. There does appear to have been some substitution to other alcoholic beverages such as beer and spirits, but overall there has been a significant decline in sales of alcohol. It is not possible, on the basis of evidence available to date, to determine the impact of the new tax on separate segments of the population. It is also too early to tell because administrative data such as emergency department presentations are neither timely nor specifically concerned with identifying alcohol related events. What we mean by that is that frequently alcohol related admissions are not identified as alcohol related admissions in the data. So it is difficult to assess at this stage what impact the tax has had on levels of harm specifically among young people. Nonetheless, on the basis of quality national and international research, we would conclude that this allows a strong prediction that the tax will be associated with a reduction in harm.

We note that there have been various claims about the impact of the tax. We note that it is universally accepted that sales data are strongly and closely aligned to consumption of alcohol and are preferable to survey data. Survey data—for example, those reported recently—are notoriously flawed in their capacity to accurately account for consumption. Even national surveys with very large sample sizes, like the highly regarded National Drug Strategy Household Survey, which has a sample of over 20,000, account for less than 60 to 70 per cent of alcohol known to be consumed from sales data. I repeat: sales data are more preferred data than survey data. The reason is that there are a number of methodological problems, including the frequently observed phenomenon that people, either in error or deliberately, underestimate their personal alcohol consumption.

To conclude, the evidence to date does indicate that the change in tax is a step in the right direction. We also recognise the evidence that supports an overall review of alcohol taxation to more adequately reflect a public health approach to alcohol consumption. We also recognise the evidence that tax or price mechanisms can be enhanced by other strategies such as, but not limited to, effective enforcement of laws about how we serve alcohol, controls on hours of sale and number of outlets, effective random breath testing and enhanced access to treatment. We also recognise that such approaches can be enhanced by significant investment in social marketing strategies.

CHAIR—Professor, does that conclude your evidence?

Prof. Allsop—I have concluded.

CHAIR—We will go to questions.

Senator CORMANN—You talk about the close correlation between sales data and consumption data. Are you aware of any evidence, like looking at sales data, that would indicate whether there has been a reduction in sales to risky drinkers—binge drinkers, people exposed to harm from at-risk levels of drinking?

Prof. Chikritzhs—Directly answering that question the answer is no. The sales data that we currently have addresses the overall population, so we are unable to determine exactly who is not doing the drinking of those RTDs, those alcopops, anymore.

Senator CORMANN—So it could well be that, yes, there has been a reduction in RTD sales and there has been some increase in sales of other products, but we do not know whether the reduction is among responsible drinkers as opposed to binge drinkers and we do not know whether the increase in full-strength spirits or the increase in wine sales or whatever is related to people who are in the binge drinking category. Would that be a fair statement?

Prof. Chikritzhs—It is a fair statement in relation to the data that is currently available. However, we ought to not neglect the evidence that is known from other studies about what happens among populations. We know, for instance, that price affects young people, especially that young people who drink at higher levels and frequently are more affected than low-risk drinkers by changes in price. We know that for young people. There are several studies in the United States that support that. We also know from various surveys, such as the secondary schools survey and the National Drug Strategy health survey, which part of the population prefers to drink RTDs, or alcopops. We know that in the 14- to 19-year-old age group who drinks at risky, high-risk levels for short-term harm, 70 to 80 per cent of that consumption is done via RTDs, or alcopops, and we know that the drink of choice amongst middle-aged people and older people is not alcopops but beer and, in the case of females, wine. We could make an educated guess as to who would be the most likely to be affected by this RTD tax.

Senator CORMANN—Just picking up your point that the evidence over the past shows that young people are the most price sensitive, doesn't that give us an indication that they would be the most likely to go for the cheaper drinks, even though they might be the more lethal products, as a result of this tax?

Prof. Chikritzhs—I think there are a number of studies that point to the fact that people do substitute. It is quite a reasonable thing for people to do: look around for cheaper beverages. In the case of alcopops, however, the appeal is not only in the price but also in the type of product. The other aspect to keep in mind is that, even though there was substitution, as far as we can tell it accounted for only about 50 per cent of the entire reduction. So, if there was a decline of 91 million standard drinks, only about half were substituted. There remains a very large volume that was not accounted for by substitution.

Prof. Allsop—So the balance of the available evidence from other studies suggests a couple of things. It suggests that young people will be price sensitive to this particular change. It suggests that some young people will substitute. Nevertheless, there is also reason to believe that young people will also reduce consumption. Overall consumption is highly predictive of the level of harm across the whole community.

Senator CORMANN—Following up on the question of evidence, the government have told the Senate in answers to questions that I put into the system that, since introduction of the RTD excise increase in April 2008, they have 'not collected any consumption data on the reduction of risky or high-risk and/or at-risk behaviour'. So essentially they are saying what you are saying—that is, they have no evidence to demonstrate one way or the other whether the measure has worked in terms of reducing risky or high-risk consumption of alcohol or at-risk behaviour. Given the public interest and given the question marks about whether increasing a tax on one alcohol product category in isolation would work, do you think the government would have been able to commission some research or do something that had a level of independence attached to it in terms of assessing whether the government were indeed achieving or going towards achieving what they set out to achieve?

Prof. Chikritzhs—I think that what we have to reflect on is that, once again, the way to determine the proportion of people who are consuming at risky and high-risk levels in a population is to survey the population—to ask people how much they drink. The problem with that, of course, as we mentioned in our opening statement, is that people typically underestimate the amount that they consume either deliberately or because there are problems with recall. Mostly, those estimates of risky and high-risk consumption only account for what we know to have been consumed to a factor of about 60 or 70 per cent. That is why the World Health Organisation, in its guidelines for monitoring alcohol related harm, recommends consumption data and sales data as a good proxy for that—as the most reliable, gold standard way of measuring consumption in a community. The 30 years of evidence says that, as consumption decreases overall in a

population, harms go down, and so do risky and high-risk drinking. It makes sense that a massive decline in sales, which would reflect a decline in consumption—in this case, specific to a particular beverage—is likely to result in lower levels of risky and high-risk drinking and the harm associated with that.

Prof. Allsop—Another question that is worth asking is: do isolated changes in tax have an impact, particularly on young people? We would say: a few years ago there was an isolated change in tax. That isolated change in tax gave a tax advantage to alcopops, and that was associated with a significant increase in the consumption of alcopops by young people, so isolated changes in tax do make a difference. We have already seen that in relation to alcopops in a direction that would be of concern. The other questions are: do we need more data and do we need to examine the impact of this change? Clearly the answer to that is yes.

Senator CORMANN—Going to the point of the loophole, we have had evidence in submissions that eight years ago the then government removed a loophole vis-a-vis beer. Beer and alcopops, as you have described them, were differently taxed and the government removed that loophole. Essentially, we moved towards taxation based on alcohol content rather than on manufacturing process. What is your view on the proposition of a volumetric based alcohol taxation approach?

Prof. Allsop—Overall, our view is that we would much prefer to move to a system of volumetric tax, whereby an alcohol product is taxed on the amount of alcohol in the product rather than the type of product. We would also want to see various other strategies considered along with that—for example, a minimal floor price and linking the taxation, as it is at the moment, to CPI so that the real price of alcohol does not decrease.

Senator CORMANN—On that point, isn't what the government has done with this measure moving away from that?

Prof. Chikritzhs—My view is that what also needs to go with that is a volumetric tax at the base. That forms the basis for making the basic calculations. However, as we know from the literature, not all beverages are equal in the amount of harm that they are likely to be associated with. So, as has been done here, a special harm levy or harm tax needs to be placed on beverages that are known to be specifically risky for certain populations. To make that work, there also needs to be a minimum floor price per standard drink so that it minimises the potential for substitution.

Senator CORMANN—Are you saying that the harm in the community from abuse of alcopops or RTDs is more significant than the harm from abuse of other alcohol products?

Prof. Chikritzhs—I said that is the case for certain populations. We know that most of the alcohol that is drunk in Australia is in the form of beer, and that beer is especially associated with road crashes and so on. However, we have a concern in this instance that for a particularly vulnerable population—very young people, many of whom may be underage—there is good evidence to show that their drink of choice, and their first drink, is in fact in the form of alcopops, not beer and wine. And that is reason for concern; drinking patterns that are established early in life can go on to remain with that person throughout their life. There is very good evidence that young people who drink earlier and drink more, and who establish strong drinking patterns in youth, are much more likely to go on to have alcohol dependence problems, problems with the law, homelessness and so on.

Senator CORMANN—The minister in her second reading speech made the point—and it was a criticism in relation to alcopops—that they are deliberately targeted at young people and underage drinkers. As I understand it, the sale of alcohol to underage young people is illegal and, from the evidence on both sides of the argument, there does not appear to be a major issue of suppliers selling to underage people. The problem really is, however, that there are parents and other associated adults who might be purchasing RTDs for their children for functions that they have in their backyard. Is this tax measure an effective way of addressing this or would there be other, more effective measures of dealing with that particular challenge?

Prof. Chikritzhs—I believe that tax would work better if it were in conjunction with a whole range of other strategies—and we often argue for this. I would first like to go back to your point about parental supply of alcohol to young people. It is a particular issue for very young people—that 14- and 13-year-olds and younger are being supplied alcohol by parents. One of the things to remember, however, is that those children who are supplied alcohol by their parents—we know this from secondary school surveys—are typically more likely to be supervised and in a safe environment, and to drink less in that environment, when supervised by an adult. However, the 12- to 14-year-olds are not the same as the older teenagers, the 15- to 17-year-olds, when it becomes much more likely that alcohol will be obtained not from parents but through their own peer networks and by illegal purchase. So to class a 12-year-old and a 17-year-old, both of whom should not be accessing

alcohol, in the same vein in terms of parental supply is not quite correct. We also know that 16- to 17-year-olds are more likely to consume alcohol than 12- to 14-year-olds. So, in some respects, it is the 16- to 17-year-olds who are more likely to access alcohol on their own through their peer networks, not from parents, and they are also the ones who prefer, of course, to drink alcopops. Steve, would you like to talk about the other strategies?

Prof. Allsop—Just on another comment that you made at the beginning, we are not aware of any evidence that would allow us to comment that alcopops are designed or marketed deliberately for young people. On the basis of the evidence, that is not anything we would be able to comment on.

In terms of other strategies, you are right. We need a range of strategies. We need to have strategies that target parental supply. We need strategies that ensure that we enforce the law in relation to supply as well. Whilst many in the industry do the right thing and comply, some clearly do not. We need strategies that support those who comply with the law and we need strategies that call to account those who do not comply with the law.

That is not an argument against price and taxation controls. It is an argument that we need combined responses that include price, that include strategies that target parents, that include a focus on enforcing the existing legislation and so on.

Senator CORMANN—For my closing line of questioning, let us work on the basis that all of us want to do what can be done to reduce harmful levels of alcohol abuse and binge drinking. The question is whether this particular measure is effective in achieving that, and so far we do not have any evidence to suggest conclusively that it has been. The question then is: would it not have been preferable for the government to take a more comprehensive and strategic approach to this, including the levels of alcohol taxation more broadly and in terms of the education, law enforcement and other measures that ought to be part of it? Given the perverse incentives and the lack of evidence that this is working, do you not think that by supporting an ad hoc measure like this that you are letting the government off the hook with tackling the more difficult and more comprehensive approach to this?

Prof. Allsop—No. We have said it is a step in the right direction. We have also said there is a strong and consistent body of national and international evidence that price is one of the single most influential factors in alcohol related harm and risky alcohol consumption. We would welcome and expect a range of other strategies that would combine with this and we would also look to a broader review of the taxation system as well. It is not about letting the government off the hook. We have said this is a step in the right direction based on the best available evidence. We also think there are a range of other strategies that need to be embraced. Whether or not the government is going to embrace those other strategies is a question that needs to be put to the government and not to us. My colleague has something to add here.

Prof. Chikritzhs—It is also really important that we reflect on what happened with the tax change in 2000 which essentially reduced the prices of RTDs compared to other beverages. We saw then and we know from that reduction in price what happened to risky and high risk drinking. I would like to read to you a short paragraph from our editorial in the *Medical Journal of Australia*:

In 1999, before reductions in tax and in the retail price of RTDs in 2000, RTDs were the preferred beverage of about 23% of 12–17-year-old female drinkers. By 2005, after the tax decrease, 48% of young females drank RTDs, while the preference for higher-taxed spirits fell from 42% to 30%. For 12–17-year-old males, RTD consumption increased from 6% to 14% ... Although new products and marketing strategies may have contributed to this substantial change, these data suggest that young Australians, like their counterparts in other countries, do alter their beverage choices in response to price changes.

The other thing to add to that is that we also know from the same survey that produced those results that the proportion of young people—we are talking underage people—who drink at risky and high-risk levels has continued to rise and has never been higher in the entire time that that survey has been monitored. There was a particular rise in 2000. So we know that risky and high-risk drinking, up until the most recent survey that we have available, continued to rise after the 2000 tax change.

Senator CORMANN—There are a heap of questions that come out of that. But I am running out of time, so I am going to ask a closing question. At the end of the day how do we know that what you describe as ‘a step in the right direction’ has worked? You say that it is too early now—that we do not have the consumption data yet and there are other ways that we need to assess whether it has achieved the health outcomes that we would all like to see eventuate. But how will we know whether what you describe as the first step in the right direction has been effective?

Prof. Chikritzhs—We have a global collection of research evidence from well conducted—

Senator CORMANN—I am sorry; if I could just pin you down, because I am running out of time. Very specifically, this measure is a 70 per cent increase in the tax, in the excise on RTDs. How do we know that in Australia it has actually achieved a reduction in at-risk levels of binge drinking and alcohol abuse related harm?

Prof. Chikritzhs—The answer to that question is that we cannot be certain about who is drinking less and about whether they are in a high risk group.

Senator CORMANN—Never? What are we going to assess to make sure that the health outcomes are being achieved? Are you saying that we will never know?

Prof. Allsop—We are saying that we could know if we carefully gather data about consumption among those groups. If we measure ED hospitalisations using sensitive measures—that is, most young people are not admitted to hospital for alcohol dependence; the most common factors of alcohol related conditions are injury, violence and so on. What we would need to do is to assess alcohol related emergency admissions. We would also need to look at data gathered by police. It is possible to gather data that would give us a very strong indication of the impact of the taxation. At the moment we do not have those data to hand but it would be important to ensure that we do.

Senator CORMANN—And the government could get that?

Prof. Chikritzhs—The problem is that emergency department presentations, which would be particularly sensitive to young people's injuries, are not very timely. We would need to gather data that occurred before the tax change for several years and compare that with what happened after, essentially. We would need to collect all that data from emergency department presentations, which do not have a centralised collection database at the moment, and we would need to do that from individual hospitals. We would need to identify the alcohol-related events, which would be a significant amount of work because there are no direct means of telling—we can do it, but we would have to look very carefully at the codes to which the young people's conditions are attributed—and then compare those over time. But these are research processes that take a significant amount of time. It is also important to make sure that we have a good deal of time after the tax, a minimum of 12 to 24 months if we are collecting monthly data, so that we can have enough time to make it work in a statistical sense.

Senator BILYK—I think you have probably answered part of my question in your last response to Senator Cormann. The question was: can you talk to us about the length of time it may take before we can expect to see meaningful data—that is, outside Treasury and retail sales data—that would demonstrate the effect the excise is having?

Prof. Allsop—My colleague has answered that suggesting that it would be about two years if we are gathering monthly data. Part of the problem is that we need to improve the overall intelligence data we have about alcohol consumption and alcohol related harm in the country. That will allow us to make more informed decisions about policy. It will also allow us to make more informed decisions about the impact of policy. The problem there for you is that here is a researcher telling you that you need more research, and you may greet that with some cynicism. But we do need better data systems. Steps are being taken to improve the data systems, but it would take approximately two years gathering monthly data on ED admissions, and we would need to invest in some quality analysis that was not reliant on customer exit interviews or interviews with people about how much they consumed in the last week. We would actually rely on sales data across the country that we could then link to the hospital admission data.

Prof. Chikritzhs—I would like to add to that that we have talked about emergency department admissions as being one of the measurement indicators that we would need to include, but there are others as well which are just as good or if not better and which need to be looked at in concert. As morbid as it is, we would also like to be able to look at death among young people. They are infrequent events but they are useful events to measure because they are so reliable. They are unaffected by recording processes and changes in hospital routine and so on.

We would also need to look at hospital admissions to wards, which are again less frequent than emergency department admissions but a very important indicator. So it means bringing together information from different administrative sources over time—enough time to allow robust frequency counts. Sorry to be statistical about this, but it needs to be done in such a way that it allows the true outcomes to be revealed.

Senator BILYK—One of the other comments you made was in regard to substitution. I think once again that was in relation to a question from Senator Cormann. Are you aware of the *Medical Journal of Australia* study that says basically that substitution is fairly limited and do you have any views on that?

Prof. Allsop—I think that report is the one that we were actually some of the authors on.

Senator BILYK—Sorry, I have read lots of submissions; I might say.

Prof. Chikritzhs—We were co-authors of a very recent piece that came out in the *Medical Journal of Australia*. It is the piece that we referred to which relies on industry data collected independently by ACNeilsen that shows a 91 million drop in RTDs and that only about 53 per cent of that was offset by beer and spirits. Is that the one you are talking about?

Senator BILYK—This is the one that found there was a total decline in alcohol consumption of 2.7 per cent or 64 million standard drinks.

Prof. Chikritzhs—That is right. We are aware of that. There has been some even more recent data from ACNeilsen—I believe it was released in the last few days—that shows that that is a continuing trend and has continued over into 2009.

Senator BILYK—This might be anecdotal evidence but my view is that that may well be because RTDs are pretty colours, sickly sweet and appeal to younger taste buds. I am wondering whether you have a comment to make on that. That is how they are targeted and advertised too.

Prof. Allsop—Of course there is a range of RTDs but there is some evidence that young people are particularly attracted to products where the taste of the alcohol is masked by the sweetness and so on. That would be the extent of the comment we would make on the basis of the evidence there, I believe.

Prof. Chikritzhs—The other thing to note, and I think this would be a repeat of what we have said, is that among very young drinkers it is the beverage of choice—and I read out those numbers before—especially among young females. It does not continue to be the beverage of choice throughout middle age and older but it certainly is the beverage of choice among very young people. It is also the beverage that is most associated with risky and high-risk drinking that results in acute harm among young people.

Senator BILYK—Why should alcopops be treated differently to other forms of alcohol when it comes to taxation? What is your view on that?

Prof. Chikritzhs—I believe the rationale that has been given for this tax is that it is meant to directly address problematic drinking among young people.

Prof. Allsop—As we say, the main thrust of our response in terms of volumetric taxation is that that would be our preferred stance, but we also think it is worthwhile considering taxation of particular products that carry particular risks—and in this case there is evidence to suggest that there is a particular risk associated with alcopops with younger people, who are particularly vulnerable to the effects of alcohol.

Senator BILYK—I have one more question which has a very simple yes or no answer really—and the volumetric issue, I think, is one for another day not for this inquiry—that is: do you think the Senate should pass the alcopops tax?

Prof. Chikritzhs—If I can be so blunt, I believe that the tax to date does appear to be operating in the right direction and that it would be a disappointment, if this reduction in sales is to translate into reductions in harm, to lose that potential.

Prof. Allsop—From me the answer is yes, but we would also welcome and see as important a range of other strategies.

Senator CORMANN—I have two quick follow-up questions to the question that Senator Bilyk asked before. You snuck that one in where you said that harm from alcopops related drinking is the highest level of harm in the community, or words to that effect. I am not sure that I remember the way you worded it, Professor Chikritzhs. I want a few substantiating statements on that. And the second question is: are RTDs now treated in the same way, from a taxation point of view, as all other alcohol products?

CHAIR—Professors, I am going to butt in there and ask you to take those two questions on notice. That would be entirely appropriate considering the time. Did you get those questions clearly? The committee will be in contact with you with those and if other senators have other questions, you can put those on notice as well.

Prof. Chikritzhs—Thank you. I can answer it very quickly. I am happy to do that.

CHAIR—Okay.

Prof. Chikritzhs—I was referring to young people and the National Drug Strategy Household Survey, which was not published in the AIHW 2004 report but was obtained specifically. It showed that the drink of choice among young people, when they drank at risky and high-risk levels, for 14- to 17-year-old females was 70 per cent bottle alcopops and 80 per cent, or thereabouts, canned alcopops, and similar for young males.

CHAIR—Thank you. There were two questions there from Senator Cormann.

Senator CORMANN—The other is on notice.

CHAIR—We will put those on notice along with any other questions from senators. Thank you very much for your time. We do appreciate that. It is always particularly difficult on teleconference; I understand that. We will be in contact.

Prof. Allsop—Thank you.

Prof. Chikritzhs—Thank you.

[11.42 am]

CAPOLINGUA, Dr Rosanna, President, Australian Medical Association

SULLIVAN, Mr Francis, Secretary General, Australian Medical Association

CHAIR—As we have a break after this, we will be able to extend these witnesses' time to give them that right. I have been asked if it would be okay for a photographer to take photos of this session. I think no-one has any objections to that so that is perfectly fine. Welcome, Dr Capolingua and Mr Sullivan. I apologise for holding you up. I know that you are aware of information on parliamentary privilege and the protection of witnesses in evidence. If you have any requirements for more, we can get it from the secretariat. I invite either or both of you to make an opening statement and we will then go into questions from the committee.

Dr Capolingua—The AMA welcomes the opportunity to address the committee regarding this important piece of legislation. We need to reiterate that, across Australia every day and night in emergency departments and general practices, doctors witness the harmful and often devastating effects and impacts of alcohol abuse. Sadly, many of these impacts are on young people's lives. The AMA would like to inform the committee that we believe it would be a retrograde step to remove the tax on alcopops. We support the alcopops tax in the context of broader measures to address harmful drinking, particularly among young people.

The AMA believes that the positive potential of this tax measure would be significantly strengthened if the government also took the next steps and established a volumetric taxation basis for the sale of all alcohol and implemented a multifaceted and substantial strategy of alcohol harm reduction and prevention measures addressing alcohol marking, advertising, labelling, education and early intervention. I will elaborate a little further.

Young people are often risk takers, often with a limited understanding or appreciation of the impacts of their choices. They are also at an earlier stage of brain and body development and, of course, in these circumstances, the culmination of those two when young people engage in high-risk drinking—implications for them, acutely for their health and wellbeing, when they are suffering from alcohol abuse and also long-term health problems—is of significant concern. Habits and long-term health consequences develop from binge drinking and from alcohol abuse.

We know from the latest national surveys that nearly one in 10 teenagers drinks at risky or high-risk levels at least once a week. You have certainly heard a lot of statistics from earlier presenters. This rate is far too high. The behaviours in teenagers can certainly influence habits in later life and ongoing risk of alcohol abuse. Until recently there has been an increasing preference among adolescents for ready-to-drink, pre-mixed spirits, or alcopops. The facts have been that alcopops have been affordable, sweet, palatable to drink and highly marketable to younger people. They are an attractive beverage to have in your hand at a social event. This adds an imposed extra-risk dimension for young people—promotion of dangerous levels of drinking in young people.

For a long time research has consistently shown that alcohol consumption is responsive to changes in price. Price signals do work. They certainly worked with regard to tobacco consumption, along with a comprehensive campaign around cigarette smoking. The higher the price of an alcohol beverage the less likely it will be consumed. The lower the price the comparatively higher the consumption. Teenagers who have limited disposable income will be particularly sensitive to price. This strongly suggests that a very effective lever to reduce teenagers' consumption of alcopops is to raise their prices through an excise and/or custom tax increase. The AMA believes that current evidence from Australia and overseas provides every reason to expect that the alcopops tax will act to reduce demand for alcopops. Recent and emerging data in Australia on the consumption of alcopops appears to confirm this particular expectation. With this positive outcome, however, comes the risk of young people choosing cheaper, substitute alcoholic beverages, where larger quantities of alcohol can be consumed using those alternative or substitute drinks that may be stronger than the average alcopop, because they will be mixing the drinks themselves.

Wherever there is a cheaper drink of at least equivalent alcohol content there will be a risk of substitution taking place for some drinkers. The AMA believes that this risk would be removed if all alcoholic beverages were priced to reflect their proportion of alcohol content. A volumetric taxation basis where beverages of the same alcohol content incur the same excise level would act as an equalising influence on prices. There would not be significantly cheaper beverages of the same or greater alcohol content. Not only this but higher prices for higher alcohol content would act as an incentive for consumers to shift their preferences to lower alcohol

beverages and act as a corresponding incentive for manufacturers to produce those lower alcohol beverages. The AMA advocates a volumetric basis for taxation of alcohol drinks and advocates a level of taxation that acts to keep the price of alcoholic drinks high enough to reduce demand from teenagers.

We need a multifaceted approach, of course, to the effects of alcohol abuse and alcohol harm on people's health. An alcopops tax and a volumetric tax will not be enough to prevent risky drinking in young people or the broader population. There are many factors that contribute to risky drinking patterns which are hard to counteract solely with price signals, but price signals are a very established first step. There is the constant glamorisation of alcohol in the media, in advertising and particularly at sporting events; the normalisation of excess drinking in popular Australian culture; the ready availability of alcohol at pubs and clubs or supermarkets, where adolescents and children roam at almost any time of the day; family behaviour with alcohol use; peer pressure; and an individual's limited knowledge of what harm alcohol can bring about and what are safe levels of drinking. All of these factors can contribute to risky drinking. The AMA believes that an alcopops tax and a volumetric tax will be most effective if they are part of a comprehensive national response to alcohol abuse, which includes, amongst other things: clear and prominent labels on alcohol products at the point of sale; signage informing of the risk of excess alcohol use; legislative controls on marketing and advertising of alcohol, especially when targeted at young people; examination of the regulations relating to the positioning and opening hours of licensed premises; targeted media education campaigns around the risks of excess alcohol consumption; school based education on harms of alcohol abuse; programs which involve parents so that skills in decision making and resistance to risk taking can be developed by children; and appropriately resourced alcohol treatment services.

The AMA also believes that the role of doctors is crucial to prevent harmful alcohol use and intervene early when risky behaviour emerges. About 88 per cent of all Australians visit a GP at least once a year, giving doctors significant opportunities to address risk behaviours in a very large proportion of the Australian population. Young people in particular trust the confidentiality of family doctors, and doctors have the medical skills to identify emerging alcohol problems and provide sound advice and referral to other health or welfare services. The government must invest in healthy behaviours among young people, and this means providing doctors with appropriate resources and opportunities to intervene early with young patients who are at risk, including educating young people to ensure that they recognise the importance of seeking help if they are engaged in alcohol abuse or unhealthy alcohol practices.

The other issue is that the AMA would certainly call for data collection to be able to evaluate the response and the changes that occur with regard to alcohol abuse in the community.

CHAIR—Thank you. Mr Sullivan, do you have anything to add at this stage?

Mr Sullivan—No, thank you.

Senator CORMANN—Dr Capolingua, you raised in your opening statement the harm in the community from alcohol abuse from a health point of view. Have you seen any reduction in that harm at the coalface, in doctors' practices or in emergency departments, since the introduction of this measure?

Dr Capolingua—There certainly has been a reduction in consumption and that has been evidenced as far as alcopops use is concerned. It is too early to be able to determine whether there is a reduction in harm. If there is an overall reduction in alcohol consumption then you would want to believe that there is a reduction in harm. I think that the data collection needs to occur so that we can see and measure over time the positive effects. It is very similar to the tobacco story—you have to take a step forward in order to see the change and measure the reduction in harm.

Senator CORMANN—Is there a safe and responsible level of alcohol consumption?

Dr Capolingua—There are recommended alcohol consumption levels. NHMRC has just released alcohol consumption guidelines, so they are out there. In reality, however, how many young people even understand what they mean would be a question one would have to ask. The AMA advocates for very clear and careful education, clear labelling and signage at the points of sale. We would even go down to putting safe recommendations on the bottom of restaurant menus.

Senator CORMANN—You mentioned that there has been a reduction in consumption. I assume you are referring to the data of reduced sales—

Dr Capolingua—Yes.

Senator CORMANN—and making the correlation between sales and consumption. Are you aware of any evidence that there has been a reduction in consumption by those categories of Australians that we are most concerned about—those drinking at risky levels, those that indulge in binge drinking?

Dr Capolingua—Certainly we know that alcopops have been targeted to young people. We know that the consumption of alcopops by young people has been high and we now know that overall consumption of alcopops has reduced, so we would assume and expect that that means that young people have reduced their alcohol consumption. I can give you anecdotal evidence. I spend a lot of time with a lot of young people. I have children in that age group and below that age group and I have attended a lot of young peoples' parties. Certainly anecdotally their consumption of alcopops has changed. The question, however, is about shifting to other drinks, and therefore the AMA advocates for volumetric taxation. The important thing here is that we know that there is clear evidence—such as in regard to tobacco in the past—that price makes a difference to consumption, and we believe that price signals are very important in tackling these sorts of health issues as the first step as part of a complete campaign.

Senator CORMANN—I am going to get to the volumetric tax in a minute. I guess what I am focused on at this point is evidence that consumption has reduced among those that the government tells us they were targeting—binge drinkers, particularly young Australians drinking at risky levels that are exposed to harm from alcohol abuse. Are you aware of any evidence about that category of Australians rather than those that are consuming alcohol, including RTDs, responsibly?

Dr Capolingua—The AMA advocates that data collection to obtain that evidence is required.

Senator CORMANN—You talked about the support of the AMA for volumetric taxation. Isn't this measure actually a step away from it? Going back to when the last ad hoc change was made—which is now being criticised by the previous government—essentially that was an attempt to close a loophole vis a vis beer with the same alcohol content. Now, essentially, we have an increase which is making beer with the same alcohol content cheaper. This is yet another ad hoc measure rather than a comprehensive strategic approach. wouldn't it have been better, rather than to have yet another ad hoc measure, to take a comprehensive strategic approach to the problem that we are trying to target?

Dr Capolingua—The AMA believes that to remove the alcopops tax would actually be a retrograde step. This should be a step towards volumetric taxation of alcoholic beverages, along with a complete campaign and strategy.

Senator CORMANN—So what I hear you say is that we should not remove the 70 per cent increase in the tax on alcopops but maybe increase taxes on all other alcohol products so that they are brought up to the same level?

Dr Capolingua—The AMA advocates for volumetric taxation across alcoholic beverages. Price signals do work.

Senator CORMANN—In your submission to the committee last year the AMA was critical of the RTD tax increase, saying that it could lead to:

... perverse incentives for young people to shift their preferences to potentially more harmful behaviours ...

Looking at the evidence, have you changed your view on that? Do you no longer think that—

Dr Capolingua—That is one of the reasons we continue to advocate for volumetric taxation across alcohol products. We do not want to allow a shift to occur. It is very important that we continue to work forward on the basis of the alcopops tax and extend volumetric taxation to create price signals across alcohol products. We would reduce the risk of that shift if we had volumetric taxation.

Senator CORMANN—We are all concerned about underage drinking, particularly given the fact that it is actually illegal to supply alcohol to somebody who is underage. What we are hearing is that the real problem there is that parents and associated adults are providing children with those products at parties in their backyards. Is this measure an effective way of addressing that problem? Are there other measures the government should be undertaking to address that particular challenge?

Dr Capolingua—There are two aspects to that problem. Firstly, if it is parents providing alcohol—and a price signal would affect plenty of parents but might not affect other parents—then we are falling down on education with regard to parents and families supplying alcohol to young people. The other issue is that, where parents are not supplying alcohol, I think you will find the majority is obtained through older siblings or peers or illegally with false identification. In that case, price signals would work. Again, we need education.

Senator CORMANN—Thank you very much.

Senator CAROL BROWN—Dr Capolingua, you would be aware that there are other measures in place, and other measures were announced when the National Binge Drinking Strategy was put in place. There is also the Preventative Health Taskforce, which is due to report in June 2009. You would be aware of their work and that one of their focuses is alcohol abuse. I would simply say that we have talked about a number of measures that are needed to reduce alcohol abuse, and I think that there has been a lot of evidence that suggests that price is a measure that strongly affects behaviour. But there are other measures that need to be implemented as well, as you and other witnesses have put forward. Do you believe that the issue of alcohol abuse is front and centre for the first time in a number of years as to the federal government trying to tackle this very serious problem?

Dr Capolingua—The AMA has certainly put a submission to the Preventative Health Taskforce along the lines that I have described to you here today. I think the issue around young people and binge drinking is now more acute. The accessibility of alcohol products by young people and the statistics on the consumption by young people, 12- to 17-year-olds, clearly showing that they have a strong preference for drinking premixed drinks are things that have evolved over time. Previously the focus was on alcohol consumption and motor vehicle accidents, and we still have that focus—that has not gone away. Now the kids will catch a taxi home or stay and sleep, but the binge drinking that is occurring in those episodes is acutely harmful to them at the time and over their lives, as I have described.

This is probably the first time that we have all shouldered to the wheel. Not just government but all groups have shouldered to the wheel with regard to the consumption of alcohol in this country. The fact is that it is now time for government to take some measures around marketing, advertising and the promotion of alcohol across the board to the committee, perhaps even considering buying out alcohol sponsorship of major sporting events. The Australian culture is very much aligned to sport. At the moment, when we are watching the cricket, the football or whatever, alcohol seems to go hand in hand with that. We celebrate our sporting prowess with alcohol. There are a lot of opportunities for the government to take some very strong stands to shift our culture of alcohol abuse in Australia. Certainly health groups such as the AMA will be at the forefront, leading the push to get the government to take those initiatives on board, along with education programs. We need sensible, understandable, clear information for everyone, young people included, around alcohol consumption.

Senator CAROL BROWN—You just said that this measure is a first step in changing behaviour. I take it from that that you would be disappointed if this measure did not pass the Senate.

Dr Capolingua—The AMA would see it as a retrograde step if the alcopops tax did not go through.

Senator CAROL BROWN—Thank you.

Senator BILYK—I was quite interested in a couple of comments that the AMA made in its submission to the Preventative Health Task Force 2008. One was:

With regard to alcohol, a culture which normalises excess drinking ... can make it easier for individuals to deny that they are engaging in risks to their health.

Could you elaborate on that in regard to the alcopops issue and the fact that they are basically targeted at a younger audience? In your opening statement you talked about brain development and things like that, and I was wondering if you could expand on that. I am asking about the negative effects of people being able to access alcohol cheaply.

Dr Capolingua—It is the alcohol culture in Australia, is it not? I will read you something that appeared on page 3 of the *Australian* yesterday. The Western Australian mental health minister, Graham Jacobs, was quoted as saying:

... youths aged 15 to 19 are vulnerable to the notion that “if you’re not getting plastered you’re not having fun”.

That is really, unfortunately, what the culture is amongst young people in particular, let alone the reflection on adult alcohol consumption. Young people are particularly vulnerable. The brain continues to develop even to the age of 24 or 25. When it is insulted on almost a weekly basis with very high levels of alcohol consumption, we probably are doing damage that we will not be able to measure until we collect the data in 10 or 20 years time. So we are really sitting on something here in this Australian culture of ours which can have devastating long-term effects, let alone the acute effects of risk on the young people at the time. In this country the admission rates of young people to hospitals due to alcohol are quite staggering. The latest data indicates that around 15 per cent of all deaths of 15- to 24-year-olds is attributed to alcohol. These are unnecessary deaths.

They are often due to injury or accident that occurs when the young person is under such a level of intoxication that they fall and hit their head on the street kerb and then their parents are turning the life support off a few days later. So the risks and the dangers here are very real. The habit at the moment in our culture and society is accepted. It takes a lot to start to turn that acceptance and that culture around. I refer again to cigarette smoking. Even doctors used to smoke quite readily. So we have to start somewhere. Having the debate, even about the alcopops tax, and bringing this to the fore is part of stepping forward to change that culture.

Senator BILYK—Thank you.

Senator FURNER—Following on from that question: naturally, I think, at this stage most of the evidence we have heard is that there has been a targeted audience in the age bracket of 12 to 17 and possibly onwards, particularly young women. What is your view on those providers of that type of product to that age group, particularly the marketing of the product in advertisements on the internet and in journals to get their message across?

Dr Capolingua—Industry is about sales, and alcopops were created because industry could see there would be a market opening there for purchase and sales. Advertising occurs because you know that advertising works and achieves market retention. They are also looking for brand commitment in these sorts of things so that particular young people will buy the same particular brand of alcopop for their consumption over a period of years and then move on into other alcohol consumption over time. So regulation and legislation around advertising and marketing, the AMA believes, would be a very powerful tool in assisting in the culture change and protecting young people from, literally, exploitation by industry in order to get sales.

Senator FURNER—Other than with the taxation proposal, how do you get your message across to youth given that, I guess, they are following their peers or it becomes a bit of a cult group—you should be trying a Smirnoff or something to ensure you fit into the group? What other measures do you consider appropriate?

Dr Capolingua—Sorry, can you restate that question?

Senator FURNER—It becomes a bit of a cult group, the way I personally see the marketing delivered. I am just looking at possible ways of handling that other than advertisement.

Dr Capolingua—I think that, apart from advertising, there is the whole gamut of things that I described. You really need education, starting in schools and starting at home as well. In this discussion, this debate and this focus we are having on alcohol consumption, we tend to be talking about young people. The discussion is out there and you start to change, hopefully, the awareness and the habits of adults and peers—parents in families. So the first thing is the belief that you have to be consuming alcohol to excess to have a good time. We have to change that culture and that belief. Then, secondly, when kids are already convinced that that is the case, the alcohol industry goes in and markets to them with drinks that they believe the kids will want to purchase and use. So we really have to shift the whole culture, and that requires targeted media campaigns, it requires education across schools and even for adults, it requires appropriate labelling and it requires signage at points of sale—as I described earlier, even down to a restaurant having safe drinking messages and safe consumption information on the wine list or the food menu. It is a whole culture of getting the message out there, and it can be done. It takes some first steps, and it will take a while. We should measure and collect the data to see the outcomes, but to not do so is abrogating our responsibility.

Senator FURNER—So the government is at least making a positive step in that direction?

Dr Capolingua—It has been put on the table, but it cannot be just alcopops tax. It needs to be part of volumetric taxing across the board and all of the other initiatives that the AMA has described. But to remove it would be retrograde.

Senator BILYK—Following on from that, are you aware of the measures to target risky drinking being investigated by the Ministerial Council on Drug Strategy at the moment and what is happening there?

Dr Capolingua—Not the detail of that, no.

Senator BILYK—You are not aware of that? Okay.

Dr Capolingua—We know that it is on the agenda; we have not seen the detail.

Senator BILYK—Okay. You have put in a submission to the preventative task force. Sorry, I was a bit distracted when you mentioned the National Binge Drinking Strategy. What is the AMA's view on that?

Mr Sullivan—You are talking about it in relation to the COAG strategies?

Dr Capolingua—That is the same thing. We are not privy to the detail of that strategy.

Mr Sullivan—Not yet.

Senator BILYK—Does the AMA have a comment to make on the fact that the government has put in \$872 million worth of investment into preventative health and alcohol consumption?

Dr Capolingua—I think that preventative health crosses a lot of boundaries, not just alcohol, and we certainly are keen to be influencing the strategies around preventative health. They need to recognise the role of doctors who, in primary and secondary prevention, have played a huge role in preventative health. Primary prevention means detecting risk of disease or adverse outcome in a person, and secondary prevention means that when you have something already—such as diabetes, cardiovascular disease or high cholesterol—doctors intervene to minimise adverse outcomes from the existing disease. That is part of our job. That is what we do and will continue to do. The AMA will certainly support anything the government can do to empower us to do it even better and to spread access to that resource. But that is certainly broader than just alcohol.

Senator CORMANN—I have two questions that follow up broadly from some of the issues that have been raised. In terms of alcohol abuse related harm and how that has developed over the last 12 months, are you aware of the Access Economics report into ED admissions? Have you looked through it and assessed it? Can you comment?

Dr Capolingua—No, I have not looked through it. I am certainly aware of the media reports with regard to that particular review. As I understand it, it is a very short time frame that was being looked at. Having had the opportunity to listen to Professor Chikritzhs and Professor Allsop earlier, I understand that we need to collect data over a longer period of time to make an appropriate evaluation.

Senator CORMANN—Sure, and I guess that that is the problem we are facing as we are trying to assess the effectiveness or otherwise of this measure. Of the data that is floating around, some of it is in relation to sales, other parts of it is based on surveys and other parts of it are based on relatively short periods of emergency admissions data. But I guess we are trying to do the best we can with what we have. I wonder if, on notice, you could have a look through the findings of the Access Economics report and perhaps give your assessment and your perspective, given that it does relate to what happens on the ground in terms of alcohol abuse related harm to health in a particular setting.

Dr Capolingua—We will take that on notice.

Senator CORMANN—I would like to explore your statements that removing the increased tax on alcopops and RTDs would be a retrograde step. Are you saying that it would be a retrograde step because we should never make any alcohol product cheaper than it currently is, that really you consolidate at whatever level you can get and that volumetric taxation is what you want so ultimately you want to push everybody up to that same level? Is that what you are saying?

Dr Capolingua—What sort of message are you giving the community—and the young people of the community particularly—if we remove the alcopops tax? I sampled the views of about 40 med students on Sunday morning, actually. I said to them, ‘I am going to present to the alcopops inquiry this week. What do you want me to say?’ They all said, ‘Get rid of it!’ What message are you sending to them if you take this step backwards? Are we saying that it is okay—that the consumption of these drinks is fine and that the government does not need to be addressing alcohol abuse? I think we have to really—controversial as it has been—work towards our end goal here: to change the culture of alcohol abuse in this country. We need to take all the steps that are required—volumetric taxation, education, regulations around advertising and marketing et cetera.

Senator CORMANN—Dr Capolingua, you are mixing two statements there—consumption and abuse. I guess I can understand why the young people you have spoken to told you to get rid of it. This is a huge issue among young people. As has been identified, they have a preference for a different sort of alcohol product category than perhaps middle-aged or older people. Those people might be drinking at the same risky levels that young people are but they are just drinking a different product—which brings us back to the volumetric tax. But the question is: do you want to reduce consumption per se, even if it is responsible consumption, or do you want to reduce—

Dr Capolingua—Do you know how you end up abusing alcohol? By consuming it.

Senator CORMANN—So you are saying that we should—

Dr Capolingua—I want to reduce abuse and, in order to reduce abuse, you actually have to reduce the consumption. I can reiterate the data with regard to young people and high-risk drinking if you want me to, but you have had a lot of data today. So, in order to reduce abuse you actually have to reduce the consumption.

Senator CORMANN—So you are saying that even those who are consuming whatever alcohol product it is at responsible levels should reduce their use as well?

Dr Capolingua—This particular discussion is around alcopops. I have got stats here with regard to young people in particular, but if you want to look at Australia's alcohol stats overall for adult consumption as well I would have to go back and get some more data and bring it back—

Senator CORMANN—No, no, let us leave it as it is. I am just trying—

Dr Capolingua—We need to increase the rates of responsible drinking. That means that we have to reduce the rates of excess consumption.

Senator CORMANN—I agree with that last statement, but it is different from what I understood you to be saying before. I am just trying to pin down what it is we are trying to achieve, because unless we do that we cannot really measure whether we are successful in what we are doing. As I understand it, the government has identified RTDs as a problem alcohol product that creates particular harm, and says that justifies the increase in the tax. Hopefully, according to the government, we can reduce at-risk levels, high-risk levels, of consumption—binge drinking—and harm from RTD related abuse. What I am trying to understand is whether it is being effective in that regard or whether it is just forcing at-risk levels of consumption to other product categories. After listening to what you just said, I ask: do you want to get rid of alcohol consumption per se or do you want to reduce at-risk levels of consumption in those target groups?

Dr Capolingua—We want to reduce at-risk levels of alcohol consumption across the groups. We have a particular issue, I think we have all acknowledged, with regard to young people at the moment.

Senator CORMANN—So, if you want to achieve a reduction in at-risk levels of alcohol consumption, do you think that a tax hike, in isolation from other measures, on one particular product category helps to achieve a reduction in at-risk levels of alcohol consumption?

Dr Capolingua—The AMA advocates that to remove the risk of shifting consumption into other categories we have volumetric taxation. To remove the alcopops tax—

Senator CORMANN—But, in the absence of that, we will have those perverse incentives, will we not?

Mr Sullivan—Senator, the president already said earlier that we are calling for a comprehensive package. The alcopops tax is part of that, but other strategies are included.

Senator CORMANN—The reason I am asking this is that what you are saying and what others have said before is that this is a step in the right direction and it will help us address a broader problem. I am worried that not only is it a step in the wrong direction, because it takes us away what you are arguing for in terms of a volumetric tax, but (1) it could also make it worse and (2) it actually lets the government off the hook in terms of addressing the more comprehensive and more difficult challenge of having a proper strategy in place that addresses—

Dr Capolingua—The AMA will not let the government off the hook—and the government has a responsibility to the people—and we will continue to pursue the other parts of our agenda with regard to unsafe alcohol consumption.

Senator CORMANN—But what about this measure making it worse?

CHAIR—Senator Cormann, I think you had more than enough time. Senator Brown?

Senator CAROL BROWN—Thank you, Chair. Dr Capolingua, I want to go back to a comment that you made previously, that alcopops are a specific issue within with the binge drinking problem. My question, following on from Senator Cormann's questioning, is: given that comment, do you think it is acceptable that alcopops are cheaper than full-strength spirits? Given your comment identifying alcopops as a specific issue—

Dr Capolingua—The AMA would advocate volumetric taxing, where the price signal would depend on the alcohol content of a drink, and that would be across the board.

Senator CAROL BROWN—Given that that overhaul has not happened yet and we are talking about this particular measure, do you think it is acceptable that alcopops are cheaper than full-strength spirits?

Dr Capolingua—Because we are actually discriminating at the moment with regard to a particular high-risk group, which is young people, the price signal is being leveraged at that particular group. We know that price signals—

Senator CAROL BROWN—Work.

Dr Capolingua—that is right—work. There is evidence that price signals work.

Senator CAROL BROWN—There is strong data, we have been told, that price signals work.

Dr Capolingua—Yes.

Senator CAROL BROWN—So you would support this measure being passed in the Senate?

Dr Capolingua—The AMA believes it would be a retrograde step if this measure were not passed.

Senator CAROL BROWN—Thank you.

CHAIR—I will put one question on notice. It is something that we will be struggling with a long time. We consistently talk about the collection of appropriate data, and I would be really interested to have some information from you at some time about the kind of data and the methodologies to collect it, because we consistently struggle with how you do get objective, reliable data in this area. It would be very useful to have something from your experience on that basis.

Dr Capolingua—We appreciate that, thank you.

CHAIR—Thank you very much for your time and your evidence. We will now suspend while the Senate begins for the day.

Proceedings suspended from 12.20 pm to 12.54 pm

DORAN, Associate Prof. Christopher Mark, Health Economist, National Drug and Alcohol Research Centre, University of New South Wales

SHAKESHAFT, Associate Prof. Anthony, Associate Professor, National Drug and Alcohol Research Centre, University of New South Wales

CHAIR—Good afternoon and welcome to representatives from the National Drug and Alcohol Research Centre. My apologies for being late; there was an issue about how we would operate. You have received information on parliamentary privilege and the protection of witnesses. If you need any more details, the secretariat can provide it for you. I invite each of you to make a short opening statement and at the end of your statements we will have questions from the committee.

Prof. Shakeshaft—Firstly, I would like to apologise as Professor Richard Mattick was due to attend today but he called in sick this morning, so I apologise that he is not here. I thought, just very briefly, that I would outline the position of NDARC and specifically of Professor Doran and me in relation to this issue. Our views were published in an article in the prestigious medical journal the *Lancet* and they have previously been tabled for the information of the Senate committee. That article makes four critical points. The first one is that, when we wrote that article, we doubted that there would be clear evidence about whether or not the increase in the alcopops tax would actually reduce binge drinking, binge consumption and harm amongst young people.

The data that have come out since then show clearly that there has been a reduction in the sales of alcopops and we think it is reasonable to extrapolate that to consumption of alcopops broadly. But if you are talking about whether the increase in the sales tax has actually led to a reduction specifically in binge-drinking harms then we think at the moment there really are not good data to tell us whether or not that has been the case. One of the interesting outcomes of the process to date is it has crystallised, particularly from a research point of view, that there are not really good data on how to measure harms that are specific to certain policies like this particular tax. We would strongly encourage further consideration of some further research to obtain those particular data.

Another issue that we raised in the article, which we think is important to put in front of the senators today, is the idea that there seems to be clear potential to further modify some areas of the current alcohol tax system. Chris and I were talking at lunch and we think it has been remarkable that one tax targeted at a very specific type of beverage has had such a big impact in terms of industry behaviour, and we have been able to look at the change in sales and the change in consumption amongst young people more broadly. We think, if nothing else, this process has shown the quite powerful effects that excises can have. We still think there are some idiosyncrasies in the system that can be looked at.

The final point we wanted to make, which we made in the article, is that, if the main aim is to achieve a reduction in binge drinking and harm amongst young people, then there needs to be a range of strategies put in place. One of those is certainly to do with price but there is pretty good public health evidence that the other things we really need to be looking at are around advertising and availability of different types of alcohol. The way to get an optimal improvement or to optimally protect young people in terms of their exposure to harms associated with binge drinking is to do all three of those things—price, availability and advertising.

CHAIR—Professor Doran.

Prof. Doran—I concur.

Senator SIEWERT—When you talk about idiosyncrasies in the system, can you go through a few of them in terms of what needs to be fixed?

Prof. Doran—There are a number of idiosyncrasies. One is in the data collection itself and actually getting a good handle on drinking behaviours. It was tabled in the book. The data that is collected on alcohol use in Australia comes from multiple sources. Some of the work that we have looked at is from the secondary schools survey, and this targets young kids in schools. We have information from the National Drug Strategy Household Survey that targets people over the age of 14. Each data source provides different information. It is sourced from a different population to a certain extent. There are different methodologies. I suggest there is a potential source of conflict in that information. They are not telling us the right information. If we increase the sample size, if we aim for a more representative survey, we could get a better handle on the risk behaviours of drinking full stop, and that applies to most other risk factors in Australia as well—for example, tobacco and cannabis use. In terms of the health data, there are other holes, other pieces of missing information. For

example, Anthony might like to expand on some of the hospital information and the crime information, where alcohol is or is not related as a flag for those incidents.

Prof. Shakeshaft—I think that comes through the issue of how we actually measure more precisely the impact, particularly the deleterious impact, of things like policy changes. When we bring in, in this case, the alcopops tax, how do we actually know if fewer young people present to an emergency department? I think those are the data that we really need to do some work on improving. In terms of the idiosyncrasies within the tax system, at the moment, wine and beer are taxed at very different rates to spirits. However you do it—I am sure you have heard a multitude of options for how you might make some of the taxation more equitable—I think the key thing from our point of view is to try to find ways to align what we do over here in the tax system with public health outcomes. How do we get the industry to compete in ways that are likely to have public health benefits rather than just on prices? The obvious things there might be to find ways, using the price system and the tax system, to make low- and mid-strength beers, for example, more economically attractive to the industry so that they then start to compete on something other than price that also has a public health benefit. There are a myriad of options. There are lots of things you could do, but the important thing is to think about how we can structure things in order to get those good public health outcomes. As a researcher it would be remiss of me not to say: how can we find ways to measure that accurately?

Senator SIEWERT—Can I ask you straight up: do you think this is a good measure? Do you think it has been successful? Can I infer from what you have said that you also support a comprehensive approach? When you say that you need strategies for advertising, availability and further changes to the tax system—as I interpret what you have just said—does that mean you support this measure but you also think there should be a more comprehensive approach? Is that a correct interpretation of what you are saying?

Prof. Shakeshaft—Yes.

Senator SIEWERT—And you think this measure has been successful?

Prof. Shakeshaft—Yes, I do. It depends—you need to be careful. ‘Successful in doing what?’ is the question. I think the evidence is pretty clear that there has been a decrease in sales. We think it is reasonable to infer from that that there has been a decrease in consumption overall. If the question is: ‘Do we think that there is now less alcohol consumption as a result of the tax?’ it looks as though that is the case. We would be happy to argue that it has been successful on that basis. If the question is: ‘Has it been successful in reducing the harm experienced by young people as a result of binge drinking’—and, if you want to be very precise, ‘as a result of drinking alcopops?’ we just do not have the data. So we think that is unclear.

Senator SIEWERT—I have a couple of questions arising out of your comments. Firstly, I do not think you were here earlier this morning when the AHA tabled the survey they have done. They said that, although they did not get the statistics, they think there has been an increase in straight spirits sales. Have you looked at that? Do you think that has had an impact? Secondly, an Access Economics report was put out the week before last which said there has been no reduction in the number of people admitted to the ED. Have you had a look at that report and do you have any comments?

Prof. Doran—I have a few comments in general about data sources. Tabled in here are multiple sources from the industry, from health bureaucrats and from academics. That is one of the problems: there are different sources of information. The general consensus is that there has been a decline in RTD sales over the last X months—in particular, over the last six months last year. But I have not looked at the industry data in particular. That is one of the key issues of transparency. If they provided it to us we would be able to comment, but we simply do not have access. But we looked at the industry over time—we collected some information on sales data from Euromonitor—and were able to track what has happened since 1996. If you look at the sales data from a time series point of view, over the 10-year period RTDs—alcopops—have increased 455 per cent. They have increased in value from three per cent of the market to around 15 per cent of the market before the introduction of this excise tax. So obviously there will be implications on market share. As a consequence of higher prices with the alco tax, people will stop drinking it. So it is natural to expect some reduction. But it has to go a long way before we are able to get back to those levels of consumption existing before the alco tax started to take off.

Senator SIEWERT—The other point the association made this morning was that there had been a reduction in alcohol sales over the last 20 years. Is that correct?

Prof. Doran—The evidence that we have collected—and again, this is one of the issues, there are flaws with our evidence, but at least it is a transparent process that we have gone through and it is available

publicly—suggests that volume has actually increased 28 per cent over that 10-year period. The only thing that has decreased is in spirits—by three per cent. You can look at the potential: a 450 per cent increase in RTDs—in alcopops—and a three per cent reduction in spirits.

CHAIR—Professor, which 10-year period is that?

Prof. Doran—1996 to 2006.

CHAIR—That is the period you are talking about?

Prof. Doran—Yes.

Senator SIEWERT—2006 is because that is when you have got the data or when the survey was last done?

Prof. Doran—That is when the data is available.

Senator CORMANN—Is that adjusted for population growth at all or is that increase in volume overall?

Prof. Doran—That is an increase in volume overall, but we do have per capita increases. That information has been tabled in this report, and the growth is significant.

Senator CORMANN—So if somebody says—like Senator Siewert has said—that there have been significant decreases overall in consumption over the last two decades, say, on a per capita basis, you would disagree with that?

Prof. Doran—We have the data from one source that would disagree with that, yes.

Senator SIEWERT—I should put on the record that I am not saying that I was quoting the AHA.

Senator CORMANN—Sure, that is what they said.

Senator SIEWERT—I did not think you are trying to verbal me.

Senator CORMANN—No, no—that is what they said this morning.

Senator SIEWERT—That is what they said this morning. I want to go back to this issue around admissions to EDs. Through our previous inquiries we were talking about this as well. As I understand it, it is very difficult to track people going into EDs and linking it to in fact alcohol abuse. Is that a correct understanding?

Prof. Shakeshaft—Absolutely. I am actually running a big project at the moment—a randomised trial in rural New South Wales South Wales—where we are working with 20 communities and 10 whole communities to try to reduce harm. It has taken us about three years to develop one of the measures around this, which is why I was a little suspicious of the Access Economics report. We spent a lot of time trying to think about how you measure alcohol related presentations to emergency departments and, indeed, in-patient presentations. The key problem is that the way they categorise hospital presentations is through the International Classification of Diseases, and those codes are not set up to measure alcohol or the contributing factors; they are there to measure what you are actually there for. So if you turn up at the ED and you had been drinking too much and you fell and broke your arm, what would get recorded is a broke an arm in the ED and the alcohol may or may not get listed.

In the study in rural New South Wales we did a small pilot project and got nurses to indicate themselves whether they thought someone had been drinking and also to ask the patient whether they been drinking in the six hours prior to whatever it was that brought them in. When we did that we got up to 23 per cent of presentations—this is in rural New South Wales—being alcohol related, When we compared that to the ICD codes it was five per cent. That is not meant to be a critique of the ICD codes; it is just to point out that the ICD codes are not set up—

Senator SIEWERT—You cannot use them.

Prof. Doran—That is right. They are not set up for that.

Senator SIEWERT—We can get a handle on sales, and consumption is a bit more tricky, but as to whether we have reduced harm you are saying that you cannot say either way because we do not have the proper data collection or measurements occurring. Is that a good summary of the position?

Prof. Shakeshaft—Yes.

Prof. Doran—There are proxies in place to measure the harm.

Senator SIEWERT—And we need to improve that?

Prof. Doran—Yes.

Prof. Shakeshaft—In Victoria, for example, with ED presentations they have things called external cause codes. In Victoria they collect them; in New South Wales they do not. They allow you to use what they call an etiological fraction, where they can divide up any proportion of a presentation according to the external causes, one of which would be alcohol. But it requires that those codes and those data are collected when someone presents. It is kind of done haphazardly around the country at the moment.

Prof. Doran—To make a point of clarification, in certain area health services there are drug and alcohol liaison officers who are there to pick up alcohol and drug related admissions to the emergency departments and then provide the link into specific counselling. New South Wales health are currently evaluating their system to see if it is actually making any difference, but I understand that the problem is that there are no set standards—no set regime that they follow—so there are a lot of differences and divergences in the methodology and it is very hard to compare across area health services. But that is one possibility: where the measures are in place, there could be a refinement of that process to improve the robustness of data that is collected.

Senator SIEWERT—When you say there are no set standards for measurement that the drug and alcohol people use, do you mean between the hospitals or between the states?

Prof. Doran—Between the area health services there is a lot of autonomy in how they offer the services, so they vary.

Senator SIEWERT—So even within a state there is no consistency?

Prof. Doran—Yes.

Senator CORMANN—I want to pick up on Senator Siewert's line of questioning, but my own view is that there really has not been any evidence presented so far that consumption at risk levels of alcopops or RTDs—whatever you want to call them—has actually reduced. Nothing that you have said so far contradicts that. In your article in the *Lancet* you were of the view that it is unlikely that it would substantially reduce the overall rates of binge drinking. Now you have said that we have seen a reduction in sales and we correlate that to a reduction in overall consumption, but we do not know by whom. We do not know whether it is responsible drinkers or binge drinkers. Is that a fair summary?

Prof. Shakeshaft—Yes, I think that is a fair summary. Unfortunately, we just do not have the data that would tell us whether young people who were going out on Friday and Saturday nights—whatever it is—and getting really drunk are still doing that and, even if they are, whether they are doing it on some other type of alcohol.

Senator CORMANN—You are clearly very switched on academics and you give thought to public policy that will achieve particular outcomes. If you want to reduce binge drinking—if you want to reduce levels of at-risk drinking and alcohol abuse related harm—wouldn't you start by setting out very clearly the objectives you are trying to achieve and the measures that are going to tell you whether you are achieving them before you get underway? Is it a bit unusual to have an ad hoc measure in isolation of anything else with everybody scrambling where we do not really know whether it has been effective or not?

Prof. Shakeshaft—Because it is such a difficult thing to measure I do not know if it would be reasonable to say, 'We think we're going to bring this measure in and what we are going to do, a priori, is have careful and clear indicators of exactly how that will play out across a whole community.' It is a really complicated area—

Senator CORMANN—I understand all of that, but clearly you had some concerns. You are very supportive of us doing everything we can to reduce harm from alcohol abuse, I take it? Yes. We are all very supportive of that. Looking at evidence based policy then, you have to look at doing things that work as opposed to things that do not work. Clearly, you had concerns in that context that what was on the table would not achieve the expected results, and still now we do not know whether it has. All we know is that it has reduced sales. So is there a better way?

Prof. Shakeshaft—It is quite reasonable to say it is the distinction between having very precise measures of what you are trying to achieve. If sales data have declined—and the evidence seems fairly clearly to suggest that they have—I think it is perfectly reasonable to say that across the whole community consumption of alcohol has declined. And from a public health point of view that is a good thing. The question is whether it has made a difference to young people binge drinking—how much they drink on one occasion. It is not that

we do not have sales and consumption data but that we probably do not yet have good measures of whether individual groups within a community are drinking more or less.

Senator CORMANN—From a parliamentary point of view, the best indication we can get of the government's intentions is to look at the budget. If you look at the budget, the government expected revenue for alcohol to increase up to \$3.1 billion and sales to increase. That has not eventuated and, because it has not eventuated, the way it has been put to us after the event shows it is working. But if that is what the expectation was surely the estimated revenue would have been consistent with expectations. I am trying to understand what the policy process is here. On that point, the government have told us that they have not collected any consumption data on a reduction of risky, high risk and/or at-risk behaviour since the RTD excise increase was introduced in April 2008. Could the government have done more in helping all of us identify the data, the evidence that it has or it has not worked? Is there something the government could have done in collecting consumption data?

Prof. Shakeshaft—The government has collected some information about adolescent drinking. In particular, there is a lady by the surname of King whose report is tabled in here. It clearly indicates beverage preferences by young children.

Senator CORMANN—Since 2008?

Prof. Shakeshaft—Not since 2008.

Senator CORMANN—But this is my point. So we have a measure here that is introduced with a particular objective, and some people would argue—and I would argue—that perhaps some of those objectives have been changed after the event. But let us leave that to one side. So the measure was introduced in April '08. There is public interest and a lot of debate as to whether or not it is going to be effective. Shouldn't the government have commissioned some research? Are you aware of any outlet that the government could have used to conduct research that would have provided us with more credible information about consumption rather than sales data and levels of at-risk consumption and how that has changed?

Prof. Shakeshaft—I know this does not directly address your question but one of the things—

Senator CORMANN—Try to address it directly.

Prof. Shakeshaft—One of the things the government could have done would be to collect sales data routinely across the country and make it available. That would be a big step and an important step. So a first step would be improving the sales data. To specifically ask about consumption is very difficult. It is expensive to do. The only way to get it is to do a survey, so then you are relying on people's self reporting. You have to find a sample of young people and you have to say, 'In the last month how much have you had to drink on one occasion?' Trying to collect consumption data is very difficult and expensive. Could they have done it? Yes. The question is whether that gives you data that is substantially better than what you could get through, for example, the sales data.

Senator CORMANN—I think there is a real public policy issue here. You have touched on the measures and how we measure the success of something that is trying to reduce alcohol abuse related harm. If you had to give us a range of health outcome measures that public policymakers should assess and review, could you perhaps give us on notice a list of the sorts of data lines or measures that would assist us in making that assessment? I do not expect you to answer that now. On a quick, final line of questioning, do you remember the history as to why the tax regime for the RTDs was changed in 2000 and what it was trying to achieve then?

Prof. Shakeshaft—My understanding is that there was some debate about how you define a spirit drink, and I think it might have been Carlton United at the time argued that the alcopops—the premixed drinks—should not be regarded in the same category as straight spirits, because there is much less alcohol by volume in an alcopop than there is in a bottle of spirits. So, to get around the debate that it was reasonable to tax those at the same rate, the government of the day brought in legislation that effectively put in a band that said anything below 10 per cent alcohol per volume gets taxed. It is not at exactly the same rate, but it is more or less the same rate.

Senator CORMANN—But wasn't it to make the RTDs, which had the same or a similar alcohol content as beer, essentially subject to the same tax treatment?

Prof. Doran—Yes.

Prof. Shakeshaft—Yes, and to get rid of that discrepancy or perceived unfairness of taxing alcopops, with that smaller amount of alcohol by volume, at the same rate as bottles of spirits.

Senator CORMANN—Do you have a view on volumetric taxation of alcohol?

Prof. Shakeshaft—We work in public health, and my view is that there is the potential to better align the ways alcohol are currently taxed, to achieve better public health outcomes. Whether you do that through a volumetric tax or some kind of tiered tax system—whatever it is and whatever you want to call it—I do not really think matters too much. The important thing, I think, is that if this debate has taught us anything it is that there is clearly the potential to get industry to compete in a way that aligns their interests with public health interests. And what I am specifically talking about there is trying to use the tax system to get the industry to compete on things like promoting low- and mid-strength alcoholic drinks, because—

Senator CORMANN—On that point, this RTD tax applies equally to full-strength, mid-strength and low-strength RTDs. That is counter to what you have just said, isn't it?

Prof. Shakeshaft—The point I was trying to make is that there needs to be a careful review of the whole system to get it right—

Senator CORMANN—I would agree with you on that.

Prof. Shakeshaft—yes—and we have not done that. But I think the critical thing is to find a way to review what is happening so that you get rid of those idiosyncrasies. Exactly what that looks like—

Senator CORMANN—So you are not supportive of increasing the tax to the same extent on low alcohol content RTDs and mid-strength RTDs as applies to full-strength RTDs? Do you think there should be a differentiation between low-strength, mid-strength and full-strength RTDs?

Prof. Shakeshaft—If there were reasonable evidence and a reasonable basis for deciding that taxing lower strength RTDs at a lower rate than full-strength ones was going to achieve a reduction in young people presenting to emergency departments and those kinds of outcomes, then yes.

Senator CORMANN—But we do not have evidence of the measure full stop, do we? We are sort of going round in circles. We do not have the evidence you are asking for to apply a lower rate of tax to low-strength RTDs and we do not have the evidence to justify an increased tax on all of them, so how are we ever going to get that?

Prof. Shakeshaft—As a general principle, if you could make lower strength RTDs more attractive to consumers so that they were more likely to drink the lower strength ones, then that would clearly have a public health benefit.

Senator CORMANN—Yes. Thanks.

Prof. Doran—But that is the whole context of volumetric taxation: you tax lower alcohol content beverages at a lower rate—and there is evidence to demonstrate that that is the most cost-effective strategy that the government could introduce.

Senator CORMANN—Which is what I was trying to get you to say, and I was really confused as to why such a complicated answer came back. Thanks.

CHAIR—Senator Bilyk.

Senator BILYK—If it is plausible that young people will buy fewer alcopops, are they likely to just buy other forms of alcohol or is it the case that their preference is for alcopops? Does that mean they will consume less, now we have got the tax?

Prof. Doran—The evidence that we have collected suggests that consumption rates are fairly stable. What they are bingeing on is different, and young women in particular have been bingeing on alcopops. So this tax is an effective policy to reduce the demand for alcopops, which means they will reduce their consumption of alcopops. But, as we saw in the information I provided before, there has been a huge increase in the sale of alcopops over the last 10 years and a decline in the sale of spirits. In our article we were arguing that, in the absence of evidence, we would hypothesise that there could be some degree of product substitution. So they are still going to binge, because we have not actually addressed the fundamental reason why they are bingeing; we have adjusted one of the price levers. Price is very important. We know that there is a strong relationship between price and consumption for people who can least afford it, young people in particular. So it will have an effect but it is a strategy in isolation, and we are suggesting that strategies in combination are more effective at addressing binge drinking.

Senator BILYK—Sure. The National Drug and Alcohol Research Centre have published a paper in regard to RTD taste perception and they found that older people found the taste of alcohol more acceptable than

young people. So some forms of alcopops taste so much like soft drinks that it encourages them to drink them. I have a personal concern that younger adults and under-age drinkers treat them as soft drinks. That is quite a concern to me, of course. Do think, in regard to that, that there is justification for treating these types of drinks differently? You have talked about volume issues but today is not about the volume per se; it is about the alcopops and the issues with them.

Prof. Doran—I think it is more an opportunity to address an inefficiency in the current taxation system. The industry has exploited that tax loophole by being able to promote their product. That is a justification that is demonstrated in the significant growth in RTDs. If you look at the number of RTD products that have been put on the market you find that in 2007 there were about 800 products. Companies diversify. They go with market trends. It is no accident that they are developing sweeter products for a particular market, whether that is young women or just women in particular. So whatever strategy is put in place the industry will diversify and create new options to pursue the bottom line: profit.

Senator BILYK—I just have one more question, because I understand other senators have questions. You stated in your article in the *Lancet* that going part of the way is not the same as going in the wrong direction. While it is acknowledged that there is currently a lack of evidence around harms—if we take away Treasury issue and ATO information—do you think the Senate should pass the alcopops tax?

Prof. Doran—We support the alcopop tax. Yes.

Senator BILYK—So you would like to see it passed in the Senate.

Prof. Doran—Yes.

CHAIR—Thank you, gentlemen. I know that Senator Cormann has asked you about data collection. I noticed it would be very useful to get some information from you, with your particular expertise, about appropriate data collection—how, what, when, the whole thing. If we could get something back from you on that basis it would be very useful.

Prof. Doran—Absolutely.

Proceedings suspended from 1.28 pm to 3.10 pm

MUNRO, Mr Geoffrey, National Policy Manager, Australian Drug Foundation

PLACE, Ms Amanda, National Communications and Marketing Manager, Australian Drug Foundation

CHAIR—We welcome representatives from the Australian Drug Foundation. Information on parliamentary privilege and the protection of witnesses and evidence has been provided. If you have any questions the secretariat can help you out. The committee has your submission before it; thank you very much. I invite either or both of you to make an opening statement and then we will go to questions. I warn you that senators will be coming in and out. A small number here does not reflect in any way the interest in your evidence—it is the nature of how we are operating.

Mr Munro—We thank the Senate Standing Committee on Community Affairs for the invitation and the opportunity to address the committee on the subject of the excise on tax on ready-to-drink products, or alcopops. We did make a written submission last year and appeared before a similar committee. As you have said, we submitted a formal submission a couple of weeks ago, and we are pleased today to amplify the submission, which we contributed in partnership with the Victorian Health Promotion Foundation, and to provide additional material for the committee's deliberations. We do have some material that we would like to provide the committee with in order to illustrate our major themes. Do we do that now?

CHAIR—Owen will take it. It will be formally tabled and will be part of our deliberations.

Mr Munro—We noted that last year the committee recommended approval of the excise tax, but it did suggest that it was concerned with the potential for substitution by alternative products if alcopops use was depressed by the tax. The first piece of evidence we would like to refer to today addresses that point. The latest research data from the ACNielsen market research company is now available for the period since the tax was introduced. This is the period from May 2008 until January 2009. You have a copy of a number of charts that we would like to refer the committee to.

Nielsen has compared the data in that period—May 2008 to January 2009—with the period May 2007 to January 2008 to ensure that like is compared with like. I remind the committee that the Nielsen ScanTrack Liquor data is the most comprehensive retail data available as it draws upon off-premises outlets including independent and chain stores, supermarkets and hotels and covers between 80 to 90 per cent of the entire packaged liquor market. It is most relevant to the subject of concern.

CHAIR—Mr Munro, could you repeat that percentage? We just had a little trouble with the microphones.

Mr Munro—Yes. I understand that it covers between 80 to 90 per cent of the market. The data before you indicates that alcopop sales declined by 29 per cent over the period—by nearly one-third. This is equivalent to a reduction in 310 million standard drinks in that nine months. Importantly, this includes all types of alcopops—the vodka based, which are preferred by young women and underaged girls, and the rum and bourbon based alcopops that are known to be preferred by male drinkers.

Importantly it also includes big reductions in the alcopops that have the highest concentration of alcohol. The superstrength alcopops facilitate rapid drinking, especially by drinkers who seek to become intoxicated as quickly as possible. This data shows that sales of vodka alcopops with more than six per cent of alcohol by volume—the drinks we call 'superstrength alcopops'—have decreased by 38 per cent. If it suggests that underage girls are deterred from drinking the strongest alcopops then that would be the icing on the cake. I might refer the committee to the charts. We have a number there. The first chart points out that there was significant growth of the RTD category between 2000 and 2007, with a trend toward high-alcohol drinks—that is, alcopops with an alcohol concentration higher than six per cent. I should remind this committee that it was in 2000 that the tax was reduced on alcopops.

Chart 2 shows the trend towards high-alcohol RTDs is strongest in the vodka category. At the risk of repeating myself, I think it is important, given this tax is aimed particularly at young, underage drinkers and young female drinkers, to recognise that vodka alcopops are preferred by young drinkers and particularly by young females. Between 2000 and 2007 there was a trend towards high-alcohol RTDs in the vodka category. The third chart, which is actually numbered No. 2, refers to the dark spirits RTDs also contributing to the strong growth between 2000 and 2007.

The fourth chart, which unfortunately is numbered No. 3, says that the sales of high-alcohol RTDs have grown at the greatest rate of all categories since 2000—that is, by 85 per cent—while those vodka RTDs of six per cent and below, which we might call 'regular alcopops', grew by only two per cent. It is worth bearing in

mind that, at five per cent alcohol strength, regular alcopops are stronger than regular beer because regular beer is around 4.6 to 4.7 per cent alcohol. So even the regular alcopops are stronger than regular beer.

The next chart is one of the most important ones that we wish to draw to the committee's attention—this is the chart entitled 'High-alcohol vodka has shown the greatest rate of decline since the increased RTD tax was introduced in May 2008'. This chart shows that the total alcopops market has declined by 29 per cent. Sales of alcopops with an alcohol concentration greater than six per cent have declined by 24 per cent overall and the sales of RTDs lower than six per cent alcohol—the regular alcopops—have declined by 31 per cent. But when we look at the sales of particular types of alcopops we see that it is the high-concentration vodka alcopops that have declined by 38 per cent, which is the greatest decrease.

Sales of the dark rum high-strength alcopops have declined by 35 per cent and sales of the regular dark rum have declined by 30 per cent. Sales of bourbon based alcopops have also declined massively since the tax was introduced. So this is telling us that, concerning the aim of reducing the attraction of or the demand for alcopops, the tax has been successful with this massive decline in alcopops sales—and the largest decline has been in the sales of the vodka high-alcohol drinks favoured by young women.

The next chart refers to a comparison of spirits based drinks since May 2008 with the number of standard drinks. Looking at the top chart, where we have the percentage of change in standard drinks versus a year ago—comparing 2008 and 2007, essentially—we see that spirits increased across that period, but that the increase in spirits sales was not compensated for by the huge decline in the sale of alcopops. The percentage of change—the net change—there is 6.8 per cent, with spirits increasing by 17.9 per cent but alcopops declining by 28 per cent.

CHAIR—What does that refer to—'spirits based drinks'? Is that by single drinks sales? What is the unit that is being assessed there?

Mr Munro—The unit is standard drinks.

CHAIR—By standard drinks?

Mr Munro—Yes.

CHAIR—So would that mean anyone who was buying across the counter, or by the bottle?

Mr Munro—It is packaged liquor.

CHAIR—So that would be if you were buying a bottle—

Mr Munro—From a bottle shop or a supermarket.

CHAIR—And that would be counted by the number of standard drinks?

Mr Munro—Yes.

CHAIR—Okay. I just wanted to make sure.

Mr Munro—The bottom chart makes that explicit. That refers to numbers of standard drinks by month. For example, in January 2009, 21 million extra standard drinks were bought in the shape of spirits, but 38 million less were bought in the form of alcopops. So there was a large net decline in the number of standard drinks bought in the shape of spirits. That is an indication that people who were not buying alcopops were not substituting for those with spirits because there is a huge difference in the net outcome there.

The next chart refers to the fact that there have been nearly 150 million fewer standard drinks sold in Australia since April 2008. This gives a monthly breakdown. The strong blue line shows the trend. You can see very clearly that, since May 2008, the increase in the sale of alcopops, which is shown by the red chart, has been reversed and has not recovered since May 2008. Alcopops sales have remained depressed in each month, while the other beverage types—beer and spirits—have fluctuated to some degree. But, even in the two months when the total sales increased from the previous year, it did not compensate for the overall decline in drinks over the year. Is that clear?

CHAIR—Yes.

Senator SIEWERT—It is not clear to me. Could you just go through it for me? I apologise that I am not keeping up. With the blue line, are we seeing that sales increased again?

Mr Munro—Yes, in two months: sales increased in October, marginally, and again in January.

Senator SIEWERT—Okay.

Mr Munro—In January, it is quite clear that there was a large increase in packaged beer sales in Australia, and we think that that would relate to the extreme weather that we experienced then in Australia.

Senator CORMANN—How does that compare to the previous year? That data seems to have conveniently just fallen off the chart, so to speak. How does January 2009, which you have described as a spike, compare with January 2008?

CHAIR—We could put that on notice, Mr Munro.

Mr Munro—I will take it on notice and get back to you.

CHAIR—It would be very useful to have that kind of year comparison.

Mr Munro—Sure.

CHAIR—Sorry, Senator Siewert. Do you want to continue?

Senator SIEWERT—Yes. So total alcohol sales were up in January. You are taking on notice the question from Senator Cormann of what it was in the previous January but, over the 12 months—

Mr Munro—Over the 12 months, total sales were down by 148.6 million standard drinks.

Senator SIEWERT—148.6 million?

Mr Munro—Yes. It is quite clear that alcopop sales are depressed over the year and that they have not recovered. Looking at the December 2008 to January 2009 figures, you can see that some substitution may have taken place between spirits and beer. Spirits sales are down slightly in January and beer has climbed steadily. Normally we would expect some fluctuation from month to month but overall, even taking into account the slight increases in October, December and January, the number of standard drinks is down by 150 million. Is it likely that underage young people are switching to beer and spirits, or is it more likely that it is adult drinkers who are doing so? I think it is quite likely that the increase in beer and spirits consumption is being undertaken by adult drinkers, who are more able—

Senator CORMANN—Do you have any evidence for that? You say, ‘I think it’s likely,’ but have you some evidence to substantiate that?

Mr Munro—We have the evidence in the sense that young people find alcopops attractive because they disguise the taste of alcohol.

Senator CORMANN—But since this measure came into effect you do not have any data to substantiate the statement you have just made that you think most of the substitution has happened because of older people.

Mr Munro—No. these figures cannot provide us with that type of information. We need to await further qualitative research to tell us that, but we would argue that these figures are quite promising in terms of the impact of the alcopops tax.

Senator SIEWERT—I realise that we are cutting into the way in which you are going through your presentation, but it seems more sensible to ask questions now while we are going through them.

Mr Munro—Sure.

Senator SIEWERT—You just said that you are awaiting further research. Who is undertaking that research?

Mr Munro—I do not know of anyone particularly; I am really referring to the normal large-scale surveys that are undertaken every three years or so, such as the Australian Secondary Schools Survey and the National Household Survey. The National Household Survey is perhaps less helpful because they have such a small sample of young and underage people, but the schools survey should help a lot. I would hope that a number of research organisations around the country would be undertaking some studies as well.

Senator SIEWERT—Thank you. My ears pricked up because I thought there might be some specific research being undertaken on this. It would be very useful and interesting information.

Mr Munro—I am not aware of any.

CHAIR—Mr Munro, would you like to go to your next two slides or would you prefer to go to questions now?

Mr Munro—Yes, I would like to do that. The next two slides simply provide an international comparison of the per capita consumption of alcopops in Australia compared to similar countries overseas. Unfortunately,

it is clear that we could describe Australia as the world champion of alcopops. I think it is striking that, up to 2006, Australia was consuming alcopops at twice the rate of any other country in the world.

Senator SIEWERT—Have you looked at the way in which alcopops are marketed or the reason that they are so popular in Australia when compared to these other countries? It is quite a stark difference.

Mr Munro—We are very concerned at the way in which alcopops are marketed. The following graph will show you, Senator, that there was a large increase in the consumption of alcopops in Australia after 2000, when they became cheaper. Countries such as Germany and France have placed a tax on alcopops.

We would like to provide some illustrative evidence of the attraction of alcopops for young people. I refer you to the next graph, which shows Australia had a rapid increase in the consumption of RTDs after 2000 when they became much cheaper relative to other products. We think that is important. We have research that has been completed by the National Drug and Alcohol Research Centre which states that young people find it difficult to tell the difference between certain alcopops, soft drinks and flavoured milk. So we think part of the explanation for the high consumption is their palatability to young people, the array of products and the fact that some products have a very high concentration of alcohol, which seems to appeal to young people who seek to drink rapidly and become intoxicated.

In my submission last year I referred to the testimony of Mr Matt Baxter, who, at that time, was a senior executive with the Naked Communications media agency. He told *B&T* weekly and then the *Age* that alcopops were marketed to disguise the taste of alcohol, which would appeal to young people. He also remarked that the next growth market for RTDs was the super-strength drinks with a concentration of higher than seven per cent, so it seems to some degree that these products have been marketed and targeted with young people in mind.

Senator CORMANN—I have an opening question before I get into my substantive questions. You are from the Australian Drug Foundation. Can you give us a high-level snapshot as to who you are? Are you funded by state or federal government in any way? Who makes up the Australian Drug Foundation?

Mr Munro—The Australian Drug Foundation dates back to 1959 when it was established as the Alcoholism Foundation. It was established firstly to provide treatment services for people with alcohol problems. Since then it has developed a long way. It no longer provides treatment services but it is concerned to prevent alcohol and drug harm in Australia using a harm minimisation framework. Our major functions are the provision of information in various ways to the public and to the medical and health fields. We provide information resources to the education sector and to the general public. We provide those services via the web.

Senator CORMANN—How are you funded?

Mr Munro—We are funded in various ways. We receive some funding from the Department of Human Services in Victoria for some of our information services. We receive some funding through the Commonwealth government for our website services. We receive some funding through the Commonwealth government for our Good Sports program. Until this year, when we received specific funding for our sports program, our Commonwealth funding represented less than five per cent of the organisation's funding. We also receive funding from philanthropic bodies. We tender for programs and services at local, state and Commonwealth levels.

Senator CORMANN—Thank you very much. I have to rush through some of these questions. Going to page 6, your presentation and graph are focused on sales data, so they do not tell us anything about whether there has been a reduction in sales to binge drinkers as opposed to those who drink at responsible levels. But even so, looking at the blue line of total alcohol sales, considering that the measure was introduced at the end of April, total alcohol sales seem to have bottomed out in May '08—which is right when the measure first started—and have trended up ever since to be well in excess of what they were in May '08. How can you say even on the measure of total alcohol sales that this measure has been a success? Clearly, there has been substitution even looking at your own data—and substitution beyond the reduction in sales of RTDs.

Mr Munro—Senator, if you look at the total number of standard drinks since April '08, it is down by nearly 150 million standard drinks, and looking at the depth to which the alcopops has been depressed is not balanced by the increases above that line. I would also, in terms of the fluctuation—

Senator CORMANN—I am trying to understand the blue line that you have there which is titled 'total alcohol sales'. If you look at it, it bottoms out at minus 39.5 in the brackets and it goes all the way up to 9.0 in January '09.

Mr Munro—Yes, but I would point out that it goes up in July '08 and then dives back down in September.

Senator CORMANN—Essentially, the lowest point of the trend line is at May '08—the first month of the new measure being in effect, so before it has really taken effect—and the highest point is at January '09. If that same trend, as indicated on the graph that you have provided us with, were to continue moving forward, we would see a continuation of an increase in total alcohol sales, not a reduction.

Mr Munro—There is no particular reason to believe it is going to continue in that way, because it has been fluctuating up and down.

Senator CORMANN—But it has been fluctuating up and down progressively higher rather than fluctuating up and down lower. It is at a higher point now than what it was at when we started, and it has never again been as low as it was in May 2008—since that measure was introduced.

Mr Munro—Bearing in mind that we are down 150 million standard drinks overall, we are not recovering consumption to that level.

Senator CORMANN—I would like to talk a bit about consumption. Are you aware of any evidence that has been collected of the incidence of alcohol abuse and of binge drinking being reduced since the introduction of the increased tax on RTDs?

Mr Munro—I do not think there have been any large-scale surveys that have been published that would indicate what is happening but, in relation to your earlier question, we do know that when price increases and consumption declines all types of drinkers—those who are heavy drinkers and those who are lighter drinkers—tend to move in the same direction.

Senator CORMANN—When you say 'we know' and 'tend to', I am trying to find out if there is any evidence—and I am quite keen to see the evidence, if there is some—since April 2008 that what you think tends to happen has actually happened.

Mr Munro—We are still awaiting the formal evidence, but all previous experience from around the world tells us that when price changes, it affects heavy drinkers as much as lighter drinkers. So we could expect that the heavy drinkers will be affected.

Senator CORMANN—Out of the total drinking population, for want of a better term, what sort of proportion, based on what you know, would be described as 'responsible drinkers', what proportion would be 'slightly at-risk drinkers' and what proportion would be at the high-risk binge drinking end of the scale—the proportion that we are mostly concerned about?

Mr Munro—I saw a recent report by Professor Jake Najman from the University of Queensland. He estimates the proportion of problematic drinkers at about 20 per cent of the population. By that he means people who suffer a particular impairment as a result of drinking. That impairment might be totally disabling or partially disabling in the sense that they may be unable to fulfil their usual tasks, such as attending work and so on.

Senator CORMANN—When we look at problematic drinkers, is there any variation across alcohol product categories? Is it 20 per cent on average across the board or is it, say, 50 per cent of people drinking alcopops and five per cent of people drinking beer or hard spirits?

Mr Munro—I do not think heavy drinkers could be categorised in that way.

Senator CORMANN—This is what I am trying to understand. I do not necessarily disagree with you. The government is saying there is a need to increase the tax on RTD products presumably because it perceives there is a bigger problem here than in relation to other alcoholic beverages. If we were having a debate about increasing tax on alcohol across the board or applying a volumetric tax, it would be a different debate altogether. But the government is asking us to increase by 70 per cent a tax on a particular product. Do you have any evidence that suggests that at-risk levels of drinking or problematic drinking, as you describe it, is much worse in relation to RTDs compared to other drinks?

Mr Munro—I think it is fair to say that, in the case of young female drinkers, they are very partial to alcopops, in particular the vodka based alcopops, which have had the biggest decline following this tax.

Senator CORMANN—I am not really all that interested whether young female drinkers prefer alcopops over beer, wine or spirits. What I am interested in is the very specific category of those young female drinkers, if we want to focus on that demographic, who have a problem with drinking, who are binge drinkers, who drink to excess, who are exposed to harm from alcohol abuse. Are you able to point us to any evidence which demonstrates that, for that category of female drinkers drinking at problematic levels, there has been a reduction in demand since the 70 per cent increase in the tax on alcopops?

Mr Munro—Could I address this partly through providing you with a copy of—

Senator CORMANN—I am happy to look at the pictures, but I am very specifically interested in any evidence, studies, data or research outcomes. The government have told us that they have not collected any consumption data on the reduction of risky or high-risk drinking and/or at-risk behaviour at all since April 2008. The evidence this morning has consistently been that we do not know whether it has worked in reducing at-risk levels of consumption of alcopops. If you are aware of some evidence, I would be very keen to get across it.

Mr Munro—We know that a proportion of underage drinkers drink at dangerous levels. We can refer you to—

Senator CORMANN—But do you know whether the demand of the proportion who drink at dangerous levels has reduced as a result of the increase in the tax on alcopops, and have you got some data for that?

Mr Munro—I do not think anyone has that data because it is simply too early to have collected it. That data will take some time to collect. As we have said in our submission, we cannot expect to have definitive data for some time. As I have tried to point out today, the evidence that we have so far indicates that alcopops have taken a huge hit—

Senator CORMANN—In terms of overall sales.

Mr Munro—Yes—and presumably some young people who drink alcopops will be affected.

Senator CORMANN—Two quick questions: do you think that the government have given us appropriate indications of the measures and targets that they will be looking at one day to assess whether the measure has been successful in reducing at-risk levels of consumption—that is, have they properly defined the targets that we are trying to aim for?

Mr Munro—I am not aware that the government has given very precise targets, and I would hope that the government does do so.

Senator CORMANN—You and me both.

Mr Munro—I think it is important that Australia tracks the impact of drinking much more closely than it has so far to answer the sorts of questions that you are asking.

Senator CORMANN—Final question: you mentioned a term that I had not heard before—superstrength RTDs. Is there a difference in tax treatment between superstrength RTDs and lower strength RTDs? If not, do you think there should be?

Mr Munro—I understand that there is no difference in the tax treatment of superstrength RTDs. Because they go up to nine per cent, they are taxed at the same rate.

Senator CORMANN—At the same rate as lower strength RTDs.

Mr Munro—Yes.

Senator CORMANN—Do you think that that is appropriate?

Mr Munro—It might well be appropriate to tax the superstrength RTDs at a higher rate.

Senator CORMANN—Compared to the lower strength RTDs.

Mr Munro—Yes.

Senator CORMANN—Thank you.

Senator SIEWERT—The total reduction in drinks has been 148.6 million.

Mr Munro—Yes.

Senator SIEWERT—I am looking at this graph here. I just want to get this issue of substitution absolutely clear. Even though some sales of spirits and beer have gone up, overall consumption has dropped by 148.6 million.

Mr Munro—Yes.

Senator SIEWERT—We had the AHA in here this morning saying that from the survey they gave us—for which they admit they did not see any of the statistical data, so it is purely what the survey respondents have said: ‘This has gone up by this percentage’—there have been increased sales of spirits in bottles for mixing. They are inferring that, even though RTDs have come down, overall consumption has either remained the

same or gone up. This data is clearly saying it has not. We have had overall reduction in drinks sold; we can therefore infer that there has been a reduction in consumption.

Mr Munro—Yes.

Senator SIEWERT—We have heard other evidence—you have just been discussing it with Senator Cormann—that we cannot actually say that that has directly resulted in a reduction in alcohol related harm. We cannot make that link yet, can we?

Mr Munro—We cannot make that link yet, no, but as I said to Senator Cormann it is a reasonable expectation given that that has been the experience around the world whenever alcohol consumption goes down. It goes down across the board.

Senator SIEWERT—I want to go back to this last graph here, which shows that sales in Australia are so exceptionally high compared to everywhere else. When I was asking you earlier, you started saying that the trends particularly increased in Australia from 2000, when the tax was changed.

Mr Munro—Yes.

Senator SIEWERT—But it seemed to start higher in 1995 as well.

Mr Munro—Yes.

Senator SIEWERT—There seem to be two groups of starting points for the other countries—the blue group all seem to be a bit lower and the others are a bit higher—but Australia is still way out there. I am not questioning what you said about the tax, but I am saying that Australia was higher anyway. So I am still looking at that question: why is Australia so high compared to the others?

Mr Munro—That is a very good question. I think it refers to Australia's high tolerance for underage drinking, partly, and to our very high tolerance for excessive drinking. For a long time, a lot of Australians have prided themselves on their prowess in heavy drinking, and I think we are very tolerant of it. I think that that partially explains the take-up of RTDs, because they represent a beverage for a particular market. I think many Australians are very unconcerned about underage drinking. We are now understanding more about the potential impact on young people.

Senator SIEWERT—On the graph here, Australia starts higher. How does Australia compare with other countries overall on alcohol? Does the bar graph which you have also shown show a similar sort of relationship with these countries with regard to alcohol overall? Is it particularly for RTDs?

Mr Munro—No, we are not the heaviest drinkers in the world. There are a lot of countries ahead of us. I think that, at the last rating I saw, we were about 23rd in the world. There are about 170 countries, I think, and we come 23rd. So we are up there in the higher brackets, but we are by no means the heaviest drinkers in the world.

Senator SIEWERT—That is what I thought.

Mr Munro—So we are out of scale.

Senator SIEWERT—Out of scale with the RTDs?

Mr Munro—Yes.

Senator SIEWERT—I accept what you are saying about more sugary drinks for teenagers and appealing to their palate, but I do not think it fills in that difference yet.

Mr Munro—No. I do not have an easy answer to that.

CHAIR—Where do alcopops come from—where were they actually started?

Mr Munro—One theory goes that they started here with the product Two Dogs, which is—

CHAIR—Now famous.

Mr Munro—Yes. I think the UDL company might claim that they produced the first variety about 30 years ago but, given that they were on the market, I think Two Dogs has been credited internationally with setting off this chain. Perhaps it is a bit like with Abba: Australia, for some reason, took it up. There is no doubt that RTDs are very popular in the UK as well, and the UK has perhaps a higher binge-drinking culture than even Australia, so there may be some sort of the link there; I am not sure. I do not think we can quite explain exactly why it is much higher in Australia.

Senator CAROL BROWN—Is UDL Australian?

Mr Munro—I think they are, but I will have to take that on notice to confirm it.

Senator CAROL BROWN—If they were made here, maybe that would explain it.

CHAIR—Some of the witnesses tomorrow may be able to help us on that. We are running out of time for further questions.

Senator CAROL BROWN—Mr Munro, can you explain to the committee why you believe it is so important to pass this measure in the Senate?

Mr Munro—We think it is important because it is going to make alcohol less attractive to a key group of young people, many of whom find alcopops particularly palatable. Something like 55 per cent of female school students drink alcopops. It is not going to eliminate underage drinking—we understand that; but it is important in depressing demand. I think Australia needs to take underage drinking and excessive drinking much more seriously than it does. Alcopops are particularly attractive to young people. This measure will not prevent adults who want to drink alcopops from doing so, but it is going to decrease demand amongst young people, who are particularly vulnerable because their bodies and brains are still developing. I also think it sends a signal to parents that they need to be much more careful about their children drinking alcohol. So I think it is going to contribute to what I hope will be a reversal of our complacency about underage drinking and excessive drinking, because this is a product that clearly is implicated in excessive drinking, not only by young people but by adults as well.

Senator CAROL BROWN—So, for you, it is about putting alcohol abuse squarely on the agenda?

Mr Munro—Yes, it is. I would be disappointed if this was the only measure that the government took to reduce alcohol problems. We now understand that alcohol costs Australia \$15 billion a year, whereas we used to believe it was about half that; we are getting better data now. In addition to the reasons I have given already, it concerns me that if this tax is not successfully passed by the Senate it will give the government a message that it is too hard to tackle alcohol in this country.

Senator CORMANN—Do you support a volumetric tax?

Mr Munro—I would not support a volumetric tax entirely, for the reason that it would, as I understand it, depress the price of spirits by about 40 per cent—

Senator CORMANN—But it could be a high volumetric tax; I am not asking you whether you support a low volumetric tax. Do you support the principle of taxation based on alcohol content?

Mr Munro—My answer is partially, Senator, because I think there is scope to include a premium risk tax, if I could put it like that, for particular products like alcopops that are particularly implicated in underage drinking and excessive drinking.

Senator CORMANN—So if tomorrow the excessive drinking involves beer, spirits or wine we then shift the taxation focus that way?

Mr Munro—If it particularly involves underage people I would say, yes. I understand the appeal of a volumetric taxation. I think that we could move much closer to a volumetric system. The price of cask wine, for example, is another case where what I would call an artificially depressed price actually contributes to excessive consumption by particular groups in our community.

Senator CAROL BROWN—I have one more question: do you have anything to gain by this measure being passed in the Senate?

Mr Munro—Do you mean financially?

Senator CAROL BROWN—Anything at all.

Mr Munro—I suppose we would gain in the sense of being pleased that a policy that we have been advocating for several years now would come to fruition because we have been arguing for several years that alcopops are a clear danger to young people and that we need to take action to reduce that—

Senator CAROL BROWN—So no personal gain?

Mr Munro—but we have no other interest, financial or otherwise, in this matter.

Senator FURNER—My understanding of the graph might explain why the peak commences at such a high rate, and that is that the alcopops were initially created here and then sold here. So that is possibly why the commencement spike was so high. That is on page 8, the last page. The UK, in around 2002, seems to be

parallel to Australia's growth from 1995. It then peaks off. Is that because they introduced a similar type of tax or is there some other reason behind it?

Mr Munro—I am not aware that the UK used a similar tax. Germany and France have done so and Switzerland as well. So I will take that question on notice.

Senator FURNER—So Germany and France introduced a similar tax?

Mr Munro—Yes. Germany in around 2004.

Senator FURNER—Also, with respect to your survey, I am aware of other organisations that have conducted surveys and I understand that Morgan, in particular, focused on the bracket of 18-plus years. I take it this survey was across-the-board?

Mr Munro—This particular survey?

Senator FURNER—This survey done by Nielsons.

Mr Munro—This is not our survey. This is Nielson's data, which is collated and collected independently by the Nielson market research company. We have no role in collecting this data.

Senator FURNER—Do you know the target audience that the survey was directed at?

Mr Munro—I understand that the various companies and brands in the alcohol industry purchase the data from Nielson.

Senator FURNER—So they may have rung some of the people, who you have indicated today were in the *Gold Coast Bulletin*, on their view on what they perceive alcopops to be based on, what their purchasing styles are and so on?

Mr Munro—The Nielson data does not ask people about their purchases; it automatically collates that data from the outlets themselves. In that sense it is the most reliable source of data because it records the actual purchase of alcohol by the consumer. So it is not dependent on the consumer remembering what they bought or telling somebody what they bought; it just records the data, in most cases, via that scanning system as it is actually purchased across the counter. So this is data that I believe the alcohol companies depend upon to chart the success or otherwise of their own brands and their own categories of their particular products vis-a-vis their competitors.

CHAIR—Does it get absolutely every sale? Is anything missed out? I have a data fixation and I am just trying to ensure that this particular one gets every sale.

Mr Munro—I do not think they would say that they collect every single sale. It is collected over five states, so it is not every state.

CHAIR—But every state, every sale can be collected?

Mr Munro—They report that they cover somewhere between 80 to 90 per cent of outlets.

CHAIR—Okay, just so that we know when people are comparing data.

Mr Munro—I understand that it is the most comprehensive and reliable data, given that it is direct from the retail sales.

Senator FURNER—It is the retail sales and relying on barcode scanning of that particular product?

Mr Munro—Yes. There is some manual monitoring of hotel sales but by and large it is the scanning.

Senator FURNER—I take it you want the Senate to pass the alcopops tax?

Mr Munro—Yes, indeed. We think it would be a huge improvement and that it would depress the sales of products that we know are consumed and favoured by underage drinkers in particular and by many young drinkers who drink excessively. That was partly the point of the illustration in the *Gold Coast Bulletin*, which clearly has a group of 17- and 18-year-olds at schoolies in 2007. They report what they drink, they report getting drunk and they report spending a lot of money on drinks. Overwhelmingly, it is vodka based alcopops and some spirits.

One of our concerns that we have not mentioned today is the role of alcopops in introducing teenagers to spirits. We think that it is disappointing that so many of our young people drink what we could call the most lethal form of alcohol, which is spirits. We mentioned last year in our submission the increased rate of teenagers being admitted to hospital following acute intoxication. Very often they are drinking spirits to get into the state where they require emergency hospital care. We are very concerned and we think it is indicative

if those young people are not reporting drinking beer; they are reporting drinking alcopops and spirits to excessive amounts.

CHAIR—Thank you very much, Mr Munro and Ms Place. We do appreciate your time and apologise for holding you up with us being late back from the Senate.

Mr Munro—We thank the committee for the opportunity.

CHAIR—I am sure all their parents hope they are 18s, now that they are in print in the *Gold Coast Bulletin*.

[4.03 pm]

WEBSTER, Prof. Ian William, Patron, Alcohol and Other Drugs Council of Australia

WILSON, Mr Scott, Deputy Chairperson, Alcohol Education and Rehabilitation Foundation

CHAIR—Information on parliamentary privilege and protection of witnesses and evidence is available to you. We have your submission, thank you very much. I now invite either or both of you to make some opening comments and then we will go to questions. I remind you that if the bells ring, we all leave; it is not that we are being rude, it is just the situation that we find ourselves in.

Mr Wilson—We understand. As you might be aware, the Alcohol Education and Rehabilitation Foundation was set up in 2001 along the lines of revenue raised through the beer excise. Over that period of time we have funded over 800 organisations across Australia and spent over \$103.5 million. We are currently a private organisation. As you are probably aware, when we were first funded through an act of parliament, our remit was that we had to spend 80 per cent of that funding within the four-year period and after that period we became a private company.

Some of the things that we fund are in the areas of prevention, treatment, research and rehabilitation around alcohol and illicit substances. Also, part of the original thing about the foundation being set up was that 20 per cent of our funding would go on Indigenous programs, in particular around petrol sniffing but also a range of other things, and we have done that.

As you said, we have given you a copy of our brief letter to the inquiry, which also included a copy of a submission to the Henry review—

CHAIR—Yes, it was a very detailed submission, Mr Wilson.

Mr Wilson—of alcohol taxation from us and 18 or 19 other community organisations. We have also given you a copy of results of research that we conducted in September last year with Galaxy, where we got them to go out and survey the Australian population as to what they thought should happen in the area of the alcopops tax and things like that. We see the alcopops debate that is going on at the moment as a first step in the right direction, though obviously only the first step because the Henry review is looking at alcohol taxation more broadly. I will leave it there.

CHAIR—Professor Webster, do you want to add some comments?

Prof. Webster—My colleague has expressed our views very forcibly and very well. We, of course, see other measures as being important in dealing with alcohol problems in the community, apart from taxation and this particular measure, but we do see it as a first step. In my experience, and I have worked as a physician in this field all my life, it is the first time a national government has made a public statement about using taxation as one method of affecting the pattern of drinking in this country. In fact, I think it is very important that, in the last 12 months, alcohol has got onto the national agenda—for the first time, in my experience. That is a product of many inputs and, to some extent, it is about the debate that this has generated. There is some evidence that that debate around the tax is actually influencing the way that people think and use alcohol, particularly amongst young people, although there is not very strong objective evidence about that.

I think that there is a set of questions, actually, which go before all of this. When the distributors and manufacturers of alcopops first started doing this, what was in their minds at that time? Were they aware that a sweetened product would be particularly attractive to a particular group of people, and that the taste that they introduce into a product masks the taste of alcohol? Were they aware at the time that they marketed and distributed these products that this particular stage of life of young people is extraordinarily vulnerable? It is the important first stage of a life cycle, and what happens to young people determines their life chances subsequently. Were they aware that early introduction to alcohol of any kind is more likely to lead to continuing problems with alcohol and, indeed, other drugs? Were they aware that this creates problems for mental health and psychological development and, in particular, that we have evidence these days—growing evidence—that the neurobiology of the developing brain can get affected by alcohol and, for that matter, other drugs? I would have thought that this was a time when our young people getting educated and becoming employed was a very critical part of our nation's state in the present crisis. So my response to thinking about this problem is to ask those questions in the first place because, clearly, they are the group that is being targeted, and the risks that are being taken are extraordinarily high in this vulnerable young group. I think I will stop at that point.

CHAIR—Thank you, Professor. We will now go to questions.

Senator SIEWERT—In the survey results and the survey information that you sent us—the *Funding of alcohol harm reduction survey report*—there was a strong focus in the findings was ‘what do people think money should be spent on when addressing alcohol related harm?’. One of the things I took from the survey was that people seemed to be fairly well informed about the tax. You mentioned in your introductory comments that the debate around it raised people’s awareness. I was significantly impressed, actually, about where people thought the money should be spent to address alcohol related harm. This report was done last year, was it not?

Mr Wilson—Yes, September last year.

Senator SIEWERT—You have obviously presented them here, but, prior to this, have you discussed the findings with government?

Mr Wilson—Yes. We gave a copy to the government when the report came to us. That was about all we heard from them after that.

Senator SIEWERT—So you have not been in discussions with them and making suggestions about where you think money that is raised through the tax should be spent?

Prof. Webster—No, we have not taken that up at any time. I agree with your assessment. I think people are very well informed. I suppose the principal point being made here is that they would want the funds which are raised to be wholly—or at least a significant part of it—directed to dealing with the problems that are created by alcohol use. In our written submission we make that point as well. In terms of political and popular support of such a measure, I am sure that it would gain support in the community.

Senator SIEWERT—The motivation to undertake this research was, in fact, that the tax was being imposed?

Mr Wilson—Yes, and also because there was a lot of other debate happening in the media at the time. You had the distillers coming in and saying that the money should go back to them and all of that. We thought, ‘Let’s actually do a survey of the community and ask them what they want that funding spending on.’ There were a whole range of other questions in there as well. We were surprised that a huge percentage—well over 80 per cent—did know about the alcopops tax, which is not surprising considering it is in the media constantly. They came up with a whole range of things that they would prefer the money to be spent on rather than just being soaked into government revenue. We did that for a reason. We thought that we could quietly influence the debate by giving the report to the federal government at the time and not making a big song and dance about it out in the media. We thought that the federal government might actually use some of the stuff that was in there. I suppose, maybe six months later, that is why we are giving you a copy.

Senator CORMANN—What evidence are you aware of that the incidence of alcohol abuse and of binge drinking has reduced as a result and since the introduction of the 70 per cent tax increase on RTDs?

Prof. Webster—None. I am a physician. I work with people with drug and alcohol problems. I think it is too early to make a judgment like that. In any case, I suppose the sorts of problems one sees in service are well-advanced problems in any case. I have not seen any evidence which has shown a decline in alcohol problems in the community since it was introduced. It would require very, very focused and very structured studies to define that. I probably do not need to elaborate on that, but even just collecting data from the emergency department.

Senator CORMANN—It would be quite good if you could elaborate, because I think it is fair to say that, across the committee, we are quite keen to identify what sorts of measures would enable us—with this measure and perhaps with any future measures of this nature—to assess whether or not it has been successful in reducing alcohol related harm.

Prof. Webster—There are lots of measures of alcohol related harm. Some of them relate to health—

Senator CORMANN—How can you measure whether that alcohol related harm has reduced? I would be interested in you elaborating.

Prof. Webster—I am trying to respond to you. There are lots of different measures that you would use to measure alcohol related harm. Some of them fall into the area of involvement of police. As you know, about 50 per cent of the assaults that take place are related to alcohol. You would try and measure what was happening in emergency departments. You would require very specific studies to do that because, despite the fact most emergency departments these days record data pretty effectively, they often miss or do not record the

alcohol data very well because they are not structured to do that, and they are obviously crises that they are dealing with. You would do surveys of the population about peoples' experience with alcohol and its impact on their lives. I would look particularly at mental health problems and the extent to which people engage with mental health services. One of the significant risks associated with alcohol abuse is that of suicide. About 30 per cent of suicides have a strong relationship to alcohol. It has been estimated in overseas studies—not so much in Australia—that, of people who present to emergency departments with an overdose or a self-harm event, about 60 per cent have used alcohol in the previous 12 hours or so. So you would have to look at a number of different levels, and some of them would be pretty crude. I would think specific population surveys with questions directed specifically at that would give you a pattern.

One thing that is happening in New South Wales, in fact ARF, our foundation, funded a major project for the police which is now being run in other states called link-up, where, when they go to an incident of any kind, they are able to record on a portable computer base that they take with them whether the person had had alcohol and whether they looked as if they were intoxicated. That provides indications in local regional areas about what is happening and where the particular problems of alcohol may be demographically located. I am going on a bit, but there is quite a significant set of observations you would have to make.

Senator CORMANN—Sure; I totally understand where you are coming from. In all of the things that you have raised you have mentioned the impact of alcohol in terms of assaults et cetera. You have mentioned alcohol generally, not RTDs, or alcopops, specifically. Can you give us a bit of a sense as to what proportion of the harm that alcohol causes in the community comes from abuse of RTDs as opposed to other forms of alcohol?

Prof. Webster—If may be forgiven, I think in a sense that is the wrong question. I opened with the notion of inducing people into patterns of drinking. The harm starts after that induction has been established. To examine the relationship between RTD drinking and harm would require highly sophisticated studies where you recorded this specifically. An emergency department, for example, would not be able to record that sort of data.

Senator CORMANN—So, before RTDs were invented and we had beer, wine and spirits, there were no underage or young people binge drinking or drinking at harmful levels?

Prof. Webster—Of course there were; that is one of our major concerns. In the hospitals of New South Wales in the last six years the rate of admission of young women has doubled. At emergency departments in Victoria, the numbers of young women presenting with problems related to alcohol consumption have increased.

Senator CORMANN—Maybe I can quickly put into perspective why I am asking these questions. I am trying to understand how a tax measure that applies to one alcohol product category in isolation, when that sort of harm comes from a wide variety of alcohol products, is going to achieve a reduction in the sort of harm from alcohol abuse that you quite appropriately describe. Why would you pick one out specifically instead of taking a comprehensive approach through, for example, the Henry review on taxation?

Prof. Webster—I agree with you that alcohol is alcohol and it does harm however it is consumed, and RTDs are one form of that. It would depend on the extent to which it was consumed. But I go back to my point that we are talking about vulnerable young people and inducing them into patterns of drinking. When I was a young doctor working in an emergency department we rarely saw a young woman come into the emergency department. Now it is commonplace. So something has happened throughout that period of time to change the drinking patterns of young women.

Senator CORMANN—Can you give us a time frame? You say when you were a young doctor—

Prof. Webster—That was a long time ago!

Senator CORMANN—Give us a bit of a time frame.

Prof. Webster—Back in the sixties. Through that period of time and in particular recently, there has been a marked change in the consumption patterns of young women. I cannot give you a date or a time line.

Senator CORMANN—Just focusing on the evidence that we might be able to obtain on whether the measure has been successful in reducing at-risk levels of consumption, you mentioned that one way of finding out is specific population surveys. How hard would it be for the government to commission a specific population survey, given the public interest in whether this measure can work in isolation of taking a broader approach to alcohol taxation reform?

Prof. Webster—I think they ought to be done. Our organisation is interested in funding some research along those lines. We have just had the National Survey of Mental Health and Wellbeing. That did not ask people about RTD consumption but it looked at alcohol consumption as an assessment of mental health and wellbeing. It showed there were very significant overlaps between that and other mental health problems.

Senator CORMANN—This is where we get unstuck, because I do not disagree with what you are saying in terms of alcohol related issues but this is a measure specifically on RTDs, not on alcohol as such. I guess I am trying to understand how that is going to achieve a reduction in alcohol related harm—

Prof. Webster—It will achieve some reduction and, like every public health program, there is no one quick fix. Even immunisation requires lots of things to be put into place—teams, advertisements and the like. As my chairman said, we recognise this as a first step towards adopting a policy which is related to taxation in particular and we are a very active part of a group that has made that joint submission to the Henry review.

Senator CORMANN—And your preferred position is a volumetric tax on alcohol?

Mr Wilson—We do support a graduated volumetric tax on alcohol across the board and we think that it is about time that alcohol is taxed as alcohol regardless of whether it is in wine, beer or spirits. I suppose one of the issues here is that the Rudd government is really just redressing something that occurred in 2000 when the GST came in.

Senator CORMANN—Can we just focus on that. A number of other witnesses have raised this as well. Wasn't what happened in 2000 an attempt to also close a loophole? Isn't this a move away from volumetric taxation as a principle, if anything? The taxation arrangement that was introduced in 2000 was to essentially make tax on RTDs comparable to similar-content beverages like beers. Isn't this a move away from a tax on content?

Mr Wilson—To a certain extent, but it is not looking at the fact that beer was also given a favourable sort of regime even in those days. From our point of view, when the Henry review came out alcohol should perhaps have been looked at as a whole. The government decided to separate alcopops because at the time there was much outcry about the harms and things associated with that. We still support that as a step in the right direction but we would hope that the Senate and the Henry review would look at all alcohol products rather than—

Senator CORMANN—If this measure was unsuccessful, would you support a proposal to direct the money that has been collected so far into an education campaign about the harm of alcohol?

Mr Wilson—As long as all of that money was directed down that track and not some of it—

Senator CORMANN—I saw Professor Webster nod, but Hansard does not pick up a nod.

Mr Wilson—As we said, it has taken us a long time to spend the money that we had. We currently fund over 800 organisations. We were the ones who originally funded the good sports program that the previous speakers were talking about—to the tune of \$4 million—and the federal government has continued that for that organisation to roll out. So over time we have actually funded some quite successful projects. I think if you have a look at the AERF, you will see that it is a model of the way forward. We actually get grants quite often. Just to bring you back to our closing statement in our original letter, there are international studies that show the linkage. If you bring in a certain tax—a behaviour sort of tax, for example—then you can affect the consumption of alcohol; and that is on the last page of our letter. Those international studies were conducted by WHO and other organisations. Perhaps we can provide that on notice to you.

Senator CAROL BROWN—Professor Webster, you were talking earlier about alcohol abuse being centre stage—and I am not using your words. I just wondered whether you have put a submission into the Preventative Health Taskforce, which is due to report in June 2009.

Prof. Webster—The answer is yes.

Senator CAROL BROWN—And is your submission focused on alcohol and measures that you would like to see implemented?

Prof. Webster—Absolutely.

Senator CAROL BROWN—You would be aware of the other work that is being done by government in terms of the ministerial council?

Prof. Webster—Yes, we are very familiar with that. We have both been members of the Australian National Council on Drugs and we have met with the ministerial council on occasions in the past.

Senator CAROL BROWN—The other question I was wanting to ask is: are you familiar with the report that was conducted by Access Economics?

Prof. Webster—Yes.

Senator CAROL BROWN—Have you had a chance to look at that report?

Prof. Webster—Yes, I have.

Senator CAROL BROWN—Do you have any views that you would like to share with the committee?

Prof. Webster—It goes back to the point I was making to Senator Cormann—that emergency admissions data is very crude data and a very poor indicator of what is actually going on in the community in relation to heavy drinking or binge drinking. Most binge drinkers do not end up in emergency departments. The problems of addiction and the mental health problems associated with it are generally cared for in community settings or by local facilities and other agencies. So if anything it is sampling a very small tip of the iceberg.

If you look at what is recorded in emergency departments, we have actually funded special studies of AER to look at what goes on in emergency departments. We have had to put a lot of money into it and we have had to put special researchers into emergency departments to look at it. For instance, one of those studies was at St Vincents in Sydney and another one was at St Vincents in Melbourne. The one in Sydney showed that a third of admissions presenting with injuries were alcohol related, and two-thirds of those who presented with assault injuries were alcohol related. So to get a proper fix on those harms you really have to do tightly structured and thought-out research studies.

Senator CAROL BROWN—So anyone who would suggest that that report that has been produced can demonstrate the alcopops tax has failed really would be on shaky ground?

Prof. Webster—Well, it does not demonstrate anything; I do not think—it does not help at all.

CHAIR—Mr Wilson and Professor Webster, thank you very much. I will leave my one question. It is on notice and something that you did look at in your combined statement to the Henry review. It is about data and data collection and what we need to do. Can you take that on notice and give some thought to methodologies and processes for effective data, because there is an ongoing theme about measurement.

Prof. Webster—Yes, there is.

CHAIR—We would like to get as much knowledge as we can on that area.

Mr Wilson—The government used to collect the wholesale sales data, which probably would have given you a clearer picture of wholesale sales of alcohol. But, over a period of years, that has dropped off and I do not think you can get that national picture, because some states collect it and some do not. If one of the things that came through this group was the reinstigation of the collection of wholesale sales data you could have quite a good picture of alcohol sales.

CHAIR—I have concerns about—and many of Senator Cormann's questions go to this—how do we know and how do we find out? How do you actually collect data on binge drinking? With whom do you speak? What is credible, and all that kind of stuff? If you could turn your mind and the mind of your organisation, which I know spreads far and wide, to that kind of thing, it would be very useful.

Mr Wilson—Okay. Thanks for your time.

Prof. Webster—Thanks.

[4.31 pm]

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

WEBSTER, Prof. Ian William, Patron, Alcohol and Other Drugs Council of Australia

CHAIR—You are appearing again, Professor Webster?

Senator CORMANN—But is your evidence going to change or not?

Prof. Webster—The President of the Alcohol and other Drugs Council of Australia is in Europe at present, and I am the patron.

CHAIR—That is perfectly fine. You have the information on parliamentary privilege and the protection of witnesses, and we can get more if you need it. We have your submission—thank you very much. I invite either or both of you to make a statement and then we will go to questions. I will just restate for you, Mr Templeman, because you came in during the afternoon, that we are actually sitting in the Senate at the moment, so senators are coming in and out. The number of people here does not reflect the interest in your evidence.

Mr Templeman—Yes, I heard you say that earlier on.

CHAIR—Good. I was very concerned for you to know that. Do you have an opening statement?

Mr Templeman—Yes. Thank you for the opportunity to present to the inquiry this afternoon. The opinion of ADCA, the Alcohol and other Drugs Council of Australia, is that the taxation measure on the ready-to-drink products has been an effective method to reduce risky consumption of these beverages by drinkers. This was confirmed by a report in last week's *Medical Journal of Australia*. The detailed age and sex data requested by the committee in the terms of reference for the inquiry is unfortunately not available at this stage. This lack of information highlights the need for accurate alcohol point-of-sale data collection. It is a point that has been made repeatedly, particularly in answers to Senator Cormann's questions today, from most people who have presented to this hearing. Prior to the Commonwealth takeover of excise collection, state based liquor licensing authorities collected such data. ADCA believes that if we are to get serious about lowering harmful alcohol consumption we first need more accurate data to understand the extent of the problem. Point-of-sale data collection needs to be mandated by the Commonwealth and initially collected on an individual state basis for compilation. Together with those data sets, and the data sets that were mentioned by Professor Webster in his earlier evidence, this is probably something which needs to be given some serious attention.

To demonstrate the characteristics of these RTDs, I have brought three specific brands along today. Generally their appearance is more like a soft drink than an alcoholic beverage.

CHAIR—We have been waiting for some samples!

Mr Templeman—They are not open yet. Research has shown that young drinkers are not able to taste the alcoholic content of these drinks. ADCA is also concerned by the lack of information on some of these drinks. This brand, the Vodka Cruiser—and I will pass these to you in order of one, two and three—

CHAIR—I hope you have locked them.

Mr Templeman—They are. They are for your keeping, as well, in case you need them for evidence later on.

Senator CORMANN—We drink water. I promised you that this is water.

CHAIR—They are clearly marked one, two and three.

Mr Templeman—Generally, their appearance is more like a soft drink than an alcohol beverage. Research has shown that young drinkers are not able to taste the alcoholic content of these drinks. ADCA is concerned with the lack of information on some of these drinks. The Vodka Cruiser—the first one—does not display the standard drink logo. It leaves consumers unable to tell how much they have consumed. That is really quite irresponsible. Similarly, we are concerned that Smirnoff introduced a beer based alcopop, Smirnoff Platinum—the second one—as a substitute product for its vodka based Smirnoff Black, purely to take advantage of a lower tax rate that applies to beer based alcoholic beverages. ADCA is pleased to strongly support the government's action to change the definition of beer and wine based products to close this loophole.

I would now like to turn to what has happened since the introduction of this tax reform. Research from the National Drug Research Institute, NDRI, published in the *Medical Journal of Australia*, compared

consumption between May-July 2007 and May-July 2008. RTD alcopops consumption has fallen by a dramatic 26 per cent, wine consumption has fallen by two per cent, and total RTD and full-strength product consumption has fallen. Full-strength spirit consumption has risen by 11 per cent, beer consumption has risen marginally by 1.5 per cent. In summary, total alcohol consumption has fallen by 2.7 per cent. Tax data supplied to the House of Representatives by the Minister for Health and Ageing, the Hon. Nicola Roxon, on 11 February 2009 shows that total spirit consumption—that is RTD—and full-strength consumption has fallen by eight per cent since the introduction of the tax.

The evidence presented shows that this public health measure is working. The objective of the reform was to use a price mechanism to reduce the amount of RTD spirits consumed, and this has been achieved. Previously, Australia led the world in a per capita RTD consumption. I think Mr Munro stated this afternoon that we did not want to be classed as the world champions, but we probably were and probably still are. An RTD sales increase of 250 per cent between 2000 and 2006 is indicative of how the taxation concession enables distillers to aggressively promote RTD products—products that have been proven to be palatable to young and underage drinkers. The decrease in RTD sales since the tax increase discredits the industry's argument that RTD consumption increases were purely a sign of rising consumer demand. It also shows that drinkers are responsive to price, which indicates that further tax reform may increase health benefits. The move by distillers to create RTDs based on beer, but without any beer characteristics, is the most egregious example of the alcohol industry using what, in ADCA's opinion, is a flawed, exemption-riddled alcohol taxation system to profit to the detriment of community safety.

ADCA and the AOD sector supports the amendments being considered by the committee as a first step towards creating a more consistent taxation regime for alcohol products. However, ADCA and the sector believe that further reforms are needed to substantially reduce the harm from the overly extensive range of alcohol products. Our current debate on alcopops focuses on youth and a youth binge drinking culture. We contend that this debate relates to all of us no matter what age, gender or cultural background. It is disappointing that, despite the evidence presented by a wide variety of public health bodies over the past year, the alcohol industry still persists with what many in the public health sector perceive as a campaign of misinformation designed to prevent adopting sensible policy initiatives.

Even more disappointing is the lack of solutions being provided by the alcohol industry. There seems to be no problem with four people under the age of 25 dying from alcohol every week. While ADCA applauds the \$54 million binge drinking strategy announced last year, we note that there is a serious gap between the political rhetoric and funding. The annual cost of alcohol to our community is estimated at \$15.3 billion and annual alcohol excise tax receipts are over \$5 billion. However, only \$134 million is allocated to the sector under the Non Government Organisation Treatment Grants Program. The funding provided to the non-government sector to deal with alcohol and drug abuse is less than two per cent of the alcohol taxation receipts.

The Australian AOD sector is critically under-resourced, and the sector believes that the government should dedicate a significant portion of the increased RTD tax receipts to funding front-line services and increasing sectoral improvement. If the inquiry wishes to demonstrate that it is serious about reducing alcohol related harm, it is time that it supports the passing of these amendments in the Senate and, further, that it calls for a significant funding increase for the Australian AOD sector to address critical prevention measures.

Finally, as a general observation, I say that, although there may be appear to be shortcomings about the current RTD taxation debate, we are seeing a public health effect in the community. Last year, the sector assisted schoolies type events, which resulted in greatly reduced alcohol intoxication and reduced liquor confiscations compared to what had gone on in previous years. There is an increasing awareness of alcohol related violence in the media and by all members of the community. State governments are reforming liquor licensing laws to attempt to minimise violence. New research and public discussion is alerting the community to links between excessive alcohol consumption and cancers and other long-term harms—brain impairment and the like. There is now increased awareness of the links between mental health and alcohol abuse.

CHAIR—Thank you. Professor, are you going to have another go?

Prof. Webster—I endorse my CEO's statement. I would like to emphasise the last point he made—that, as our nation moves toward being concerned about mental health, alcohol is a very significant part of that. It is linked to many of the mental health conditions that people suffer from, and it is causative of many mental health problems. Alcohol is becoming increasingly recognised as a very substantial biological risk factor. While you are discussing binge drinking and the concerns about young people establishing particular patterns

of consumption, much of the health sector is devoted to the subsequent problems of the effects of alcohol on the body's biological systems. Almost every system can be affected. Quite recently, the Million Women Study done in the United Kingdom has shown that alcohol is a significant factor for breast cancer. Of 100 women, in their lifetime, 12 will suffer from breast cancer. When the level of drinking is increased by one standard drink, that is increased to 13 per 100. If it is increased by a further standard drink, it is 14 per 100. There is a relationship between alcohol consumption and the risk of breast cancer.

It seems to me that, with the work being done by the National Health and Medical Research Council and the way it has recently defined risk for public use, we will see people in the general population thinking about their alcohol consumption in the same way as they think about their blood pressure, their weight and their cholesterol levels. In this context, not only are we talking about the imminent problems of binge drinking, we are also, as I mentioned in my last role before you, looking at establishing patterns of drinking through the lifetimes of some people. That in itself is a major economic and social cost to our systems.

There is one other point I would like to make: when we talk about \$15.3 billion being the economic cost of the impact of alcohol in the community, for the most part—not wholly—that measures the impact on individuals, particularly regarding health. There need to be many more studies, and the Alcohol Education and Rehabilitation Foundation is presently funding these, on the impact of alcohol on others—on families as a whole, communities and the like. It is a significant social harm as well as a health and medical harm.

Senator SIEWERT—I am looking at your recommendations. You have also stated that you support this tax. If I understand your submission, it says that you believe it is a first step.

Mr Templeman—Yes.

Senator SIEWERT—You say further tax reforms are necessary?

Mr Templeman—First of all, we would like to see a length of time to have some fairly detailed evaluation. Further data, as I have already mentioned in my opening remarks, is needed to get some qualitative understanding of what some of the priorities are that might need to be addressed.

This is not a short-term fix; this is a long-term situation which requires some very significant and dedicated joined-up commitment, as it is not a matter of just one group in the community or government taking full responsibility. This requires total, whole-of-enterprise understanding and commitment, including from industry. Everybody intends to address the fact that we have got some very severe alcohol related harm. It is the leadership and the vision of the current government that has taken this on. It is only in the last 15 months that we have seen people with some foresight address the problem of alcohol. We have always had 3,000 people dying and we have always had 10,000 people getting ongoing treatment. Well somebody at least is now starting to say, 'Let's do something about it.' That requires commitment and vision to address outlet density, accessibility, opening hours, marketing, advertising and the whole suite of things that come together to tackle this major, fundamental social problem.

So my answer to your question, which is probably a bit long winded, is that we certainly see there needs to be a commitment down this path of addressing this issue of alcohol related harm. It will require vision and leadership, but it will also require commitment of resources to do this. There has got to be some workforce around this to actually do this sort of work and to do it properly so that governments and others are in a proper situation to make long-term decisions around how we might address this for the future.

Senator SIEWERT—Okay. You have touched on the next issue that I wanted to go to which was what other issues we need to be addressing. You have touched on those in your answer and you have just said 'commitment of resources'. In your estimation, what is the size of the resources needed to address the other issues that you have just been talking about?

Mr Templeman—How long is a piece of string?

Senator SIEWERT—I cannot go to the Treasurer and say, 'I want a piece of string.'

Mr Templeman—This is very difficult to quantify, especially when you are dealing with non-government organisations who do a lot of work where the rubber hits the road in this particular environment. As I said in my opening statement, they are grossly under-resourced. I think I used a figure of \$134 million towards the treatment grants process. We know that is not enough. When you look at the percentage of that in relation to the receipts received, it does not come anywhere near the situation.

All of these things will require some very detailed scoping out to do that. I know for instance in my own organisation that I would have budgetary requirements to be able to continue in a very strategic partnership

with governments and other organisations to do this work for the future, and I know what it might need with regard to additional workforce requirements and that sort of stuff. I can probably guess that every other committed NGO in this space would have that sort of picture as well. What it would be is something which I cannot give you this afternoon, but I think we have to be realistic about this. It would certainly be very significant, million-dollar costs.

Senator SIEWERT—I have had various people say specific figures to me, so I was wondering whether you had in fact put a dollar figure on the specific measures that you are talking about.

Mr Templeman—I am not trying to drop anyone in it here. The Preventative Health Task Force has come up with three specific priority initiatives: diabetes, obesity and alcohol. They have got a vision with regard to 2020 and a reduction of, I think, 30 per cent is the figure that they mentioned for alcohol consumption. That is going to require significant cultural change and adjustment and require, as I have said, that all those things come together to deal with it. One of the things I did not pick up before was the whole issue around law enforcement and the impact it has on community policing and the like at the moment. All of those issues need to be thoroughly assessed, but they will all require significant resources within those organisations to address the ongoing problem but also, more importantly, other resources to get the strategy right in the first place and have the policy initiatives put in place so that they can actually be made to work.

Senator SIEWERT—Do you support the hypothecation of some—if not all—of the revenue that is raised from the alcopops tax into alcohol-related harm measures?

Mr Templeman—That is a government decision. But we would wish to encourage government to look towards that. The issues that I have put on the table here this afternoon are not going to be achieved without additional resourcing capacity. Having started this very important initiative 15 months ago—what I would describe as just a putting-a-toe-in-the-water experience of where we are at, at the moment—it will require very significant additional capacity over and above the \$53 million which is actually set aside for the National Binge Drinking Strategy. It will require far more resource capacity than we have at the moment.

Senator SIEWERT—I do not want to verbal you but my understanding, from what you have just said and what you have written in your submission, is that this—sorry, I will rephrase that, because I do not want to verbal you. Is this strategy—this specific, one-item tax—going to be successful on its own or, if we do not put these other measures in place, will the progress that we have made up until now be lost in the longer term?

Mr Templeman—I think, with the commitment that has been made, if we are going to go down the path of at least ensuring that there are resources which are directed towards prevention, as a result of the moneys that are gained from these additional receipts, and they are put to good use with regard to expanding and enhancing existing prevention strategies, and if we see some measure of assistance and support in alleviating some of that \$15.3 billion cost to the community, then of course it has to have actually had an impact.

Senator SIEWERT—Okay, but, with all due respect, you did not actually answer my question. At least, you did answer my question as to whether it is having an effect. But you said, ‘with these other things that are happening’—is the point that this is working but it needs the other measures as well?

Mr Templeman—Sorry; maybe I did not make myself totally clear. What I am saying is that if we have the opportunity to use some of the resources—

Senator SIEWERT—Okay. Thank you. I understand.

Mr Templeman—You are not verballing me.

Senator SIEWERT—So what you are saying is: because we have got this, we have got additional resources, and if we put that in that will help?

Mr Templeman—Correct.

Senator SIEWERT—Yes. Thank you. Sorry—I was just trying to get clear as to what sort of comprehensive approach we needed.

Mr Templeman—Sure.

Senator CORMANN—We have had a lot of witnesses today who are all broadly supportive of what the government is trying to do, and they have all relied on the Nielsen surveys to essentially give us an indication as to what they think may or may not have happened since the introduction of the increased excise on alcopops since April 2008. We have had the Public Health Association and Professor Moore; the National Drug Research Institute; the Australian Medical Association; the National Drug and Alcohol Research Centre; and

the Australian Drug Foundation and Mr Munro, and I think you heard his evidence. None of them were prepared to go as far as you did in the first two sentences of your opening statement, which was to say that there is proof, as a result of the Nielsen survey, that the increased tax on alcopops has been an effective way to reduce at-risk drinking behaviour including by drinkers, which is one of the things that I have been very keen to identify. So if you have got any evidence that there is such proof, I guess I am keen to hear it or see it. So—

Mr Templeman—I have heard you ask that question of all those people today because I have been listening.

Senator CORMANN—I have been consistent all day—

Mr Templeman—You have been very consistent.

Senator CORMANN—because I am after the evidence.

Mr Templeman—I am in the same court as them in that I am basing my information on the Nielsen survey in relation to—

Senator CORMANN—Which is sales data.

Mr Templeman—Correct.

Senator CORMANN—So what leads you to say that the sales data that you have seen—and it shows a reduction in the sale of—

Mr Templeman—I think that—

Senator CORMANN—Sorry; let me just finish my question.

Mr Templeman—Sorry.

Senator CORMANN—So what is actually telling you that this proves a reduction in at-risk levels of consumption? I mean, it does show a reduction in sales, but how do you know who is now drinking less compared to before the increased tax on alcopops?

Mr Templeman—I think all drinkers are drinking less.

Senator CORMANN—What evidence have you got that all drinkers are drinking less?

Mr Templeman—I think spirit drinkers are drinking less. We have seen sales that have gone down eight per cent.

Senator CORMANN—So you think that spirit drinkers are drinking less now because of the increased tax on alcopops?

Mr Templeman—I am drawn to that assumption like many others who have said so in answers to questions that you have raised today. They have indicated that they believe, in the same way as I do, that there is most likely a pattern of behaviour here. We do not have the hard evidence to prove it categorically. I accept what you say.

Senator CORMANN—Focussing very specifically on the type of audience, if I can call it that, such as those Australians dinking at risky or high risk levels and binge drinkers, are you aware of any evidence that would demonstrate that there has been a reduction in consumption in those target groups?

Mr Templeman—No, we are not.

Senator CORMANN—The government also told us, in answers to questions put forward in the Senate, that since the RTD excise increase in April 2008 they had not collected any consumption data on the reduction of risky, high risk or at-risk behaviour. Professor Webster previously told us that such evidence could have been obtained, through a specific population survey. Do you think that when the government introduced a measure that they said was aimed at reducing at-risk levels of drinking they should have had as part of its rollout a plan to assess and evaluate its effectiveness in a scientific fashion through such measures?

Mr Templeman—You can possibly draw that conclusion if you wish.

Senator CORMANN—I want to know what you think. I certainly think that that is what should have happened, but what do you think?

Mr Templeman—At the time—and coming back to my earlier remarks—the government took a very significant leadership step towards addressing \$15.3 billion worth of harm which had not been tackled previously by other governments for many years. I think that, immediately upon becoming significantly aware of the issue, they chose to at least address something in the first instance. The issue was being further

reinforced by community concerns about alcohol related violence and concerns being raised by policing authorities and the like about how we are going to address this issue. At no stage up until October 2007 had my organisation, as a national peak body in terms of alcohol and drugs, seen such a very significant priority around addressing or getting traction with regard to the issues around alcohol related harm.

Senator CORMANN—But what you describe as a significant leadership decision was totally focused and targeted on one alcohol product category only. Wasn't it? I am trying to understand what the government was trying achieve then as opposed to what they are telling us now they were trying to achieve all along. The best indication of that is looking at the budget papers. In those papers the government estimated that tax revenue from this measure would increase by \$3.1 billion and that sales would essentially continue to increase. So it did not look like the objective then was a reduction in sales, was it?

Mr Templeman—I come back to what I said earlier on. You are specifically asking me questions in relation to this particular initiative. I come back to the broader issue of alcohol related harm where the government had already demonstrated and given an indication to us that it was serious about doing something in this space, and the binge drinking initiative fell out of that in terms of its first announcement about what steps it was going to take.

Senator CORMANN—The reason I am asking questions about this particular initiative is that this is the initiative that is before the committee for reporting back to the Senate. That is the reason I am asking. I am not aware whether there have been broader discussions with government about other things they want to do. I would be interested in another forum to find out about it. But you mentioned the Smirnoff beer product and that is the second—

Mr Templeman—I knew we would take this up.

Senator CORMANN—and you were critical of that, but that is essentially a direct result of the measure that was introduced in April last year, was it not? Is that correct? It is essentially a workaround to the tax increase that was introduced in April last year. That is right, isn't it?

Mr Templeman—Yes, 'workaround' is your term but it was certainly in order to, perhaps, overcome the issue in terms of avoidance.

Senator CORMANN—But the government now has to catch up and move additional amendments to close yet another loop hole. Doesn't that prove the point that this is a very ad hoc approach to what is a very serious issue rather than a comprehensive strategic approach to addressing alcohol abuse and alcohol abuse related harm more broadly?

Mr Templeman—They are your words.

Senator CORMANN—Well, I am asking the question. That is my question.

Mr Templeman—I know, but, Senator, they are your words in relation to 'ad hoc approach'. I think that we are looking here at a first step of a long-term strategic approach. I would like to see it being tackled in that manner not necessarily just by picking one issue off here and one issue off there. I think it is a case of coming back to the fact of owning a problem that has existed for many many years in terms of the \$15.3 billion harm—which nothing had been done about. This is the first step in terms of trying to improve it.

Senator CORMANN—So do you think that the increased tax on alcopops or RTDs was a strategic way of going about it considering the fact that the government has already—

Mr Templeman—I think it was part of an initial step of a strategic approach, yes.

Senator CORMANN—So you think the government has a broader plan. Where is that going to get us eventually in terms of alcohol taxation?

Mr Templeman—You will have to go and ask the government that.

Senator CORMANN—So where do you think it should go eventually?

Mr Templeman—In answer to Senator Siewert's comments before I think I covered that in significant detail so I would refer you back to those comments I made.

Senator CORMANN—Can you just give us in one sentence what you think should be the ultimate taxation treatment of alcohol.

Mr Templeman—I think it needs to be a graduated approach. I think we need to also look at the products that cause the greatest level of harm here in the first place.

Senator CORMANN—So do you think that RTDs is the product that causes the greatest level of harm?

Mr Templeman—I think it is one of the main contributors, yes.

Senator CORMANN—Have you got any evidence that shows it is the alcohol product that creates the greatest level of harm?

Mr Templeman—I think in terms of physiological damage and other sorts of harms, as seen in emergency departments and the like and people undergoing treatment for alcohol related harm, you would see that there is a significantly higher propensity in relation to high-alcohol concentration products and what they might do to internal organ failure, other sorts of failure and the like.

Senator CORMANN—Sorry, I was asking about RTDs specifically because that is the measure we are looking at. Are you saying that there is evidence that RTDs and RTD related abuse have the highest propensity of causing harm?

Mr Templeman—I will ask Professor Webster to add to that from a clinical perspective.

Prof. Webster—The trap in this discussion is that alcohol is alcohol however it is prepared or presented.

Senator CORMANN—That is exactly right.

Prof. Webster—And the level of alcohol consumption relates to the level of harm that you will experience. So whether it is presented in an RTD, in beer or in some other way is not going to alter the effect it has on the body. But the point I made earlier in another submission to you is that it is about which group is going to be vulnerable to the promotion of a particular alcoholic drink. In this case we are discussing the early take-up—and the earlier take up—of alcohol consumption by young people, who are highly vulnerable. As I previously put in an earlier submission, that relates to long-term alcohol related harms and other harms to do with mental health and biological problems. So you certainly can equate the level of alcohol in terms of direct harm; but in terms of lifecycle and trajectory of drinking patterns RTDs are quite a different issue than other forms of alcoholic drink.

Senator CORMANN—But if the price signals cause young people—people that you, I and all of us here are concerned about—to abuse other forms of alcohol to the same extent then we have not fixed anything.

Prof. Webster—No, that is a bad effect and an unwanted effect. That means that governments have to become more and more concerned about regulating how alcohol is produced, promoted and advertised.

Senator CORMANN—There was a part of your opening statement which I thought was a bit emotive. It caught my attention, which I suspect was the intention. Essentially you made comparisons of the alcohol industry—and give me the exact quote if I get it wrong—and said that it does not seem to be a concern or a problem that people are dying from alcohol related abuse. Have you got any data that would break down the incidence of death from alcohol related abuse by alcohol product category? Is there a problem that people are dying from RTD related alcohol abuse to a greater extent?

Mr Templeman—No, my exact quote—

Senator CORMANN—Your quote referred to alcohol broadly rather than RTDs?

Mr Templeman—Yes, it did.

Senator CORMANN—Because I am asking questions specific to RTDs; I am trying to understand where the differentiation is.

Mr Templeman—My exact quote was: ‘Even more disappointing is the lack of solutions being provided by the alcohol industry. There seems to be no problem with four people under 25 dying from alcohol every week.’

Senator CORMANN—Okay, but in the context of this inquiry, does a statement which says that there does not seem to be a problem with four people under 25 dying from alcohol every week—given that the whole issue for discussion is the alleged high levels of alcopops related abuse by young people—mean that young people dying every week from RTD related abuse?

Mr Templeman—We wouldn’t know that. Young people die every week as a result of some form of alcohol related cause.

Senator CORMANN—So it could be wine, spirits, beer?

Mr Templeman—It could be that. It could be a road accident as a result of it; it could be the result of assault because of it—or whatever. Again, it comes back to this data issue. We would need to have much more quantitative and qualitative information to make any assumption.

CHAIR—What was the sentence before that one. In your statement there was a sequential argument being made.

Mr Templeman—I was just trying to be helpful, Chair. I did not want to take too much time here.

CHAIR—I think you were making an argument towards the end of your presentation. It came before. It was a sequential argument.

Mr Templeman—I said: ‘It is disappointing that, despite the evidence presented by a wide variety of public health bodies over the past year, the alcohol industry still persists with what the public health sector believes is a campaign of misinformation designed to prevent adopting sensible policy initiatives.’ That was the statement.

Senator CORMANN—I guess the reason I am picking up on it is this: in your opening statement, with all due respect, you used interchangeably ‘sales’ with ‘consumption’ and you used essentially references to alcohol generally and then references to RTDs. I am trying to pin down what relates to what. Is there in your view a safe and responsible level of consumption of RTDs?

Mr Templeman—We have had the new national guidelines on alcohol consumption issued on Friday by the NHMRC. I think the best thing that people can do is follow those guidelines, but, more importantly, be very much aware of what is a standard drink.

Senator CORMANN—So the answer is yes, there is a safe and responsible level?

Mr Templeman—There is if people follow those guidelines.

Prof. Webster—But not for young people. The general argument is that they should not drink at all, although—

Senator CORMANN—When you say young, is that below 18?

Prof. Webster—Below 18, yes.

Senator CORMANN—Selling alcohol to children below 18 is illegal, is it not?

Prof. Webster—That is right. Unfortunately a large amount of income is derived from the sale of alcohol to underage drinkers.

Senator CORMANN—So, rather than penalise the greater proportion of people who consume alcohol, RTDs, responsibly, wouldn’t it be better to properly enforce the law that actually says that underage Australians are not allowed to be supplied with those drinks—any alcoholic drinks, for that matter?

Prof. Webster—It would be ideal if that could happen.

Senator CORMANN—Do you think we have a problem in Australia where regulated suppliers of alcohol supply underage children with alcohol illegally?

Prof. Webster—Yes.

Senator CORMANN—So you think that that does happen—and you have data to substantiate that?

Prof. Webster—I do not have data with me, but certainly New South Wales—

Senator CORMANN—Could you provide that on notice?

Prof. Webster—It has been a major issue in New South Wales, where I chair the Expert Advisory Group on Alcohol and Drugs and oversight the Liquor Act and its implementation in that state. We get data from the Bureau of Crime Statistics and Research about underage drinking.

Senator CORMANN—But any supplier who does that is carrying out an offence. They are exposed to losing their licence to sell alcohol. They are essentially exposed to a whole range of pretty stringent penalties, are they not?

Prof. Webster—Yes, and so they should be.

Senator CORMANN—Absolutely, they should be. Is that properly policed and enforced?

Prof. Webster—No, it is not.

Senator CORMANN—Do you think that state governments should do more to properly enforce the supply of—

Prof. Webster—The licensing provisions, the conduct and the sale and distribution of alcohol—yes.

Senator CORMANN—If that were done maybe there would not be a need for a 70 per cent tax hike?

Prof. Webster—No, like all public health measures, you require many different ways of dealing with the problem.

Senator CORMANN—But it is not a very targeted way of dealing with it, is it, because you end up hurting all of those who consume it responsibly?

Prof. Webster—Can I just make one observation: internationally and on the basis of cost effectiveness, the most effective way you can alter patterns of drinking in a population is through price of alcohol—and taxing is the way you influence price of alcohol. Governments can introduce it. We have done formal analyses in Australia of its cost effectiveness. It is much more cost effective in producing the outcome of prevention of loss of life and of disability as a measure. It is more effective than licensing—or that is effective. So in terms of cost effectiveness, taxation is the way you would go if you wanted to get the best bang for your government buck.

Senator CORMANN—And that would be true if that was applied across the whole gamut of alcohol products based on alcohol content rather than—

Prof. Webster—yes, it would be, and we were arguing, as we have mentioned before, before the Henry inquiry into a graduated volumetric tax system.

Senator CORMANN—I go back to my opening question: wouldn't it have been better to take a more strategic approach, rather than picking this off in an ad hoc fashion and closing loopholes every five minutes as we go along? We are already closing loopholes of a measure that has not even been validated by the parliament yet.

Prof. Webster—Yes, it would have been. That is an enormous step for a government to take. And as everyone that has given evidence to you today from the public health side of things have said, they have seen this as a first step and they would argue that there are other measures. We certainly argue that taxation reform is necessary right across the board.

Senator CORMANN—But if it is the first step that makes things worse in terms of actually achieving the ultimate goal, then it is not a very good step, is it? Anyway—

Senator BILYK—That is the Smirnoff there, is it, that you have kindly brought in to display to us? I was just wondering if you have seen the Smirnoff Ice Facebook page where they encourage young people—all people but predominantly Facebook is used by young people—to actually post pictures of themselves while they are drinking Smirnoff RTDs. I am wondering if you have any view on that sort of advertising and advertising in general. It appears to me in the advertising I looked at that it's bright, it's colourful, it's young, it's hip—you know, if you want to be in with the crowd you drink it. As I said earlier, I have two young adult children, so I have spoken to quite a broad range of young people about the issues around it. They tell me basically that, because it has been cheaper, they were happy to drink it. Because it is bright and colourful, it looks good to have when you are out and about. I do have a grave concern specifically with the Smirnoff Ice Facebook page. Have you actually seen it? You have not had a look at it? If not, it is well worth looking at.

Mr Templeman—I don't make a habit of looking at these things but certainly I have seen that.

Senator BILYK—No, I only look in a research capacity, I must admit.

Mr Templeman—But again I come back to the point I raised earlier on: let us put everything on the table and have a look at the whole deregulation issues around advertising, which picks up the issues about when you advertise, what you are allowed to advertise and are you allowed to advertise during specific programs—all those things are open. I think there needs to be some very thorough research undertaken in why these things are attractive and what makes them attractive. We know why they are targeted in such a way—to gain the interest of the group that you are referring to. All those things should be on the table to look at, because it is certainly adding to some of the misery that people are experiencing through alcohol later in life.

Senator BILYK—Sure. Closing the loophole is the first step and it is part of a much broader agenda that the Rudd Labor government has. The Rudd Labor government has invested \$872 million in preventative health, including education and including alcohol. It has set up the National Binge Drinking Strategy and it is also investigating risky drinking through the Ministerial Council on Drug Strategy. With the issue about collecting data, I am just interested in your views on the length of time you think that type of thing needs to take. We are trying to change a culture here and you don't do that overnight realistically.

We have taken some steps towards that, which could have happened any time in the previous 12 years but did not actually start, as I think you may well have said, and I do support that view. The concept about data—

Senator HUMPHRIES—Is there a question? It is more of a statement rather than a question.

Senator BILYK—I sat very quietly through your side's questions. The question was, and I have already asked the question: can you explain to us or talk us through the data processing and the length of time needed to get that data, and how you think it is best to go about using it to change public attitude and culture?

Mr Templeman—Having heard comments being made by others who have reported to this committee today and some pretty eminent researchers from NDRI and the like, I think they were all asked this question and gave answers in some respects. They all indicated the very significant gaps that exist with regard to getting the sorts of data that they would need, which ranged from improvement of point of sale data to emergency department data and issues around law enforcement data—all of it being done in a very consistent way. The way that it is modelled and the way it is presented all has to be done. Given the tribalisation that we live with—our federated model and all that sort of stuff—getting consistency and some harmony around that would be quite difficult. Comments were made like, 'That could take anything like a couple of years. We have to get the mapping right.' But as I said earlier on, having done that, if you are going to continue to maintain the data so that it is retrievable and useable, there has to be the commitment here for the long term. It will have to be done on a regular basis and not just turned on and off like some tap. So therefore resources are going to have to be applied to that as well. It is a big issue. It is a very significant issue; it is a big investment; but ultimately it will probably end up being to the betterment if we are going to reduce that \$15.3 billion cost.

Senator BILYK—Thank you.

Senator FURNER—In your submission in respect of the labelling of alcohol as food standards for Australia and New Zealand, you make the comment that they are about to consider labels for pregnant women and that could artificially discriminate against pregnancy or pregnant women. Could you just go into some detail what you are referring to in that respect?

Mr Templeman—If we had our druthers we would probably want to see a bit more detailed information with regard to the labelling not just being singly focused on that one particular area of the community. I would like to see, for instance, labelling which gives some indication of what the calorific content of this stuff is. One good thing in terms of possibly giving some people a bit of a wake-up call around this is to start putting calorific content and people getting indications about body image. I think I said this at the last hearing I was at, and Senator Fielding issued a press release after it about how four alcopops is equivalent to four doughnuts where I had relayed a story that occurred where four women had been in a group drinking four or five champagnes and one of them said, 'I hope you are pleased that you have actually consumed your fifth doughnut.' That would speak for itself if the comparator then was, 'I am not going to eat my fifth doughnut or drink my fifth glass of champagne.' This is the sort of information that we need to be seriously minded about here, looking at the total range of health impacts beyond just looking at alcohol in isolation.

Senator FURNER—So you think that, given that RTDs are directed at young women, that type of labelling would definitely have an impact?

Mr Templeman—I think it would have an impact on everybody, not just women—men and women. Let us not be sexist about this. It has an interest for men and women as well.

Senator FURNER—Do you think the Senate should pass the alcopops tax bill?

Mr Templeman—Most certainly.

Senator FURNER—Thanks.

Senator HUMPHRIES—I think we asked the council the question at the last hearing into the alcopops tax what your view about a volumetric approach to taxation was. I cannot recall what your answer was. Can I ask you again whether you support a volumetric approach to alcohol taxation?

Mr Templeman—It is a graduated approach to volumetric taxation.

Senator HUMPHRIES—Do you mean graduated in terms of moving towards it or graduated in terms of lower alcohol products getting better treatment and so on?

Mr Templeman—Yes.

Prof. Webster—Actually, the term is used to separate out groups of alcoholic products. There would be the beer based percentage, the wine based percentage and then the spirit based percentage but within that volumetric taxation.

Senator HUMPHRIES—I ask that question because one finding of the previous inquiry was that, if one were to move even to a graduated volumetric approach to the taxation of alcohol in Australia, you would probably set the taxation of the RTD products at too high a level in order to engineer a truly uniform volumetric approach—even allowing for some graduation to encourage consumption of low-alcohol products—unless your ambition was to significantly increase the level of taxation on alcoholic products across the board. Let me ask you this. Do you think that a significant increase in total taxation levels on alcohol is an important part of a health strategy in Australia? If not, do you accept that there is a legitimate argument that says that this measure is not in fact a very good first step towards using taxation to inhibit the abuse of alcohol if in fact you step away from a volumetric approach rather than towards it?

Prof. Webster—In the submission that ADCA has made jointly with about 19 other organisations to the Henry review—I have forgotten what I was going to say, actually.

Senator HUMPHRIES—I have not seen that submission as yet.

Prof. Webster—It addresses this, first of all. At the point that these discussions took place last year, people were arguing for a revenue-neutral approach to taxation of alcohol. That submission says that that should not necessarily be the goal. Governments will determine whether they ought to raise more funds than up to that point in time from alcohol taxation. Secondly, that submission also suggests the specific possibility of a government defining a particular drink as being a particularly risky drink because of the way it is used or the group it is targeted towards. I would imagine that, if a volumetric tax is being advocated by the public health sector, the government may well decide that RTDs have a special characteristic because of their attractiveness and perhaps because of the way they are being promoted to a particular group and specify a defined tax level for them. So there is in that submission a way out of dealing with particular defined alcoholic products.

Senator HUMPHRIES—I think you make a reasonable point, may I say, in that respect. But with respect I do not think we are seeing in this legislation a systematic or planned strategic approach towards the taxation of alcohol. What we are seeing is a measure which is targeted at raising a lot of money over a relatively short period of time. It is taking a particular product which has rightly been identified as being something of a problem, with no evidence of a strategy behind it to actually back that up. Can I put to you what someone put to me, which is this. Many in the public health sector have stampeded to back this measure because they have been waiting for a long time for someone to do something about the high levels of consumption of alcohol through the taxation system. The view is taken that something is better than nothing, that it is worth backing this measure because it does something. But—and excuse the pun—on sober reflection we might actually step back and redesign this measure based on clear evidence of what exactly are the effects of individual steps in that process. We might achieve a much better result if we planned on the basis of hard evidence what we can achieve through judicious use of the taxation system.

Prof. Webster—There is no doubt in my mind that public health people have welcomed it because, as we have all said, it is a first step. As my CEO said, this is really the first time that it has gone on the national agenda and it has changed the discussion around alcohol publicly, and that is important. I know the government, through the Preventative Health Taskforce, has defined alcohol as one of its key priorities. I have read the preliminary papers for that, which broadly address many of the measures that we have discussed previously in this context—licensing, advertising, control of availability, early interventions through general practice and through the healthcare system, measures related to policing and the like. I would assume that the government, when that report comes through, will pick those up and implement them. So I think you could argue that there is a plan being developed. As to the overall taxation policies that government might follow, that certainly must be now the subject of advice from the Henry review. It is not going to be very easy. It is very difficult to determine the thresholds and the boundaries and require different economic modelling and some knowledge and experience of what has happened over time to the patterns of drinking of particular products. There is hope that a more sensible, broadly based, evidence based approach to alcohol policy in Australia will emerge.

Senator HUMPHRIES—Do you agree that an integral part of such a policy or strategy has got to be issues like trading hours, enforcement of existing underage drinking laws, labelling and so forth. And, to the extent that those issues involve state and territory governments, are you aware of any moves at this point to actually implement such a strategy by involving governments to make that happen?

Prof. Webster—I agree that they are imperative. ADCA and other organisations have argued for consistent national policies around some of those issues. I am not aware of the Commonwealth government negotiating directly with the states about any of those issues, but I do know that the states, as a group, have defined

alcohol as a major priority. I think that at least three or four of the premiers have put the problem of binge drinking and alcohol as one of the priorities for their governments. The New South Wales government, with which I collaborate at various levels, certainly has.

Mr Templeman—The submission that we have put to this committee has certainly had consultation with a number of key NGOs in the public health and community services area together with peak non-government organisations in the alcohol and drug sector in the states and territories, which are all united and supportive of our submission.

Senator HUMPHRIES—It is the governments you need to bring to the table, though, not the NGOs, with respect.

Mr Templeman—I know, but also part of this initial step is to get harmonisation of those groups so that they can also help influence those governments. Also, discussions have taken place at the Intergovernmental Committee on Drugs and the ministry or council on emergency services and the like, who have had some joint dialogue around these issues, particularly around the problems of alcohol and particularly in relation to alcohol related violence, and advertising as well. These are certainly steps in the right direction. They are all coming back to what I should have said to Senator Cormann before—this overarching plan which has been driven by Professor Moodie and the Preventative Health Taskforce.

CHAIR—Thank you Mr Templeman and Professor Webster. Professor Webster, that quote you were looking for in your area is in the papers you gave us on page 24 and 25 of your submission to the Henry report, about that particular process.

Prof. Webster—Okay. Thank you.

[5.30 pm]

ANGOVE, Mr John, Managing Director, Angove Family Winemakers

CHAIR—Welcome. You have been provided with information on parliamentary privilege and protection of witnesses. We can get you more information if you have any questions about that. I invite you to make an opening statement, and then we will go to questions.

Mr Angove—Thank you for the opportunity of squeezing me in late in the day; I will try to make it short and sweet. This is very much a micro issue rather than a macro issue, such as that I have been listening to for the last hour and a half. It revolves around a very traditional product that my company produces, which is a ginger beer. It is sold under the Stone's brand, which some of you may be familiar with. It is produced by SA Brewing in Adelaide. We began researching this product 10-plus years ago. Having had quite a longstanding interest in ginger flavoured products, we had the thought that an alcoholic ginger beer ought to have a spot in the marketplace. We have had Stone's alcoholic ginger beer on the market for about eight years, after that research with SA Brewing. It currently meets the definition for beer. It is 4.8 per cent alcohol by volume and about 10 per cent by weight sugar.

The new definition proposed for beer will cause us and it some problems because of the bitterness requirements and the sugar limits. At the outset of our research, we could have made a wine based beverage, being winemakers, and paid tax under the WET system. But we wanted to be able to call the product beer—ginger beer—so we took the more expensive path of the beer excise. Traditional ginger beer is not overly bitter; it is sweet and it is also very gingery, and that is the very characteristic feature of the product we are producing. Just as hops and malt characterise bitter beer, ginger characterises ginger beer. We did not set out, and we do not want, to make an alternative. We want to make a beer—certainly not traditional bitter beer but traditional ginger beer. A key issue for us is our ability to call it beer. The planned definition will present us with a problem in being able to continue to call the product beer.

Another area of interest for me was that, when the ATO reviewed wine based beverages or wine products, the approach from Treasury was to protect traditional products such as vermouth, marsala, ginger wine, cream liqueurs and the like. This was a logical process as they had nothing to do with RTDs and the approach that the government was taking. Of course, those products had been in the marketplace for a long time. In the case of the beer review or the review of the definition for beer, I contend that perhaps Treasury have overlooked the existence of traditional products in that beer category, so there is a bit of a disjoint between the approach to wine based beverages and beer, because ginger beer does go back to the 1700s. It is a very longstanding, traditional product. Other products with perhaps similar history and tradition are apple cider and perry—pear cider. Both of these are alcoholic, effervescent, sweet, without bitterness and currently taxed under the wine equalisation tax regime rather than under beer excise or the new RTD regime.

So I ask myself: is ginger beer an RTD or is it a pseudo-RTD? It is not spirit based; it is a brewed product. It does not present as an RTD. Sadly, it does not sell in RTD volumes. It is very much a niche product for those who love ginger, and it is a small section of the market. Woolworths and Coles both list the product as a beer. They display it as a beer and they promote it as a beer. We, in our pricing, price it to align it with premium beers. When we first approached Woolworths and Coles, they were very adamant that it had to go into the beer category. We did not argue, because that is where we wanted it to be. RTDs sell in the millions of cases. Stone's ginger beer sells in the order of about 150,000 cases. In the total RTD scheme, that is very small. For us as a small company, it is a very significant volume and part of our business. We are carrying some concern as to what might be unintended consequences from the changes that are being proposed.

In my formal submission, I did present a solution, which was a separate definition to cover ginger beer. Looking further at it and discussing it with SA Brewing, it may be easier to simply add to the proposed definition a new paragraph, which chronologically would be (h), that might say, in the case of ginger beer, something like that where the predominant flavour is ginger—and that is important—a lower limit of two international bitterness units and eight per cent by weight of sugar will apply. Now, that would not totally solve our problems, because, as I said earlier, we are about 10 per cent sugar now, but I think we could accommodate that as a resolution of our issue if it were acceptable to the committee. Alternatively, paragraphs (b) and (c) in the definition could have an addition to cover the bitterness units and the sweetness. This addition would not allow spirit based RTDs to enter through this paragraph but would allow a traditional, niche product to continue on the market and be allowed to be called 'beer'. I do not think this addition to the definition of 'beer' would upset the brewers in any way.

As a final comment, from where I am sitting, we do not have any objection to the proposed changes that are being made. It is just this micro issue within the beer definition which is causing us some considerable concern. As I said, it is small in the total scheme of things but significant for us as a small company.

Senator BIRMINGHAM—Thank you for your submission and for your time today. I also thank, as a South Australian senator, the committee for hearing from this South Australian business that I know is well respected in my home state. Whilst in the Senate we spend a lot of time debating the big issues, it is particularly the role of Senate inquiries like this to sweat the small stuff and hopefully pick up the unintended consequences of government legislation. I think you are mounting a strong argument that the impact on your business and your product is an unintended consequence of very recent amendments—amendments which were made two weeks ago now—to the government's initial proposal.

It is helpful to flesh out sometimes the context of a submission on the *Hansard* record for the benefit of everyone who comes back to look at things at a later time. You have talked about the tradition of the product. Certainly in your submission you say that the recipe and the formula date back to the 1700s and that you went through a lot of work to try to fit that traditional definition and make sure that it was genuinely a traditional product. Could you just explain and highlight a little bit the history you have with the Stone's product and that history and tradition that you have tried to capture throughout the making of this product?

Mr Angove—Yes. We have been the licensed producers of the Stone's products in Australia for nearly 50 years—hence the interest in ginger as a flavour. Our interest in ginger beer goes back a long way, but I guess we did not get serious about it until 10 years ago, when we thought we really should try and do something about it. The work we did with SA Brewing was very much directed to producing a product that would fit into the beer category, and this required a malted beverage and a brewed ginger product. The original method of producing ginger beer is taking water, sugar and ginger root and fermenting it all up; the ginger flavour is extracted from the root and you get an effervescent, sweet, highly ginger flavoured product. Bottles blowing up under the stairs and that sort of thing are all part of the ginger beer tradition. We were very keen to get that traditional ginger beer flavour. We discovered very early on in the piece that it had to be a brewed product to get that ginger flavour. It was a very lengthy combined effort between SA brewing and us to arrive at an end product that we thought had the characteristics that we were looking for as a ginger beer.

Senator BIRMINGHAM—You have indicated how hard you worked to fit it into the beer definition. You could, of course, have made it a wine based product and achieved lower taxation rates under the WET regime. I assume that it could equally have been manufactured using spirit based products in some way, shape or form and, indeed, could have been an RTD if you had wished to go down that path, but you did not. Is that a correct assumption—that, because of the dominance of the flavour of ginger, you could have chosen any sort of pathway but you went down the brewing pathway for that focus on beer and the traditional aspects of it?

Mr Angove—I guess that, when we were looking at it, the RTDs were not what they are today. It was not really a question of, 'Shall we go this way or shall we go that way?' It flowed on more from the 'cooler' arena, and we did not want to go down the 'cooler' path, because that was not the path that was going to produce a ginger beer; it was so important in our mind that it be a beer.

Senator BIRMINGHAM—You have emphasised that it is a small market. Can you give us a hint, as far as you can, of the market size and the demographics of consumers that you target or that you understand purchase the product and those key factors.

Mr Angove—It is a pretty wide demographic, we believe. It is about 92 or 93 per cent take-home trade off-premise. The on-premise consumption is about eight per cent at the moment. As a product it does not have—dare I say it?—what the brewers call 'sessionability', the ability to drink the first one, the second one, the third one, the fourth one et cetera. It is too highly flavoured—the ginger flavour is too strong—and if you are in any way not akin to ginger then it is just not your product. I think this cuts out a large slice of the potential market, because they do not like ginger, pure and simple.

CHAIR—It would be a disincentive, I think.

Mr Angove—The ginger fiends enjoy it, but it is not a product that you can drink a large volume of. It is too highly flavoured and too sweet.

CHAIR—You have made that clear in your submission, but you did not use that wonderful term 'sessionability'.

Mr Angove—Sessionability.

CHAIR—I must use that one.

Senator BIRMINGHAM—It is a very good phrase. Demographically, do you have any feel?

Mr Angove—We do not have a lot of detail on that. We do have detail on Stone's ginger wine, and that is very spread across all age groups and all socioeconomic groups. You will find it in the back streets of Port Melbourne and you will probably find it somewhere in this building as well.

Senator BIRMINGHAM—So it is safe to say that, insofar as you have some idea, you do not believe that there are a lot of 16-, 18- or 22-year-old boys, girls, men or women out there as the dominant factor in the consumption of ginger beer.

Mr Angove—I would be surprised, because it is so strongly flavoured.

Senator BIRMINGHAM—What discussions did you have with government before the amendments were released last week?

Mr Angove—Sorry, could you say that again.

Senator BIRMINGHAM—What discussions did you have with government and what approaches did you make to government before the amendments were made to the legislation in the last couple of weeks?

Mr Angove—I made contact with some senators simply to point out where our concerns were. The race was won; I think the words were on the page. Hence the desire to talk to you here today. Is that what you were after?

Senator BIRMINGHAM—Yes. So, in a sense, it was not until very late in the piece that you became aware there was a risk that a traditional product like Stone's ginger beer could or would be caught up in this?

Mr Angove—Absolutely. No, I was not aware.

Senator BIRMINGHAM—Have you had any direct feedback from government, Treasury or other government sources about your concerns with the definition?

Mr Angove—No, other than procedural response, about your inquiry.

Senator BIRMINGHAM—Looking at the Winemakers Federation submission, who I think the committee hears from tomorrow, I see their support for the changes as they apply to wine is very much conditional on still protecting existing grape or wine products. You have made a strong case for similar treatment of what you would argue is a traditional beer product.

Mr Angove—Yes.

Senator BIRMINGHAM—You have outlined, both in your submission and of course on the record today, some alternative solutions, which I hope we can put to Treasury officials—if not for them to respond to tomorrow, at least for them to perhaps take on notice and respond to in the immediate days thereafter.

Mr Angove—Thank you.

CHAIR—I just want to run through with you again the specific recommendation you have. This will certainly be taken up with Treasury people. We have the definition of 'beer' as proposed in the amendment that has gone before the House. You explained earlier in your evidence about what you were trying to do with your product to make it fit.

Mr Angove—Yes.

CHAIR—Your proposal is that you wish to retain the title 'beer' because it is traditional and you see your product as a beer.

Mr Angove—That is right.

CHAIR—You mentioned some percentages—and I am sorry, I did not get them clearly in my brain.

Mr Angove—The beer standard, as it is presently written, has a minimum of four international bitterness units—

CHAIR—Yes, that is right.

Mr Angove—and four per cent by weight of sugar. If there were a specific reference for ginger beer to have two international bitterness units—because there is a malt character and a hops character—and eight per cent by weight of sugar—

CHAIR—The higher weight of sugar because of the type of product?

Mr Angove—because of the type of product that it is—then I think we would be comfortable. We would have to modify our formulation a little bit, but to get it up to 10 per cent might expose us to criticism because the RTD category is up at around that 10 or 11 per cent market in sugar content.

CHAIR—For the sake of the record, you do not consider that your product is an RTD?

Mr Angove—No, never have.

CHAIR—Why?

Mr Angove—Because it is a brewed product, it is a beer and it is not spirit based.

CHAIR—You understand the concern the minister has put on record—that she does not want any unintended consequences. We are trying to make this as inclusive a process as possible. Is it possible that the kinds of solutions you have suggested in your submission could lead to other people making use of the process to create another quasi-RTD? That was the argument at the start—that as soon as this tax changed in 2000 the growth pattern rose in terms of what was happening. People were creating new drinks to meet it. It is our understanding that last year, when the process changed, people were putting out products that were either wine based or beer based to try and get around the alcopop change. Do you see any loophole that would be created by this process?

Mr Angove—I certainly do not want to make a loophole, and I guess that is where I say—and I would be happy to work on this out of session, as it were—

CHAIR—Sure, absolutely.

Mr Angove—In the case of ginger beer, where the predominant flavour is ginger—and I put those words in very specifically—a lower limit of two bitterness units and eight per cent by weight sugar will apply. There is a further step that we could take through the FSANZ standards. We could in fact request that ‘ginger beer’ be a prescribed term, in which case—

CHAIR—A new category in a sense?

Mr Angove—Yes—any product that fitted that definition would have to have ‘ginger beer’ on the label. It could not masquerade as something else.

Senator BIRMINGHAM—In the winemakers’ submission there is the current application for ‘wine based beverage’, which would cover those traditional products.

Mr Angove—That is an exact parallel. The industry is looking for ‘wine based beverage’ to be made a—

CHAIR—Category.

Mr Angove—prescribed term. Then any product that is a wine based beverage would have to have ‘wine based beverage’ on the label.

CHAIR—Thank you very much. It is really important that you have the chance to put the case and continue the discussion. In many ways it is an unintended consequence. You will continue talking with Treasury in terms of this process?

Mr Angove—I will most certainly if I am able.

CHAIR—We as a committee will as well.

Mr Angove—Thank you very much. As I say, it is at the micro end of the discussion but for us it is very important.

CHAIR—I think it again reflects the complexity of this issue for the industry. Thank you.

Mr Angove—Thank you very much, Chair.

CHAIR—The committee now stands suspended until tomorrow morning at 9.45, when we will reconvene in this room. Thank you very much. Thank you, Hansard.

Committee adjourned at 5.51 pm