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Official Committee Hansard

SENATE

COMMUNITY AFFAIRS LEGISLATION COMMITTEE

Reference: Alcohol Education and Rehabilitation Account Bill 2001

MONDAY, 6 AUGUST 2001

CANBERRA

BY AUTHORITY OF THE SENATE

WITNESSES

CARMAN, Ms Belinda, Principal Legal Officer, Legal Services Branch, Department of Health and Aged Care 9

CORCORAN, Mr Brian, First Assistant Secretary, Population Health Division, Department of Health and Aged Care 9

GRIFFITH, Mr Jeremy, Spokesperson, Australian Associated Brewers..... 1

KERR, Ms Sue, Assistant Secretary, Drug Strategy and Population Health Social Marketing Branch, Department of Health and Aged Care 9

McDOWELL, Mr Gabriel, Spokesperson, Australian Associated Brewers 1

WEBSTER, Professor Ian, Chairman, Alcohol Education and Rehabilitation Foundation, Department of Health and Aged Care 9

SENATE
COMMUNITY AFFAIRS LEGISLATION COMMITTEE
Monday, 6 August 2001

Members: Senator Knowles (*Chair*), Senator Allison (*Deputy Chair*), Senators Brandis, Denman, Evans and Tchen

Participating members: Senators Abetz, Bartlett, Brown, Calvert, Chapman, Coonan, Crane, Crowley, Eggleston, Faulkner, Ferguson, Ferris, Forshaw, Gibbs, Gibson, Harradine, Harris, Lees, Lightfoot, McGauran, Payne, Schacht, Tierney and Watson

Senators in attendance: Senator Knowles (*Chair*), Senators Denman, Evans, Lees and Tchen

Terms of reference for the inquiry:

Alcohol Education and Rehabilitation Account Bill 2001

Committee met at 9.32 a.m.

GRIFFITH, Mr Jeremy, Spokesperson, Australian Associated Brewers

McDOWELL, Mr Gabriel, Spokesperson, Australian Associated Brewers

CHAIR—The committee is taking evidence on the Alcohol Education and Rehabilitation Account Bill 2001. I welcome representatives of Australian Associated Brewers. Witnesses are reminded that the giving of evidence to the committee is protected by parliamentary privilege. However, the giving of any false or misleading evidence may constitute contempt of the Senate. The committee has before it your submission. Do you wish to make any alterations to that submission?

Mr Griffith—No.

CHAIR—I invite you now to briefly speak to your submission, if you wish, at the conclusion of which honourable senators will be invited to ask you questions.

Mr Griffith—On behalf of Australian Associated Brewers, we support the establishment of the Alcohol Education and Rehabilitation Account Bill fund, particularly with regard to its purpose: education and rehabilitation and prevention of alcohol and other illicit drug substances abuse. Australian Associated Brewers is the national industry body that represents the Australian brewing industry, which incorporates the Fosters Brewing Group, which is Carlton and United Breweries, Lion Nathan Australia, Coopers Brewery and J. Boags.

I thought I would spend a few minutes giving a bit of background to the association and then I will briefly address the key points of our submission. I will not go through the entire details of our submission; you have received it and have obviously had the opportunity to read it. The specific aims of AAB include promoting responsible drinking patterns through education programs and providing direct funding to alcohol and other related medical research and education. The programs that we are currently involved in include independent medical research. A fund was established in 1978. So far, \$4½ million has been provided to independent medical research to assist in the development of alcohol education programs and to minimise abuse.

We are also involved in school based education programs. In particular, we established the Rethinking Drinking program, which two-thirds of all secondary schools currently use. Its aim is to educate school children on responsible attitudes towards alcohol. Currently, 200,000 secondary students are educated or put through the program every year. The alcohol industry has also established its own advertising regulation. All ads are vetted by an independent body to ensure that alcohol is promoted responsibly. We have also developed responsible service training programs—the No Worries Training program is aimed at training hospitality staff to serve alcohol responsibly.

Specifically, the brewing association supports the bill in the establishment of a trust fund. There are, however, a couple of key issues that we would like to raise, and some recommendations we would like to put before the Senate inquiry. First and foremost, we would like to make an acknowledgment of the involvement of the beer drinkers. The money was raised from the beer drinkers and we would seek that they are represented on the board in some capacity and that there be some acknowledgment of their involvement through the naming of the fund.

The second point that we would like to raise is the need to establish expert independent advisory panels. These panels would provide expert advice to the foundation. We believe there is a need to ensure that the funding is allocated to the best evidence based programs, and we believe that establishing expert advisory panels to provide advice to the foundation would significantly benefit that process. We believe that will also assist the need for openness and transparency in the allocation of grants, given the sizeable amounts involved. As I said, this is just to provide expert advice to the foundation or to the committee.

The third issue is that we request that the foundation's goals and objectives be consistent with the National Alcohol Action Plan, which was released by the Commonwealth and state ministers late last week. That has been developed over the last couple of years and it is very much endorsed by the industry and across all state and federal governments, which are very heavily focused on an education based approach to minimising alcohol abuse.

With regard to the bill, we have some technical issues to do with the length and tenure of appointments on the board. We would like those to be outlined specifically in the bill—how the appointments are made and the term of appointments of individuals on the board. The final point that we raise is to do with the Historic Hotels Initiative. We believe that this should also be reflected to the clubs—

Mr McDowell—If indeed any money goes towards those causes.

Mr Griffith—We cannot see distinguishing between hotels and clubs as useful. There are many historic clubs throughout Australia. That is essentially a summary of our submission and we are happy to take any questions.

CHAIR—Mr McDowell, do you wish to add anything?

Mr McDowell—No, thank you.

CHAIR—Are you really serious in saying that you want this named the Beer Drinkers Foundation?

Mr Griffith—We want to acknowledge the involvement of the beer drinkers in providing the funding for the establishment of this trust fund.

CHAIR—Are you really serious about the name you put in your submission?

Mr Griffith—We would like a recognition of the beer drinkers. We put that in our submission and, yes, we would like recognition of the commitment of beer drinkers to it.

CHAIR—How would you select a beer drinker to go on the board?

Mr Griffith—We have nominated a proxy—the chairman of the Australian Associated Brewers—to be on the committee.

CHAIR—You are presuming that everyone on the board at the moment is a teetotaler?

Mr Griffith—Not in the slightest. Looking at the foundation, you could not ask for a more experienced and qualified group. It is simply the issue that the money was raised from the Australian beer drinkers and we would like to see a representation of that.

Mr McDowell—Further to that, in the rationale given for the selection of the members of the foundation, nobody was specifically selected because they represent the funders of the foundation, who are essentially Australian beer drinkers.

CHAIR—Don't you think this is such an important issue that we should not just be looking at something rather petty—I suppose that is the way to describe it—in saying that we must specifically have someone there as a beer drinker. This foundation is set up because of a very serious problem in Australian society—

Mr Griffith—We totally agree with you.

CHAIR—and here we are today talking about what seems to me to be a rather infantile way of looking at something that is such a serious issue in this community.

Mr McDowell—The Australian beer drinkers are the source of the funding. They themselves recommended the setting up of the foundation to dispense with the disputed excise. I think it is only fair and reasonable that proper acknowledgment be made of that fact.

CHAIR—When you say 'they believe', how did you survey those people?

Mr McDowell—A nationwide poll.

CHAIR—A nationwide poll?

Mr Griffith—The results are in our submission.

CHAIR—But how did you conduct that?

Mr McDowell—We commissioned a research agency to question both voters and beer drinkers.

Mr Griffith—On the issue of the importance of the fund and the direction and the use of the money, I completely agree with your comments about the importance of it. As I said, it is just an acknowledgment. The primary role of the trust fund is there and can provide very significant benefit. All we are requesting is an acknowledgment of the contribution of the beer drinkers—no more, no less.

CHAIR—From a personal point of view, it disappoints me that the association belittles such an important thing by making rather strange stipulations of minutiae like that when we have a very effective board that can deal with that very difficult problem.

Mr Griffith—Absolutely. One of the other key points in our submission was that we recommended the establishment of independent expert advisory committees to provide technical and expert advice. We believe that would be a significant contribution to the establishment of this trust fund. We would like to see that as one of the key points of providing direct input and assistance to the committee.

Mr McDowell—I would like to emphasise what Jeremy said in the introduction. Australian Associated Brewers has already funded alcohol related medical research to the

tune of \$4½ million. I think that demonstrates our seriousness in relation to the problem of alcohol misuse.

Senator CHRIS EVANS—I want to reassure the committee that the beer drinkers are represented on this Senate committee and that I will do my best to pursue their interests, having been lobbied very hard by my father and his mates in the front bar of the Wembley Hotel on this issue when it was a hot political topic. That is a declaration of a personal interest, I suppose. You are supposed to declare any pecuniary interest in the price of beer. On a more serious note, I want to concentrate on a couple of points which you made in your submission. The first point I will deal with is the amount of excise. I have seen three or four different figures. I know the government is now committed to returning \$120 million—\$115 million through the fund and \$5 million through the Historic Hotels Initiative—but you use the figure of \$180 million. I think at the time the figure quoted to me was \$155 million. How much excise was collected during that period?

Mr McDowell—I do not know precisely how much excise was collected during that period, but disputed excise of well over \$120 million has been collected to date. We were only disputing that quantum of excise that was above the government's promise that ordinary beer prices would rise by only 1.9 percent.

Senator CHRIS EVANS—I will rephrase the question. In terms of the disputed excise, you use the figure in your submission of \$180 million. The figure I had previously was \$155 million. The government is returning \$120 million. Do you know how much disputed excise was raised in that period?

Mr McDowell—It would depend on what economic modelling you were starting from. That would explain the difference between \$120 million, \$155 million and \$180 million.

Senator CHRIS EVANS—You have gone for \$180 million in your submission. Why?

Mr McDowell—We believe that the disputed excise was more around that figure than around \$120 million.

Senator CHRIS EVANS—I will ask the department later. Surely this is a figure we can now ascertain. We are talking about a historical event. We should be able to work out exactly how much excise was collected.

Mr McDowell—Yes, you could work out how much actual excise was collected. That would not be a problem.

Senator CHRIS EVANS—But what about the disputed amount of excise?

Mr McDowell—That was always in dispute.

Senator CHRIS EVANS—I thought the dispute was about whether it ought to be collected, not how much it was.

Mr Griffith—I assume your question is to do with the figure of \$120 million and where that figure was derived from.

Senator CHRIS EVANS—There is that. You have used \$180 million. My recollection is that, at the time, there was a figure of about \$150 million or \$155 million. That is the figure I had in my mind. I am trying to work out, as a starting point for this debate, how much excise over and above that which was legal was collected. It seems a reasonable starting point for this debate.

Mr Griffith—The premise that we based our numbers on was 1.9 per cent on 1 July. That is the figure of \$180 million. The figure that was derived was put through the Senate, or was passed by parliament. It is an issue to do essentially with economic modelling differences.

Senator CHRIS EVANS—Nothing has gone through the Senate yet. The brewers maintain that \$180 million was collected. Is that right?

Mr McDowell—A lot more was collected. The difference is that the modelling accepted by the Australian Democrats was undertaken by the Australian Hotels Association, I believe.

Senator CHRIS EVANS—The AHA has a model which produces a figure of \$120 million and you have a model which produces a figure of \$180 million.

Mr McDowell—I have not seen the AHA's modelling but, if I recall correctly, there were media reports that modelling was developed by the AHA as independent. Perhaps Senator Lees could clarify that.

Senator LEES—The modelling that we eventually used was independent modelling. I do not have the information in front of me but it was around \$150 million for a full year—but it was never a full year.

Mr Griffith—It was 4 April.

Senator LEES—Bringing it back to the date when the amount stopped being collected effectively made it the \$120 million.

Senator CHRIS EVANS—I will ask the department if they can say on what basis the legislation was drafted. You think it is much more than the \$120 million provided for in the legislation?

Mr McDowell—We believe so.

Senator CHRIS EVANS—There is a dispute from your point of view about how much. Were you involved in this negotiation process that preceded the establishment of this fund and the legislation?

Mr McDowell—We certainly made representations but we were not involved in the negotiations between the Democrats and the government.

Senator CHRIS EVANS—To your knowledge, were the AHA involved in those?

Mr McDowell—I have no knowledge whether the AHA was or was not involved.

Senator CHRIS EVANS—The extent of your involvement was to make submissions to the government, but you were not involved in the negotiations surrounding the origins of this fund?

Mr McDowell—I was not.

Mr Griffith—The Democrats certainly did consult with us and provide advice.

Senator CHRIS EVANS—You were not at the table in any of this. You were lobbying various parties and talking to them but you were not at the table.

Mr Griffith—Yes.

Mr McDowell—Yes.

Senator CHRIS EVANS—Are you able to provide us with your modelling on the money that was collected from the disputed excise?

Mr Griffith—Yes, we can table that.

Senator CHRIS EVANS—Have you got that with you today?

Mr Griffith—No.

Senator CHRIS EVANS—Could you take that on notice? It would be appreciated. You made your point about increasing involvement of beer drinkers. Do you think the composition of the board is fine in that the people are on it are qualified and have an interest in the area, but you want a broader representation? Is that a fair representation?

Mr Griffith—Yes, absolutely.

Senator CHRIS EVANS—Is there anybody other than beer drinkers who you think ought to be represented?

Mr Griffith—No, the money was raised directly from the Australian Beer Drinkers Foundation.

Senator CHRIS EVANS—You expressed some concern about the historic hotels fund. What is your concern about that?

Mr McDowell—It goes back to the fact that Australian beer drinkers have effectively contributed the funding for the foundation. The research that we conducted would clearly indicate that they are very happy for it to go to causes such as alcohol related medical research. The restoration of hotels could hardly be described as something that falls into that category, so we are suggesting that beer drinkers should be consulted before that money would be allocated.

Senator CHRIS EVANS—So you have concerns about whether that is an appropriate use of the funds?

Mr McDowell—We certainly think that it would be appropriate to ask beer drinkers what they think. They may well agree that it is a good use of the funds.

Senator CHRIS EVANS—Senator Knowles and I are both Western Australians and thankfully we do not have poker machines outside the casino. You made a point that was made to me by the WA clubs association. They say that historic clubs in Western Australia which do not rely on gaming revenue also have a lot of historic buildings and that they are doing it tough and could benefit from the fund. Do you support the view that those clubs not reliant on gaming ought to be included in the fund?

Mr Griffith—Yes, absolutely.

Senator CHRIS EVANS—The other issue you raised was the question of appointments et cetera. As I understand it, that sort of detail about length of appointments is not contained in the bill. Are you mounting an argument for it to be included in the legislation?

Mr Griffith—Just to do with the temporary periods of appointment for clarity.

Mr McDowell—And accountability

Senator CHRIS EVANS—I am going to ask the department about how the accountability works in terms of parliament. I do not know whether you want to comment on that. The other thing is that you mentioned interest in the national action plan which was in my in-tray when I arrived at work this morning. What is the interface between this fund and the national action plan in your minds?

Mr Griffith—I am not too sure. I have not looked at the national alcohol action plan. I am not aware of any direct links with the establishment of the fund. The issue that we raised was just that, given the significant amount of work that has gone into establishing a national

alcohol action plan, it would be beneficial to have some links through to the work that has already been provided into that plan.

Senator CHRIS EVANS—Yes, you would think that that \$115 million would be part of the context of the national alcohol strategy. I could not find it looking quickly through the report. Your view is that it is not linked up?

Mr Griffith—Not to my understanding, and I have had a reasonably close look at the NAAP.

Senator CHRIS EVANS—I will ask the department about that.

Senator TCHEN—Mr Griffith, you have suggested a proxy representative of beer drinkers to go on the expert panel. Who is that?

Mr Griffith—It is the current chairman of the Australian Associated Brewers, Walter Bugno. He is the managing director of Lion Nathan.

Senator TCHEN—You are suggesting that the AAB chairman should go on as a consumer advocate. Are you a maker of alcohol?

Mr McDowell—We are. We also funded the campaign that actually resulted in the foundation on behalf of Australian beer drinkers. In that sense, we have a common interest.

Senator TCHEN—Yes, it occurs to me that could be the case. Can you disclose how much the campaign cost?

Mr McDowell—We have not disclosed that publicly—I do not think there is a major issue with that—but I think it would have been about \$7 million.

Senator TCHEN—That is pretty unusual, in terms of consumer advocates, to have the manufacturers of the industry being altruistic and representative of consumer interests.

Mr McDowell—Our business is very simple: higher beer prices actually damage the industry because consumers cannot afford to drink beer in their usual patterns. So the only way our business suffers is if it hurts the pocket of beer drinkers.

Senator TCHEN—That is on the assumption that the beer is, in fact, a staple food.

Mr McDowell—No, I do not see the relevance.

Senator TCHEN—I must disclose that I am not a beer drinker.

Mr McDowell—I think it is just, very simply, the case that most people drink beer in moderation already. We saw, immediately after the excise increases that came in on 1 July, a significant decline in consumption of beer, particularly on premise which is where the price rises were most significant.

Senator TCHEN—You also made the point, about which Senator Evans questioned you, that you believe that the historic hotel funding should be allocated also to clubs as well. I assume you are talking about clubs that are located in historic buildings, or are you talking about clubs generally?

Mr McDowell—I would think that the same sorts of terms that apply in relation to hotels should apply to clubs. So if the definition is ‘historic, no gaming’ in relation to hotels, we think that should be extended to clubs.

Senator TCHEN—That would be clubs which have gaming machines?

Mr McDowell—No.

Senator TCHEN—Clubs without gaming machines?

Mr McDowell—Yes.

Senator TCHEN—Are there clubs without gaming machines?

Mr Griffith—Western Australia has numerous clubs.

Mr McDowell—Absolutely.

Mr Griffith—There are significant ones throughout Victoria.

Senator TCHEN—I have never seen a club in Victoria without gaming machines—maybe different states have different cultures.

Mr Griffith—I am not too sure of the figures in Victoria but, as an example, I think 15 per cent of hotels in that state have gaming machines; so 85 per cent of hotels do not have gaming machines. I would assume there would be a reasonably similar number for the clubs in Victoria.

Senator CHRIS EVANS—Unlike Victoria, Western Australia is not totally dependent on income from gambling—just largely!

Senator TCHEN—You will have to speak to Premier Bracks about that.

CHAIR—Thank you very much, gentlemen, for giving the Senate your time today.

[9.57 a.m.]

CARMAN, Ms Belinda, Principal Legal Officer, Legal Services Branch, Department of Health and Aged Care

CORCORAN, Mr Brian, First Assistant Secretary, Population Health Division, Department of Health and Aged Care

KERR, Ms Sue, Assistant Secretary, Drug Strategy and Population Health Social Marketing Branch, Department of Health and Aged Care

WEBSTER, Professor Ian, Chairman, Alcohol Education and Rehabilitation Foundation, Department of Health and Aged Care

CHAIR—Welcome. Witnesses are reminded that the giving of evidence is protected by parliamentary privilege. However, the giving of false or misleading evidence may constitute a contempt of the Senate. You will not be required to answer questions on the advice you may have given in the formulation of policy or to express a personal opinion on matters of policy. The committee has your submission before it. Do you wish to make any alterations to your submission?

Mr Corcoran—No.

CHAIR—Finally, I invite you to speak to your submission if you wish, at the conclusion of which senators will be invited to ask you questions.

Mr Corcoran—Thank you, Senator. The Department of Health and Aged Care is pleased to attend this inquiry into the Alcohol Education and Rehabilitation Account Bill 2001. We are also delighted that Professor Ian Webster is able to be here today to meet with members of the inquiry. I think Professor Webster will also make a brief opening statement.

The department's submission aims to outline in general terms the background to the establishment of the foundation, the extent of alcohol related harm and the Commonwealth's current activities in relation to reducing those harms and to address concerns about the legislation raised in the House of Representatives debate on 21 June. As outlined in our submission, the department welcomes the establishment of the foundation. The misuse of alcohol and other illicit substances is an issue of significant concern to the Australian community requiring a variety of specifically targeted and well-focused approaches, particularly to address at risk groups.

The department considers that the foundation will be placed to develop and implement medium to long-term strategies to these problems, especially through its ability to do sustainable work at the grass roots level with community organisations and local residents. And this is particularly the case with hard to reach groups, including those with multiple conditions.

The foundation's charter is broadly defined enabling it to work directly with communities, individuals and organisations to address entrenched and systemic concerns. Like other substance abuse, alcohol misuse does not occur in isolation of other community and contextual problems and long-term solutions to such problems require properly considered and integrated approaches, especially with close engagement of the communities themselves.

The department is confident that the foundation's membership brings together a wealth of relevant experience in these fields, and we understand the foundation will also have the ability to co-opt additional expertise where required. We believe, in particular, that the foundation's ability to work with communities will be a significant strength and we look forward to

working with the foundation and developing strong links between the work of our respective organisations. To this end, the department has provided some initial support to the foundation so that its formal legal status can be established as quickly as possible and work begun in earnest.

The foundation held its first meeting on 31 July to discuss a range of governance documents including its constitution, a draft funding agreement with the Commonwealth, a business plan and to make the arrangements for the selection of a chief executive officer. Professor Webster will no doubt be able to provide you with further information on these issues.

As a final note, the Ministerial Council on Drug Strategy endorsed the National Alcohol Strategy at its meeting last week in Adelaide. This strategy provides a nationally agreed direction for minimising the consequences of alcohol related harm and identifies high level strategies and actions that target the broader community as well as high risk groups.

I will be pleased to provide a copy of the action plan for the committee's information, and the department's representatives will be happy to answer any questions the committee may have on the department's submission. I would now like to hand over to Professor Webster.

CHAIR—Thank you, Mr Corcoran.

Prof. Webster—Chairman and senators, I would like to speak briefly on behalf of the foundation. We have only met once and we are not formally constituted, but we are very pleased to be called together to deal with an immense and serious problem of alcohol in Australia.

There are many people of recent times who have advocated the need for such initiative, and we welcome that the government has taken the steps to establish this foundation. We are particularly pleased that it has bipartisan support, and we are particularly pleased that it has been picked up at this time because the issues related to alcohol have in a sense fallen off the agenda with the concentration on illicit drug problems in Australia.

I particularly want to talk about the issue of community focus and the idea of vulnerable groups and of different ways of working with communities. The people who have come to this table and wish to work with this foundation are people absolutely dedicated to the idea that, in dealing with alcohol problems, you need to engage better with vulnerable groups and particular communities. In those communities, you need to be able to provide best practice, scientifically validated practice, in prevention, treatment and rehabilitation. And these are communities in which there is a high risk of alcohol use and, at the same time, evidence of very severe alcohol harms—and a level of harm that is totally unacceptable. In some of those communities, that level of harm is increasing and, as the Department of Health submission said, one of the key tasks in dealing with this problem is to reach those communities which are hard to reach.

We already know, and the department's submission deals with this, that alcohol problems are immense problems in this country. Just to give a couple of glimpses of that, between 3,700 and 4,000 deaths each year are due to alcohol. If you go to any of the teaching hospitals in Sydney or any city of Australia, you will find that 20 per cent of their work is related to alcohol. If you speak to the police in the Northern Territory or any of the major states of Australia, they will tell you that much of their work is related to alcohol. I would like to also point out that not only are these physical problems important, there are links between alcohol abuse and use and mental health which are increasingly being recognised and with which we deal, at this stage in our development, very poorly. Alcohol is a background to suicide deaths and, in a significant 30 per cent of cases, to opiate overdose deaths in Australia.

That is the sort of magnitude that exists in the general community, and then we come down to these more vulnerable groups, the indigenous people in particular. Again, I will not rehearse all the evidence, but it is massive. Deaths related to alcohol in indigenous people is three to five times that of the rest of the population. Indigenous people drink five times over the limit of harm compared with non-indigenous people, although it must be said that they have a higher proportion of teetotallers. The major causes of death amongst indigenous people—heart disease, injury associated with violence, respiratory disease, diabetes and cancer—are related in large part to legal drug use, that is, alcohol and tobacco.

Amongst young people we are also recognising increasing problems of alcohol use, in relation to both injury and personal violence. There is a higher association with mental health problems than we have previously appreciated, and high risks of overdose. More importantly with young people, not only are there harms there that need to be dealt with but also they are at a stage of life where patterns of dependence and alcohol consumption become established.

The memorandum of understanding defined those two groups that I have spoken about as examples, but there are other vulnerable groups—the homeless, the people with long-term mental illness, people working in particular occupations—that are at high risk, and it may well be that the foundation will concentrate on them.

Another main reason that the people who have joined the foundation are keen to be involved is that we believe there needs to be new ways, new initiatives, in the way that governments work with communities. Communities at present have become very disillusioned with one-off funding, with the often onerous and, to them, irrelevant accountabilities to distant committees and with what appears to them to be a lack of appropriateness of the accountability mechanisms.

At the first meeting of the foundation, around the table, members said how they wished to be involved in promoting and encouraging the implementation in a significant way of effective prevention, education and rehabilitation programs in community settings. In doing that, those programs must have the full support of those communities in which they are being undertaken—local groups and local people in local groups. Furthermore, those programs must be based on a knowledge of what is effective and can be made to work in those situations, and they must be evaluated, and they indeed must be strategic.

This foundation and its members hope to achieve a culture of learning and experience by thinking critically about the programs which are being put in place, ensuring that the greatest needs are addressed, and learning from the good things we do and from the things that do not work. This foundation wishes to establish a set of relationships with community groups, advocate organisations and other bodies which are interactive and can work in a collaborative way.

At the end of our discussion the other day the members said they wanted to leave a legacy for the future so that the projects, ideas and initiatives that we have been involved with are truly embedded and truly sustainable in the ongoing foundation. I have already said that people are tired of the one-off projects which peter out when funding ceases—sometimes other funding does pick them up but often they fall. So we are strongly committed to the idea that what we do is directed to the idea that programs must be sustainable in the long term, and that when we fund programs or support programs that that issue of continuity has been thought about.

Senator CHRIS EVANS—I would like to start with the department on the matter I mentioned before about where the \$120 million figure actually comes from. I notice that in your submission you say that ‘it was estimated to be \$150 million, the cut-off date changed

and therefore we reduced it to \$120 million.’ I put the question to you, which I also put to the brewers: don’t you actually know the exact figure now?

Mr Corcoran—The \$120 million is a figure provided to us by the Treasury.

Senator CHRIS EVANS—Yes, but it is an estimate. As I understand it, and from what your submission says, it is an estimate; you said was going to be \$150 million over the full year and when it was cut off at 4 April, or whatever, it was revised to \$120 million. You argue there was no shortfall—I do not think anyone is arguing that there was a shortfall—but how much of the disputed excise was raised and paid to the Commonwealth in that period?

Mr Corcoran—We do not have the direct responsibility nor do we have the expertise in modelling that the Treasury has to calculate those figures.

Senator CHRIS EVANS—So you do not know?

Mr Corcoran—We do know that that was the Treasury estimate at the time, which was then embodied into the budget.

Senator CHRIS EVANS—I am not trying to be difficult, Mr Corcoran, but the logic of my position is to say that we had an estimate, which was fine as far as it went in that period, but now we are in a period where we have collected the tax. It is now August, and surely we know who has paid how much tax. For tax collected from July last year to April, surely you, or whichever department it is, can tell me—I suppose the Treasury can tell me—how much tax was paid that should not have been paid.

Mr Corcoran—It is quite clear that I cannot tell you; it comes from another department.

Senator CHRIS EVANS—Can you take on notice how much disputed excise was collected in that period? Could you ask Treasury for me how much money was actually collected—not the Treasury estimates—and if they cannot tell us actually how much, why can’t they tell us? I want an explanation of why we are not dealing with the real figures rather than the original estimate, that is all.

Mr Corcoran—Yes, Senator.

Senator CHRIS EVANS—There has been a bit of argument about interest as well and the answer, again, is that that is not the way it was planned. But I gather the money will be paid to the foundation annually over four years. Is that right?

Mr Corcoran—Yes, that was as set out in the appropriation.

Senator CHRIS EVANS—I have not got the figures in front of me. Does it even them out each year or—

Mr Corcoran—No. It rises over the four-year period.

Ms Kerr—The amounts are set out in the draft Alcohol Education and Rehabilitation Account Bill 2001:

6 Credits to the Account

There must be credited to the Account:

- (a) \$10 million on the day on which this Act receives the Royal Assent; and
- (b) \$24 million on 1 July 2002; and
- (c) \$40 million on 1 July 2003; and
- (d) \$41 million on 1 July 2004; and

- (e) an amount that the foundation or a replacement body repays to the Commonwealth under a funding agreement.

Senator CHRIS EVANS—What does that last bit mean?

Ms Kerr—Section 6 says there must be credited to the account those amounts I have read out as well as, under 6(e), ‘an amount that the foundation or a replacement body repays to the Commonwealth under a funding agreement.’

Senator CHRIS EVANS—Could you explain to me the purpose of that clause and what it means. I did not quite understand the import of that.

Ms Carman—The purpose of that provision is for where a decision is made to terminate the agreement with the foundation—that is provided for later in the bill. In that case, if there is money with the foundation which they have not spent that can then be reallocated to the account and used for the same purpose.

Senator CHRIS EVANS—Basically, as it is, the funding rises in the outyears, so—just so I can understand it—Treasury has collected a figure which we estimate to be \$120 million but we do not know how much. Is that currently held by Treasury?

Mr Corcoran—All moneys are paid into or out of the consolidated revenue fund, so it does not sit singly in a bank account anywhere.

Senator CHRIS EVANS—So it is not sitting with the department; it is all sitting with consolidated revenue. So \$120 million has gone into consolidated revenue and Treasury will, via the department, pay out, over the next four years, those amounts. They will give you the money and then you will pass it on—is that how it works?

Mr Corcoran—Yes.

Senator CHRIS EVANS—So in the meantime Treasury holds that money and earns whatever interest comes from that. Is that correct? I am just trying to get it conceptually. I do not expect you to explain to me how Treasury hold the money or how they invest it or whatever, but, conceptually, they hold the money, they pay it to you and then on to the foundation as it falls due.

Mr Corcoran—Along with all the other moneys they hold and along with all the other debts they face as well.

Senator CHRIS EVANS—All I am saying is that you are not going to hold the \$120 million for the next four years; they are going to hold it. Is that right?

Mr Corcoran—Yes.

Senator CHRIS EVANS—They are not going to pay you \$120 million this year for you to dole out to the foundation over the next four years?

Ms Carman—No.

Ms Kerr—No.

Senator CHRIS EVANS—Treasury will appropriate it to you and you will appropriate it to the foundation

Mr Corcoran—That is correct.

Senator CHRIS EVANS—As you know, in the House of Representatives some concerns have been raised about the lack of a constitution and parliamentary scrutiny of these arrangements. You are asking us, in layman’s terms, to give somebody \$115 million quid and, while Professor Webster looks a very trustworthy chap, I need to be assured that the \$115

million we give him is used appropriately. I must say that I am pretty concerned when I see assurances in your submission like ‘The Members will establish themselves as a separate legal entity (probably, as a company limited by guarantee).’ You use the word ‘probably.’ You then say:

The funding agreement and, we understand, the Foundation’s proposed Constitution will incorporate elements set out in the Memorandum of Understanding.

It all seems like ‘maybe,’ ‘if,’ ‘when they decide what they want to do,’ ‘we cannot get a copy of the constitution,’ and so on. I guess I am expressing some concern about whether or not there are the appropriate parliamentary safeguards and appropriate accountability mechanisms. Your submission seems to be a bit light on detail still.

Mr Corcoran—I think there are two issues here that I should address. The first is the question of the accountability framework. I think, as it has been proposed, there is indeed a very clear accountability framework. We have legislation, we have a funding agreement between the Commonwealth and the foundation—and that funding agreement will include an annual report to the parliament, a business plan and progress reports—as well as accountability through, we say ‘probably,’ the Corporations Law. That second element of ‘probably’ or ‘we understand’—those words you picked out—is there because the foundation will be an independent foundation. So we do not have final control over the mechanics but through the legislation and through the agreement between the Commonwealth and the foundation there is a fair degree of control over the outcomes to be achieved. So I think there is good accountability for the outcomes and it is not appropriate for us to be the final arbiters of the legal mechanisms they put in place.

Senator CHRIS EVANS—Maybe I have a bit of a tougher test when I hand someone \$115 million than you do, Mr Corcoran, but I am certainly interested in having a little bit more influence over what they do with the money. You tell me that you are not even sure if they are going to be a company or not. Why are you not sure? Are you going to give them \$115 million and not even be interested in whether they are an incorporated body?

Mr Corcoran—It will be an incorporated body. We cannot pay a dollar to any organisation which is not an incorporated body.

Senator CHRIS EVANS—That is reassuring.

Mr Corcoran—Obviously there are other legal forms that could be considered.

Senator CHRIS EVANS—You are asking us to pass the bill not knowing that. Is that the bottom line? You are asking the parliament to pass the bill not knowing what form it will take?

Prof. Webster—The proposal put to the foundation was a company limited by guarantee.

Senator CHRIS EVANS—I appreciate that, Professor Webster, but I want to nail the department on what they are saying to the parliament. When you ask me to vote on the bill, what are you saying to me about that? I will vote on the basis of your saying to me, ‘It might be something but we do not know yet.’ Is that fair?

Mr Corcoran—We are saying that it will be a legally constituted organisation with a board of directors which is bound by the rules governing boards of directors and a series of other arrangements and agreements between the Commonwealth and the foundation.

Senator CHRIS EVANS—Will the Commonwealth be a shareholder in this company? Will it be like the Employment National model?

Ms Carman—To clarify Brian's comments, the legislation is in this form due to a timing issue. The first meeting of the members took place last week and they discussed their draft constitution. They are not quite in a position to agree on it yet because there is still some change that they requested. I do not know if that helps you understand why the members themselves have not come to a decision.

Senator CHRIS EVANS—That is helpful, Ms Carman; I appreciate that. I do not want to be dismissive of Professor Webster, but there are two processes. There is what the foundation is discussing about how they want to run themselves, but the issue before me is what the parliament says about the controls and the guarantees to the public on the \$115 million. Maybe I will go back a step: what model is this based on? What other government arrangements are similar to this model? Where have we done this before?

Mr Corcoran—I am not sure that we can identify any other models on which this is based. Certainly, I would argue again that the series of accountabilities being proposed probably place it in the highest echelon of accountability arrangements that I have seen.

Senator CHRIS EVANS—I put this to you: we give the foundation \$115 million at the end of the week; Professor Webster resigns due to ill health the following week—sorry, Professor, I do not want to wish any ill on you; how is he replaced?

Mr Corcoran—Firstly, the foundation appoints its own chairman. I presume they may well also appoint their own members. They are free to add members to their foundation.

Senator CHRIS EVANS—They could appoint Dr Edelsten as the new chair and we would not have any say over it?

Mr Corcoran—In practice, of course, we would have a huge say. The legislation, as it stands, provides for the minister to terminate an agreement with the foundation. Clearly, if the government were unhappy with the constitution of the foundation, the composition of the membership or its performance, it would be open to the minister to terminate that agreement. That is a disallowable instrument before the parliament so it would be brought before the parliament for consideration at that time.

Senator CHRIS EVANS—Our sanction in the end is to terminate any agreement that exists between us and the foundation. Is that the limit of our sanction in terms of membership or appointments? Is Professor Webster appointed for a particular term?

Mr Corcoran—The government has not appointed anybody. The Prime Minister, to get the process going as quickly as possible, which has been our objective, wrote and invited a number of people to form the foundation. It will be up to the foundation then to determine those further arrangements.

Senator CHRIS EVANS—So this is a bit like our giving money to any other foundation, to the Salvation Army or the Fred Hollows Foundation. In the sense of the relationship, they will be independent of us. We are going to give them \$115 million and send them on their way. Our only interest in how they run themselves after that is in the sanction of our ongoing funding of them.

Mr Corcoran—Except that it has a much higher degree of accountability than almost any other arrangement I have seen because of the funding agreement to be developed between the foundation and the Commonwealth, the fact that there are many aspects that become disallowable instruments in the parliament, and the foundation's own constitution.

Senator CHRIS EVANS—The only thing that I see that is a disallowable instrument is when the minister terminates an agreement. If he terminates the agreement, we can resolve not to let him terminate it, but that is about it, isn't it, according to your submission?

Mr Corcoran—No. As we read out before, in relation to clause 6, if funds are not spent by that foundation, they are reallocated to another foundation and the replacement body is also a disallowable instrument.

Senator CHRIS EVANS—So, if in fact the foundation has fallen into disrepair, we have the power to disallow the minister's decision to terminate them?

Mr Corcoran—And you also have the power to consider the replacement foundation.

Senator CHRIS EVANS—We have the power to knock off any proposition he or she makes for a new foundation. We do not get a say in how that is done; it is just a disallowable instrument.

Mr Corcoran—That is the nature of executive government.

Senator CHRIS EVANS—Some arrangements are put in place whereby you have to amend an act to change arrangements. This is clearly not the case with this one and I am really trying to understand why and what mechanisms are in place. In terms of termination of the foundation, on what grounds could a minister do that?

Ms Carman—There are going to be two main reasons where the minister may decide to terminate. The first is where the objectives of the foundation are inconsistent with any of the purposes set out in the legislation. The other reason would be where the foundation fails to comply with the condition of the funding agreement.

Senator CHRIS EVANS—So, if they were to change their objectives in a way that was inconsistent, that would be a ground, and if they failed to meet the requirements of the funding agreement.

Ms Carman—That is right.

Senator CHRIS EVANS—So those are the only two grounds on which you could then terminate the agreement with the foundation?

Ms Carman—Yes, but in the funding agreement there will be a number of conditions. It does not sound like a lot, but there will be a lot of stringent provisions in the funding agreement about reporting and that sort of thing.

Senator CHRIS EVANS—Can I see that?

Ms Carman—We are currently negotiating that with the members. We are doing some redrafts, so it is not quite at the stage to be presented.

Senator CHRIS EVANS—So it is not part of the bill in any way?

Ms Carman—No.

Senator CHRIS EVANS—What about the constitution of the foundation? Is that available to us?

Ms Carman—Professor Webster might like to answer that question.

Prof. Webster—At this stage we have had a constitution prepared for us. It is being amended following discussion and some alternative legal advice which members brought to the table. I am personally quite happy for you to have access to what we have at this stage.

Senator CHRIS EVANS—But it is fair to say that you do not have a final constitution at this stage.

Prof. Webster—We do not have a final constitution, but we are hopefully getting close to it.

Senator CHRIS EVANS—How are you getting that sort of legal advice? Do you have any funding at the moment, Mr Webster? Do they operate like that?

Prof. Webster—The Department of Health has made available a major law company, experienced in drawing up constitutions, to advise on this. At least one member of the foundation has sought independent legal advice from another group that is also experienced in this area.

Senator CHRIS EVANS—Thank you for that. Do I take it then from the department's point of view that the agreement will specify the proportions under which the funds are required to be spent?

Ms Carman—That is correct.

Senator CHRIS EVANS—Can you explain to me how the foundation will report to parliament? Is that a requirement in the bill?

Ms Carman—It will be a provision in the funding agreement. There will be six-monthly reporting to the department and there will be an annual report prepared for presentation to parliament through the Minister for Health and Aged Care.

Senator CHRIS EVANS—There is no requirement in the bill for that to occur?

Ms Carman—No.

Senator CHRIS EVANS—Why is it not in the bill?

Ms Carman—At the time we discussed the bill, we were not sure what sorts of things the foundation would report on. It was quite an early stage and the members had not been announced or anything so we thought we would do it by a funding agreement.

Senator CHRIS EVANS—Would the foundation appear before estimates committees?

Mr Corcoran—I would expect not, Senator.

Senator CHRIS EVANS—What about accountability to the Auditor-General?

Mr Corcoran—We certainly believe that it will become subject to the Auditor-General. He has indicated his in-principle agreement to audit the foundation's accounts.

Senator CHRIS EVANS—Is that in the bill?

Ms Carman—No, it is not. It is an arrangement that the Auditor-General enters into under their own legislation.

Mr Corcoran—In terms of what is in the bill, Senator, obviously the work of the foundation will be dynamic, and it will develop over the period. I suppose our view would be that the funding agreement, which would, obviously, be subject to annual consideration by the minister, on behalf of the government, and the foundation, would reflect the learning as we go. It would be quite vital that both the Commonwealth and the foundation had some flexibility so that the foundation was able to embody learning from the experiences from previous years in the funding agreement for the following year.

Senator CHRIS EVANS—Forgive me, I sat through the Employment National debacle, so I am a bit more inclined to be reassured. Anyway, that is a debate for the parliament. What is

the relationship between the foundation and the national alcohol action plan? That does not seem to be included in that plan. Is that not right?

Mr Corcoran—That is correct. One of the conditions of the funding is that the Commonwealth and the states and territories continue to develop responses to deal with this issue. That is not to say there will not be very close links in the future, but the national alcohol strategy has been under development with the states and territories and the Commonwealth for some considerable period, whereas the foundation is of a later origin. But we are certain that there will be a great deal of learning and connections between the two as time progresses.

Prof. Webster—At the last meeting we decided we ought to get working on a work plan, even though we have not been formally constituted. One of the first items in the work plan we discussed was incorporating at least the directions of the national alcohol strategy, and we will have reference to many such documents at a state level and also from various advocate organisations, so we will be mindful of it.

Senator CHRIS EVANS—Thanks for that. I will leave it there, thank you, Madam Chair.

CHAIR—Thank you. There being no further questions, I thank Professor Webster and the officers.

Committee adjourned at 10.34 a.m.