

## CHAPTER 4

### Issues raised during the inquiry

4.1 The majority of evidence presented to the Committee expressed support for the excise increase on spirit-based RTD beverages. In addition, the issue most raised with the Committee was whether the measure goes far enough. It was suggested that other measures would also be of benefit in addressing the issue of risky and high risk drinking by young people as part of a comprehensive approach. There were also a number of questions and concerns about unintended consequences presented which will be detailed below.

### *Towards a comprehensive approach*

4.2 While supporting the measure as a first step, the majority of submissions argued that raising alcohol taxes needed to be part of a comprehensive approach to address the harmful and hazardous use of alcohol which included controlling supply as well as reducing demand. The only people who did not support the measure and argued it was a retrograde step were from the industry.

4.3 The National Drug and Research Institute (NDRI), while recognising the potential of the increase in the excise on RTD alcoholic beverages, drew the Committee's attention to the body of evidence that showed a package of measures are required to address the issue most effectively.<sup>1</sup> This was supported by the Australian Medical Association (AMA) which believed that a stronger and multi-faceted approach is required to change harmful drinking patterns which included the use of price signals to discourage alcohol consumption.<sup>2</sup>

4.4 The Curtin Centre for Behavioural Research in Cancer Control noted that reviews of international literature indicated that a combination of policy, economic, educational and environmental measures was required to obtain maximum results.<sup>3</sup>

4.5 The Royal Australasian College of Physicians (RACP), which supported the measure as the most cost-effective, cited evidence which found that:

Modelling health-related reforms to taxation of alcoholic beverages has demonstrated that alcohol tax reform on its own is not effective and must be carried out in conjunction with other strategies.<sup>4</sup>

4.6 The Alcohol Education and Rehabilitation (AER) Foundation believed that a holistic solution was required to address excessive alcohol consumption and that it

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1 NDRI, *Submission 15*, p. 9.

2 AMA, *Submission 33*, p. 1.

3 Curtin Centre for Behavioural Research in Cancer Control, *Submission 19*, p. 1.

4 RACP, *Submission 25*, p. 8.

should not be limited to young people.<sup>5</sup> The need to address other age groups was supported by the Victorian Alcohol and Drug Association which also highlighted the need to acknowledge the cultural context of alcohol use in strategy development:

Strategies to address excessive and harmful alcohol consumption by young people need to acknowledge the role alcohol plays in young people's lives as they transition from youth to adulthood. Equally important, strategies need to address broader cultural attitudes to alcohol and set about effecting change in attitudes and behaviours across age groups.<sup>6</sup>

4.7 Dr Raymond Seidler, a specialist in addiction medicine, suggested that a comprehensive national strategy should also address the underlying issues of alcohol dependence in Australia generally and for young people in particular.<sup>7</sup> This approach was supported by the AMA which noted the harmful consumption of alcohol has become part of the culture and this must be addressed. To do so they advocated a strategy that addressed social norms in the same way as the efforts to reduce smoking have produced new social norms.<sup>8</sup>

4.8 Submissions noted that all the players involved in the alcohol issue should be part of the strategy and they encouraged industry to play a key role.<sup>9</sup> Submissions from industry pointed out that risky and high risk drinking is an industry wide issue which requires an industry wide solution.<sup>10</sup> The Committee notes that evidence from industry representatives indicated a willingness to be part of a process to produce a comprehensive strategy.<sup>11</sup>

4.9 A number of submissions suggested a range of possible additional measures to address harmful alcohol consumption and this is dealt with in further detail below.

#### *Work underway*

4.10 The Government has already acknowledged that a range of measures are required to address harmful alcohol consumption in the community, that this measure is a first step, and has noted there is significant work already underway in this area including:

- The National Alcohol Strategy 2006–2009 which was developed through collaboration between Australian governments, non-government and industry

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5 AER, *Submission 14*, p. 3.

6 Victorian Alcohol and Drug Association, *Submission 16*, p. 5.

7 Dr Raymond Seidler, *Submission 1*, p. 2.

8 AMA, *Submission 33*, p. 5.

9 ADCS, *Submission 13*, p. 9.

10 Independent Distillers Australia, *Submission 22*, p. 2.

11 Mr Gordon Broderick, DSCIA, *Proof Committee Hansard*, 12 June 2008, p.CA2 and Mr Douglas McKay, Independent Distillers Australia, *Proof Committee Hansard*, 12 June 2008, p. CA49.

partners and the broader community. It outlines priority areas for coordinated action to develop drinking cultures that support a reduction in alcohol-related harm in Australia;<sup>12</sup>

- The National Binge Drinking Strategy was announced by the Prime Minister on 10 March 2008. In particular, it announced three measures to reduce alcohol misuse and 'binge drinking' among young Australians:
  - community level initiatives to confront the culture of 'binge drinking', particularly in sporting organisations;
  - earlier intervention to assist young people and ensure they assume personal responsibility for their 'binge drinking';
  - advertising that confronts young people with the costs and consequences of 'binge drinking';<sup>13</sup>
- On 26 March 2008, COAG asked the Ministerial Council on Drug Strategy to report to COAG in December 2008 on options to reduce binge drinking such as: closing hours, responsible service of alcohol, reckless secondary supply and the alcohol content in RTDs. To acknowledge the urgency required to address alcohol abuse, this work has now been brought forward to July 2008.<sup>14</sup> COAG also asked the Australia New Zealand Food Regulation Ministerial Council to request Food Standards Australia New Zealand to consider mandatory health warnings on packaged alcohol.<sup>15</sup>

4.11 A comprehensive list of forums considering alcohol issues is available in the Senate Community Affairs Report on the Alcohol Toll Reduction Bill 2008.

#### *Further measures*

4.12 Witnesses reinforced the need to look at additional options to reduce binge drinking. Submissions suggested a number of areas including:

- packaging/labelling;<sup>16</sup>

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12 Information Available at: <http://www.alcohol.gov.au/internet/alcohol/publishing.nsf/Content/nas-06-09> accessed on 5 June 2008.

13 Media Release, Prime Minister of Australia, 'National Binge Drinking Strategy', 10 March 2008.

14 Ministerial Council on Drug Strategy Joint Communique, 23 May 2008.

15 Information available at: <http://www.coag.gov.au/meetings/260308/index.htm#binge> accessed on 3 June 2008.

16 See Kypros, Kypri et al, Ingredient and nutrition information labelling of alcoholic beverages: do consumers want it?, *MJA*, Volume 187 Number 11/12, 3/17 December 2007, p. 669; Mr Leonard Matthews, *Submission 9*, p. 5; Australian General Practice Network, *Submission 11*, p. 7; Independent Distillers Australia, *Submission 22*, p. 22; AMA, *Submission 33*, p. 2; and Australian Wine Research Institute, *Submission 7*, p. 2.

- strategically designed education programs on the health and social harms to reduce consumption;<sup>17</sup>
- ensure uniform laws, involving heavy penalties, on the provision of alcohol to teenagers;<sup>18</sup>
- law enforcement initiatives;<sup>19</sup>
- legislation to place limitations on the density of liquor outlets;<sup>20</sup>
- control the time limit for purchase of alcohol as well as the rate/volume purchased;<sup>21</sup>
- modifications to the rules governing advertising, marketing, promotion, media and sponsorship;<sup>22</sup>
- consideration of the promotional links between alcohol and sport;<sup>23</sup>
- the role of parents as role models and supervisors;<sup>24</sup>
- reducing the allowable alcohol content in RTDs to no more than three per cent;<sup>25</sup>
- reducing the availability of alcohol;<sup>26</sup>
- raising or gradually raising the drinking age to 21 as by this age the brain is better protected from brain damage as a result of alcohol consumption;<sup>27</sup> and

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17 See Academy of Health Education Victoria, *Submission 3*, p. 1; Mrs Glenda Amos, *Submission 8*, p. 5; Mr Leonard Matthews, *Submission 9*, p. 5; Dr Raymond Seidler, *Submission 1*, p. 2; Victorian Alcohol and Drug Association, *Submission 16*, p. 6; Australian Psychological Society, *Submission 20*, p. 3; Independent Distillers Australia, *Submission 22*, p. 22; AMA, *Submission 33*, p. 2; and Department of Health and Ageing, *Submission 35*, p. 25.

18 See Woman's Christian Temperance Union of WA, *Submission 2*, p. 2.

19 ADCA, *Submission 13*, p. 10.

20 AER, *Submission 14*, p. 3.

21 See Mr Stephen McIntosh, *Submission 5*, p. 2; and Australian Psychological Society, *Submission 20*, p. 11.

22 See Independent Distillers Australia, *Submission 22*, p. 22; AMA, *Submission 33*, p. 2; Australian Drug Foundation, *Submission 28*, p. 9; Alcohol and other Drugs Council of Australia, *Submission 13*, p. 13; Willetton and District Local Drug Action Group, *Submission 18*, p. 1; Curtin Centre for Behavioural Research in Cancer Control, *Submission 19*, p. 2; and Department of Health and Ageing, *Submission 35*, p. 24.

23 See AMA, *Submission 33*, p. 6; Australian Drug Foundation, *Submission 28*, p. 9.

24 See Australian General Practice Network, *Submission 11*, p. 8; and AHA, *Submission 31*, p. 2.

25 See Woman's Christian Temperance Union of WA, *Submission 2*, p. 2; Mrs Glenda Amos, *Submission 8*, p. 5.

26 See Mrs Glenda Amos, *Submission 8*, p. 5; Australian General Practice Network, *Submission 11*, p. 8; NDRI, *Submission 15*, pp 7–8; Willetton and District Local Drug Action Group, *Submission 18*, p. 1; and Australian Psychological Society, *Submission 20*, p. 3.

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- review of alcohol taxation (addressed in more detail below).<sup>28</sup>

4.13 The RACP informed the Committee that an evaluation of international literature found the following list of nine 'best practices' to deal with alcohol related problems:

*Alcohol control policies*

- alcohol taxes;
- minimum legal purchase age;
- government monopoly of retail sales;
- restriction on hours or days of sale;
- outlet density restrictions.

*Drink-driving countermeasures*

- sobriety check points;
- lowered blood alcohol content limits;
- administrative license suspension;
- graduated licensing for novice drivers.<sup>29</sup>

4.14 Submissions also mentioned a comprehensive strategy taking into consideration associated issues such as the role of primary care and the pressure placed on treatment services for alcohol related issues and workforce development.<sup>30</sup>

4.15 The question of the responsibility of parents was discussed during the hearings primarily due to the AIHW finding that among underage drinkers of RTDs, alcohol is usually sourced from a friend or acquaintance, or from a parent.<sup>31</sup> Professor Robin Room, Alcohol and other Drugs Council of Australia, acknowledged that parents face a difficult task regarding the most appropriate ways to introduce and control the consumption of alcohol. In response to questions from the Committee he advised:

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27 See Drug Awareness (NSW), *Submission 4*, p. 1; People Against Drink Driving, *Submission 6*, pp 22–23; and Academy of Health Education Victoria, *Submission 3*, p. 1.

28 See AER, *Submission 14*, p. 3; NDRI, *Submission 15*, p. 9; and Australian Psychological Society, *Submission 20*, p. 9.

29 The Royal Australian College of Physicians, *Submission 25*, p. 7.

30 See ADCA, *Submission 13*, p. 11; Australian General Practice Network, *Submission 11*, p. 7; and Australian Psychological Society, *Submission 20*, p. 11.

31 AIHW, *Submission 23*, p. 9.

I think it is appropriate for a parent to be reminding their children of the law that applies at least outside their own home. Within their own home, again, there are going to be differences.<sup>32</sup>

4.16 Professor Michael Moore, Chief Executive Officer, Public Health Association of Australia, told the Committee that he thought governments could support parenting by giving them ideas to consider and to that end any marketing campaign should also reach parents as well as young people. He also emphasised the significant influence of parents as role models.<sup>33</sup>

4.17 The NDRI noted that Australians are currently more receptive to measures to address alcohol-related harm. They cited the 2007 National Drug Strategy Household Survey findings that there has been a significant increase in public support for changes in alcohol related policy, including support for increasing the price of alcohol and increasing the tax on alcohol to pay for health, education and treatment of alcohol related problems.<sup>34</sup> The issue of hypothecated tax is addressed later in this chapter.

### ***Conclusion***

4.18 The Committee notes the consistent argument from witnesses that the measure to raise the price of RTDs, although a positive step, would be more effective if it was part of a comprehensive strategy to address the harms associated with alcohol consumption for not only young and underage drinkers but all at-risk drinkers. This comprehensive strategy would involve all the stakeholders and the Committee particularly commends the willingness of industry to be involved.

4.19 The Committee also notes the government has already acknowledged that a range of measures will be required to address harmful alcohol consumption. The Committee commends the work currently underway in this area including the announcement of the National Binge Drinking Strategy and the targeted work being undertaken for COAG regarding options to reduce binge drinking with an interim report now due in July 2008. The Committee is aware that some of the additional measures raised in evidence to this inquiry will be included through the COAG work but strongly supports the whole range being considered as part of the review.

4.20 The Committee also supports the work being undertaken for COAG to raise a proposal to consider mandatory health advisory labels on packaged alcohol. The Committee is pleased to note the receptiveness of the public to measures to address alcohol related harm found in the National Drug Strategy Household Survey and urges the Government to take into consideration the increased public support for changes in alcohol related policy.

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32 Professor Robin Room, *Proof Committee Hansard*, 11 June 2008, p. CA11.

33 Professor Michael Moore, *Proof Committee Hansard*, 11 June 2008, pp. CA17–18.

34 National Drug Research Institute, *Submission 15*, p. 9.

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## Recommendation 1

**4.21 The Committee supports the introduction of the excise increase on spirit based RTDs, and does so in acknowledgement that it is one in the context of a range of measures undertaken or to be considered to address harmful alcohol consumption by young people.**

## Recommendation 2

**4.22 The Committee notes that some of the additional measures suggested to the Committee will be included in the work being undertaken for COAG but strongly supports the whole range being considered as part of the review.**

### *Interpreting the data*

4.23 Some submissions questioned the conclusions drawn from data from the AIHW and the NDSH Survey. They suggested the evidential link between increasing the price of RTDs and a reduction in binge drinking among young women is tenuous at best. Organisations such as Diageo, Australian Hotels Association, the Winemakers' Federation of Australia and Wine Grape Growers' Australia pointed out that overall alcohol consumption fell between 2004 and 2007 and that between 1991 and 2007 for those aged 14 years or older, alcohol consumption patterns remained largely unchanged. They contend that there is no evidence to support the current crisis over the levels of risky drinking of either gender.<sup>35</sup>

4.24 Industry also noted that 75 per cent of RTDs are dark spirits mainly favoured by men aged 24 years or older<sup>36</sup> and of the remaining market for light RTDs, they asserted approximately 29 per cent of the volume was consumed by males.<sup>37</sup>

### *Conclusion*

4.25 The Committee notes some confusion caused by interpretations of data by various stakeholders and the tendency to highlight minor variations between individual studies. Despite this debate on data, which will no doubt continue, there is no mistaking the unanimous conclusion of the health and medical professionals that there are unacceptably high rates of risky and high risk alcohol consumption by young people, rising rates of alcohol-related harm and hospitalisations and increasing social costs.

4.26 The Committee does not accept that there is no evidence for undertaking the measure to increase the excise on spirit-based RTDs. The Committee acknowledges the data showing overall alcohol consumption remaining largely unchanged. It also

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35 See Diageo, *Submission 29*, p. 1; Australian Hotels Association, *Submission 26*, p. 3; and Australian Hotels Association (WA), *Submission 31*, p. 3.

36 DSICA, *Submission 27*, p. 11.

37 Independent Distillers Australia, *Submission 22*, p. 6.

notes that within this, the drinking patterns and preferences vary considerably across age and sex as described in the previous chapter. The Committee agrees there are widespread indicators that young people commonly engage in risky drinking behaviour at unacceptable levels and that action must be taken to protect what appears to be a significant proportion of young people from the harms resulting from drinking to excess.

4.27 The Committee recognises that RTDs are not exclusively consumed by adolescents and teenagers and they are not the sole alcohol product preferred by this age group. The Committee notes that the RTD data from industry understandably does not cover underage drinking and therefore turns to the data presented in detail in chapter three for this age group. In particular the Committee notes RTDs are of concern as they are one of the most popular alcoholic beverages, the most common first-used alcoholic beverage among younger age groups and are the preferred drink for young people who drink at risky levels.

4.28 In reaching this conclusion the Committee notes data such as the 2006 ASSAD survey which showed an increasing preference for RTDs among 12 to 17 year old females. AIHW data also showed a significant increase in the consumption of RTDs. There was also a clear preference among females in the 16 to 17 age group for premixed spirits in a can and premixed spirits in a bottle which was the highest preference for that age group. The NDSHS also showed a strong preference among females between 12 to 17 for pre-mixed spirits and bottled spirits. The Committee notes the conclusion from the AMA that this data indicated 'a policy focus on RTDs is justified as part of a total alcohol strategy'.<sup>38</sup>

4.29 The Committee also notes the research on behaviour cited in submissions such as the NDRI which reported that when adolescents consume alcohol, most do so at risky levels with 85 per cent of alcohol consumption for females aged 14 to 17 years and 18 to 24 years at risky or high risk levels for acute harm.<sup>39</sup> More recent data confirmed these findings in a number of studies and surveys all showing high rates of harmful drinking.<sup>40</sup> The Committee notes the results from the recent NDSHS indicating that 9.1 per cent of 14 to 19 year olds (and a greater proportion of girls than boys) drink at risky or high risk levels at least once a week. The AMA noted that while this survey did not indicate an increase in risky and high risk drinking in this age range since 2004, the findings were still a matter for significant concern due to the

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38 AMA, *Submission 33*, p. 3.

39 Chikritzhs et al, *Australian alcohol indicators, 1990-2001: Patterns of alcohol use and related harms for Australian states and territories*, Curtin University of Technology National Drug Research Institute and Turning Point, Alcohol and Drug Centre Inc, Victoria, 2003, p. x.

40 Australian National Council on Drugs, *Supporting the Families of Young People with Problematic Drug User: Investigating Support Options*, Research Paper 15, January 2008, p.ix.



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increased vulnerability of this age group to the effects of alcohol and increased risk of harm.<sup>41</sup>

4.30 In addition to drinking preference changes and associated health effects, the Committee also notes the high levels of harm due to alcohol consumption outlined in chapter three. The Committee agrees that the current levels of risky and high risk alcohol consumption by young and particularly underage drinkers are unacceptably high. The evidence strongly indicates that action needs to be taken to prevent both the health and social consequences of risky drinking behaviour in young people.

4.31 The Committee notes that industry has acknowledged the level of public concern with the voluntary action to reduce the amount of alcohol to two standard drinks in their RTD products. Despite this voluntary action evidence from organisations including the Australian Psychological Society contended that self regulation did not appear to be working.<sup>42</sup> The Committee notes that the industry acknowledged that reducing the incidence of intoxication of young people should be a priority area and have shown a willingness to provide input, work in partnership and be part of the solution.<sup>43</sup>

### ***Potential for substitution***

4.32 Submissions noted that the increase in growth of RTDs had come at the expense of bottled full strength spirits and full strength beer<sup>44</sup> and that if pre-mixed spirits became too expensive those who wished to binge drink would move down the alcohol cost curve and simply substitute RTDs with other, cheaper alcohol. Submissions cautioned that while certain customers may respond to price increases by altering their total consumption, others would respond by varying their choice of type or quality.

4.33 Industry sources, including Diageo, noted that one alternative would be for the customer to purchase a bottle of full strength spirits and use mixers to make their own RTD which is likely to result in non-standard drinks which make it difficult to keep track of alcohol consumed.<sup>45</sup>

4.34 AHA agreed that instead of a reduction in alcohol consumption there would be a shift to other products such as bottles of spirits or beer. They further stated that an increase in alcohol was a blunt instrument which merely disadvantaged that product in the market as consumers move to other options.<sup>46</sup> The Australian Wine Research

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41 AMA, *Submission 33*, p. 3.

42 Australian Psychological Society, *Submission 20*, p. 8.

43 DSICA, *Submission 27*, p. 1.

44 DSICA, *Submission 27*, p. 11.

45 See Diageo, *Submission 29*, p. 5; and Independent Distillers Australia, *Submission 22*, p. 5.

46 AHA, *Submission 26*, pp 4–5.

Institute also cautioned that reductions in sales could be mitigated by substitution between beverage types.<sup>47</sup>

4.35 To address this issue various groups have called on the Government to impose a higher uniform tax across all alcohol types to discourage 'drink hopping'.<sup>48</sup> Drug Awareness (NSW) also believed there was potential for young people to switch to other spirits and mix their own drinks and that this highlighted the need for much higher taxes on all alcohol.<sup>49</sup> The issue of alcohol taxation is addressed in more detail later in this chapter.

4.36 The NDRI noted the importance of the taxation strategy because where discrepancies exist, those who seek intoxication at the lowest price may engage in substitution. However, they noted that it was important to place the issue of substitution in a wider context as the degree to which this undermined the overall effect of restrictions on the availability of alcohol was likely to be limited.<sup>50</sup> A recent review of alcohol restrictions noted:

A minority of drinkers, retailers and producers will always seek to find a way around restrictions, but it is nonetheless possible to anticipate how and where substitution practices may occur and to implement strategies to limit their impact.<sup>51</sup>

4.37 Professor Robin Room, ADCA, told the Committee that some consumers will switch to another alcoholic beverage which is cheaper but it won't be a complete switch. He summarised:

You certainly will be able to find people who will say, 'Now I drink something else.' But that does not mean that the tax has not had an effect. It is very likely to have some kind of effect, partly on ground of taste and partly on grounds of whatever choices people make in their lives.<sup>52</sup>

4.38 Professor Michael Moore, PHAA, acknowledged the potential for substitution but told the Committee:

The fundamental question we are asking is: how can we reduce the level of harm associated with heavy drinking of alcohol? And, fundamentally, it comes back to a cost-benefit analysis that says that, even though some people will move to hard spirits, we believe that this first step on the taxation of these particular drinks is likely to reduce harm overall and that a more comprehensive approach will be much more effective in reducing the

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47 The Australian Wine Research Institute, *Submission 7*, p. 1.

48 Mark Metherall, 'Forget alcopops, we want the hard stuff', *Sydney Morning Herald*, 29 May 2008, p. 3.

49 Drug Awareness (NSW), *Submission 4*, p. 1.

50 National Drug Research Institute, *Submission 15*, p. 5.

51 National Drug Research Institute, *Submission 15*, p. 6.

52 Professor Robin Room, *Proof Committee Hansard*, 11 June 2008, p. CA5.

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harmful use of alcohol. We see this as a good first step, but only as a first step.<sup>53</sup>

4.39 Regarding the potential for substitution Professor Steve Allsop, NDRI, advised monitoring and pointed out to the Committee that mixing your own drinks was already a cheaper option available to young people prior to the increase in taxation.

Even before the increase in taxation, it was cheaper to buy a bottle of spirits and to buy your own mixer. So it was not a widespread practice then; there is no evidence that it will become a widespread practice subsequently.<sup>54</sup>

4.40 Dr Tanya Chikritzhs, NDRI, emphasised that substitution effects are to some degree inevitable but:

The overall finding for all of the studies that we have been able to review is that the substitution effects are minimal compared to the overall benefits that are brought about by the restrictions.<sup>55</sup>

4.41 Dr Alexander Wodak, RACP, told the Committee that a small proportion of the population consumed a disproportionate amount of the alcohol consumed in the community and concluded:

When we have relatively small changes in availability or price relative to income, we have large changes in consumption, with a lot of that consumption accounted for by people drinking immoderately and therefore exposing themselves and other to great harm.<sup>56</sup>

4.42 Ms Virginia Hart, Assistant Secretary, Drug Strategy Branch, Department of Health and Ageing told the Committee during estimates hearings that they were in the process of designing an evaluation for all components of the binge drinking strategy and also the increase in excise.<sup>57</sup> At the hearing the department reinforced that:

...the RTD excise is only one lever being used to tackle adolescent binge drinking. We are in the process of now trying to devise an evaluation to look at how all the initiatives that we have set out will contribute to tackling binge drinking.<sup>58</sup>

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53 Professor Michael Moore, *Proof Committee Hansard*, 11 June 2008, p. CA24.

54 Professor Steve Allsop, *Proof Committee Hansard*, 12 June 2008, p. CA61.

55 Dr Tanya Chikritzhs, *Proof Committee Hansard*, 12 June 2008, p. CA62.

56 Dr Alexander Wodak, *Proof Committee Hansard*, 11 June 2008, p. CA42.

57 Ms Virginia Hart, *Estimates Hansard*, 4 June 2008, p. CA80.

58 Department of Health and Ageing, *Proof Committee Hansard*, p. CA91.

### **Recommendation 3**

**4.43 The Committee notes the potential for alcohol substitution to occur and supports the government's commitment to evaluate the effectiveness of the measure increasing the excise on spirit-based RTDs and all components of the binge drinking strategy.**

#### *Conclusion*

4.44 The Committee acknowledges the potential for substitution of RTDs with other alcoholic beverages, particularly by those whose sole purpose is to become intoxicated. The Committee notes the data released by DSCIA over a two week period which may indicate a tendency for this to occur for some consumers but concludes the timeframe is too short to draw meaningful conclusions. The Committee also notes the evidence by organisations such as the NDRI that the degree to which substitution undermines the overall effect of restrictions on the availability of alcohol is likely to be limited. The Committee was also cognisant of international data outlined in chapter three which appears to support this. The Committee supports the government's plan to evaluate the increase in excise and urges the government consider additional strategies as required.

#### *Alcohol taxation issues*

4.45 The majority of submissions drew attention to the anomalies that existed in the alcohol taxation system, which do not help to achieve good health policy outcomes and called for these inconsistencies to be addressed.

4.46 Below is a detailed description of the current tax system by DSICA:

All categories of alcohol are subject to the GST at the general rate of 10 per cent. In addition to the GST, wine, beer and spirits are subject to different Commonwealth alcohol taxation regimes. Beer, spirits and ready-to-drink alcohol beverages below 10 per cent alcohol content are subject to excise or customs duty. Australian produced beer, spirits and pre-mixed products are subject to excise duty, collected by the Australian Taxation Office. Imported beer, spirits and pre-mixed spirit products are subject to customs duty collected by the Australian Customs Service. However, imported spirits and pre-mixed spirits (but not beer) are also subject to an additional 5 per cent ad valorem customs duty, or protective tariff. Excise duties and customs duties (excluding the 5 per cent ad valorem tariff) are set on a volumetric basis, ie. levied on the actual amount of alcohol in the product. Excise duty and the volumetric component of the customs duty are set at the same level for each alcohol category, and are automatically increased twice a year (1 February and 1 August) to take account of movement in the consumer price index in the previous six months. All wine (including cask and bottled wine, other grape wine products such as marsala and vermouth, mead and sake, and traditional cider) is subject to the Wine Equalisation Tax (WET). WET applies at the rate of 29 per cent of the last wholesale selling price (usually the last sale from the wholesaler to the retailer). The taxation of wine differs to the tax situation in relation to beer, spirits and

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ready-to-drink products in two significant ways. Firstly the WET is levied on an ad valorem basis (ie. a tax on value) rather than on the alcohol content of the product. Secondly, there is no automatic six monthly indexation of the WET as there is for spirits and beer.<sup>59</sup>

4.47 The majority of submissions called for a comprehensive review and reform of alcohol taxation. The overwhelming view from public health advocates and some elements of industry was that alcohol taxation should be largely based on alcohol content and as much as possible this should be true within and between beverage classes. Submissions argued that from a public health perspective, there was no basis to discriminate between alcohol beverages.

4.48 The National Drug Research Institute (NDRI) noted that:

The most effective taxation strategy to prevent and reduce alcohol related problems is one where all alcoholic beverages are taxed according to their alcohol content.<sup>60</sup>

4.49 The Alcohol Education and Rehabilitation (AER) Foundation welcomed the Government's move to tax RTDs at the same volumetric rate as bottled spirits as the first step to a fairer alcohol taxation system. The CEO, Daryl Smeaton, urged that further action needed to be taken to address taxation inconsistencies around products such as cask wine, cheap fortified wines such as port and full strength beer which continued to have advantageous tax rates and has urged the government to undertake a full alcohol taxation review.<sup>61</sup> AER proposed that all alcohol products should be taxed according to the amount of alcohol contained in the package:

Imposing a consistent tax by volume regime across all beverage types will help change the consumption patterns that lead to binge drinking in both young and old.<sup>62</sup>

4.50 The Australian Drug Foundation also called for a volumetric based taxation regime, arguing that the current system facilitated the sale of high-alcohol products at cheap prices.<sup>63</sup> The volumetric approach was also supported by the Public Health Association of Australia<sup>64</sup> and Independent Distillers Australia<sup>65</sup> among others.

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59 Information available at: <http://www.dsica.com.au/sections/issues/tax.html> accessed 23 May 2008.

60 National Drug Research Institute, *Submission 15*, p. 5.

61 Media Release, The Alcohol Education and Rehabilitation Foundation, 'AER Welcomes Alcopop Tax as first step towards a fairer alcohol taxation system', 27 April 2008.

62 Media Release, The Alcohol Education and Rehabilitation Foundation, 'AER welcomes 2020 Summit 'Big Ideas' to tackle Binge Drinking', 23 April 2008.

63 Australian Drug Foundation, *Submission 28*, p. 9.

64 Public Health Association of Australia, *Submission 24*, p. 1.

65 Independent Distillers Australia, *Submission 22*, p. 3.

4.51 The NDRI suggested a tiered volumetric tax where the base tax was determined according to alcohol content and an additional 'harm index' was applied to beverages shown to be particularly problematic and/or associated with high levels of harm.<sup>66</sup>

4.52 Higher taxes on strong beverages was supported by Professor Robin Room who suggested the general principle of 'taxing according to the volume of pure alcohol in the beverage and setting taxes high enough to mildly discourage consumption'.<sup>67</sup> He advocated modification of these general principles in the following ways:

- a higher tax for strong beverages of 20 per cent alcohol and higher to reflect the much greater possibility of overdose from these beverages;
- a lower tax for weak beverages below 3.5 per cent to encourage switching to low-alcohol beverages;
- a higher tax to respond to problematic fashions and social trends such as beverages favoured by young binge drinkers; and
- the imposition of a minimum price level on each type of beverage which particularly affects underage and heavy drinkers.<sup>68</sup>

4.53 Ms Kate Carnell, AGPN, suggested an escalation approach which has incentives for industry to produce low-alcohol products with under 3.5 per cent alcohol.<sup>69</sup>

4.54 Those industry groups which modelling shows would be most advantaged strongly supported a volumetric tax. Diageo also described the current tax system as unnecessarily complex and called for volumetric tax as the most effective, efficient and equitable way to tax alcohol as:

The effect on the body is the same whether the alcohol is consumed from a beer, a wine or a spirit.<sup>70</sup>

4.55 DSICA contended that the current different types and rates of taxation did not achieve positive social and health and outcomes and would add to the issue as it provided stronger incentives to produce and consume alternative and cheaper beverages.<sup>71</sup>

4.56 The AER told the Committee a comprehensive review of the alcohol taxation system is required as:

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66 National Drug Research Institute, *Submission 15*, p. 6.

67 Professor Robin Room, *Proof Committee Hansard*, 11 June 2008, p. CA3.

68 Professor Robin Room, *Proof Committee Hansard*, 11 June 2008, pp CA3–4.

69 Ms Kate Carnell, *Proof Committee Hansard*, 12 June 2008, p. CA31.

70 Diageo, *Submission 29*, p. 6.

71 DSICA, *Submission 27*, p. 5.

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It is broken. It is unfair. It is inconsistent. And it does not tax alcohol as alcohol. It taxes beverages according to the way they are made; and, of course, in the case of wine, according to the value put on that wine by the manufacturers.<sup>72</sup>

4.57 Modelling was provided by the AER<sup>73</sup> (see diagram below) which shows volumetric taxation would mean significant changes for the industry. It shows a hypothetical tax rate calculated at a uniform volumetric rate of \$25.25 per litre of pure alcohol.

4.58 Mr Daryl Smeaton, Chief Executive Officer AER, emphasised the modelling was not a recommendation but an example of what a single rate of taxation would look like that produced revenue neutrality and reduced consumption. He added:

I think there are a whole range of models that should be looked at, but they must all have one fundamental element to them—that is, they must tax the alcohol as alcohol and not as wine, beer or spirits. There is no difference in the alcohol in beer or wine or spirits in terms of the potential harm its excessive consumption can cause. That is the fundamental reason for a comprehensive review of the taxation system. It should not be based on how the product is made, who makes it or what its economic benefits or disbenefits are; it should be reviewed from a public health perspective. This is an industry that gets \$30 billion a year in alcohol sales and that creates, on a very conservative estimate, \$15.3 billion worth of harm—and we think that is a very conservative estimate.<sup>74</sup>

4.59 The Brewers Association for Australia and New Zealand provided the Committee with independent modelling from Access Economics on volumetric taxation which found that this system would result in the fall of prices of all spirits and beer and wine prices would rise. On this basis the association submitted that there were industry, agriculture and health policy reasons to reject volumetric taxation as compared to the range of spirits and wine products, 'all beer is low alcohol'.<sup>75</sup>

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72 Mr Daryl Smeaton, *Proof Committee Hansard*, 11 June 2008, p. CA27.

73 Tabled document, AER, 11 June 2008.

74 Mr Daryl Smeaton, *Proof Committee Hansard*, 11 June 2008, p. CA30.

75 The Brewers Association for Australia and New Zealand, *Submission 34*, pp 3–5.



Changing the way we drink

Alcohol Taxation Chart  
Current and Hypothetical  
Tax Rate Comparison

	Current Tax Rate	Hypothetical Tax Rate
	1.5	1.5
375ml Full Strength Packaged Beer 4.9% Alc/Vol	\$0.55	\$0.46
	1	1
375ml Mid Strength Packaged Beer 3.5% Alc/Vol	\$0.35	\$0.33
	0.8	0.8
375ml Light Packaged Beer 2.7% Alc/Vol	\$0.20	\$0.26
	1	1
285ml Middy/Pot Full Strength Draught Beer 4.9% Alc/Vol	\$0.30	\$0.35
	0.7	0.7
285ml Middy/Pot Mid Strength Draught Beer 3.5% Alc/Vol	\$0.14	\$0.25
	0.5	0.5
285ml Middy/Pot Light Draught Beer 2.7% Alc/Vol	\$0.02	\$0.19
	1.6	1.6
425ml Schooner Draught Full Strength Beer 4.9% Alc/Vol	\$0.44	\$0.53
	1.2	1.2
425ml Schooner Draught Mid Strength Beer 3.5% Alc/Vol	\$0.21	\$0.38
	0.9	0.9
425ml Schooner Draught Light Beer 2.7% Alc/Vol	\$0.04	\$0.29
	7	7
750ml Bottle of Wine 12% Alc/Vol	\$3.63	\$2.12
	1	1
100ml Standard Serve of Wine 12% Alc/Vol	\$0.04	\$0.30
	38	38
4 Litres Cask Wine 12% Alc/Vol	\$1.89	\$12.12
	22	22
700ml Bottle of Brandy 40% Alc/Vol	\$17.43	\$7.07
	1	1
30ml Shot of Spirits 40% Alc/Vol	\$0.80	\$0.30
	15	15
340ml Alcoholic Soda 5.5% Alc/Vol	\$1.25	\$0.47
	1.5	1.5
375ml Pre-mix Spirits 5% Alc/Vol	\$1.25	\$0.47
	0.9	0.9
60ml Port/Sherry Glass 18% Alc/Vol	\$0.15	\$0.23
	1.5	1.5
170ml Standard Serve of Sparkling Wine/Champagne 11.5% Alc/Vol	\$0.82	\$0.45
	1.8	1.8
180ml Average Restaurant Serve of Wine 12% Alc/Vol	\$0.93	\$0.55
	1	1
100ml Standard Serve of Wine 12% Alc/Vol	\$0.04	\$0.30
	1	1
30ml Standard Serve of Brandy 45% Alc/Vol	\$0.75	\$0.30

Note: Wine Equalisation Tax is calculated on notional wholesale price. Cask priced at \$12.99, Wine and Champagne priced at \$25.00, Port priced at \$13.00.

All statistics are sourced from the Australian Taxation Office.

ABS Excise Tariffs Schedule April 2008

Excise on alcohol products not subject to wine equalisation tax

Wine Equalisation Tax Ruling

The hypothetical tax rates have been calculated at a uniform volumetric rate of \$25.25 per litre of pure alcohol.



4.60 The rejection of volumetric taxation was supported by the Winemakers' Federation of Australia and Wine Grape Growers' Australia which argued that taxation was a blunt instrument which did not distinguish between responsible and harmful drinking. They contended that wine was not attractive to younger drinkers and therefore not the product of choice for most underage drinkers.<sup>76</sup> This was observed in the data from the AIHW where it was shown that this change in drinking pattern picked up when consumers reached their twenties.<sup>77</sup> A number of submissions, however, called for measures to address harmful alcohol consumption in all age groups.

4.61 The wine sector also noted that any measures to increase taxation in the wine sector or change the way the product is taxed would have a negative effect on employment and regional communities which were already dealing with the challenges associated with the drought and water prices.<sup>78</sup>

4.62 When speaking to the Committee Mr Stephen Strachan, Chief Executive, Winemakers' Federation of Australia, highlighted the following effects of a volumetric tax for the wine industry:

A uniform volumetric tax at, say, the beer rate would lead to an increase in the price of a \$12.50 cask of wine to \$28; an increase in price for all bottled wine that currently sells below \$25, which accounts for about 98 per cent of all the wine that we sell in Australia, including cask wine; a reduction in wine demand, resulting in a drop of about 250,000 tonnes of grapes required by the industry for the domestic market; and about 3,500 fewer employees—in terms of the people who are employed by that part of the business. It would also of course result in a drop in the price of spirits and would result, at the beer rate, in a modest drop in government taxation revenue, although it would be very modest. A revenue neutral volumetric type tax across all alcohol would necessarily be slightly higher than the beer rate, and that would obviously lead to even more pronounced impacts on the wine industry.<sup>79</sup>

4.63 While sensitive to the concerns of industry, in response to questioning from the Committee on the effect of volumetric taxation on the wine industry, Professor Richard Mattick, Director, National Drug and Alcohol Research Centre, told the Committee:

I think you have to think about what the severity of the impact might be. The example given here was that a 10 per cent increase might affect consumption by less than 10 per cent. It is not stopping five per cent of

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76 Winemakers' Federation of Australia and Wine Grape Growers' Australia, *Submission 21*, p. 3.

77 AIHW, *Submission 23*, p. 6.

78 Winemakers' Federation of Australia and Wine Grape Growers' Australia, *Submission 21*, p. 22.

79 Mr Stephen Strachan, Winemakers Federation of Australia, *Proof Committee Hansard*, 11 June, p. CA61.

people drinking; it is reducing consumption overall by five per cent, and that is the desired effect. A five per cent reduction in consumption would be, I would suggest, something that the industry could bear. It has seen good growth over time. One has to ask: does the industry have the unbridled right to grow and complain when anybody calls attention to this issue and calls foul, or are we thinking, ‘Hang on, the consumption in Australia is getting to be high’—and it has been high for a long time—and thinking about some reasonable measures which respect the industry’s right to continue to employ and to produce? Also, the industry makes a lot of money by exporting overseas, and presumably some of these tax measures will not be affecting it there. But I still think that the government needs to have some control over consumption.<sup>80</sup>

4.64 Dr Anthony Shakeshaft, Senior Lecturer, National Drug and Alcohol Research Centre, argued that a volumetric taxation system would provide the opportunity for industry to better align with public health goals:

From a public health perspective, what we want to see is an overall reduction in average consumption—how much people drink all the time—as well as a reduction in how much people drink on one occasion. That is the idea of the long-term harm as opposed to the short-term harm. We think once you take out the price differential, then there is an opportunity to get the industry to compete on things other than price that, as I said, would align better with public health. For example, you could get them to promote things like lower alcohol beverages. They could compete to increase in their market share on issues that use those kinds of strategies rather than just on price.<sup>81</sup>

4.65 Ms Karen Price, Manager of Operations and Development, National Drug and Alcohol Research Centre, emphasised that aligning public health goals with industry goals would be the optimal outcome. She stated:

Part of the reason that it [data] is tricky and confusing is that you have two different groups telling you different messages because they have different goals. You should have them swinging behind the same goal, and I think a taxation discussion about alcohol should be about that.<sup>82</sup>

4.66 On the issue of alcohol taxation, the Department of Health and Ageing stated that in the context of harm minimisation:

there is support for a tax system that provides incentives for the production, sale and consumption of lower alcohol content beverages and for using taxation and price to maximise harm minimisation outcomes. The evidence indicates this can have the impact of reducing overall alcohol consumption

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80 Professor Richard Mattick, *Proof Committee Hansard*, 11 June 2008, p. CA98.

81 Dr Anthony Shakeshaft, *Proof Committee Hansard*, 11 June 2008, p. CA86.

82 Mr Karen Price, *Proof Committee Hansard*, 11 June 2008, p. CA95.

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and correspondingly reducing related problems for individuals and communities.<sup>83</sup>

4.67 While supporting a move towards a volumetric tax, Dr Alexander Wodak, RACP, cautioned that the tax relief for low-alcoholic beverages should not be removed.<sup>84</sup>

#### *Hypothecated tax*

4.68 A number of submissions strongly advocated spending more of the alcohol profits on education programs and public health campaigns to encourage everyone to drink safely. Submissions also suggested directing a proportion of the revenue collected from taxes on alcohol towards funding the Government's response to the health, social and economic harms resulting from alcohol misuse. The RACP noted that this measure had been shown to reduce the level of alcohol-related harm.<sup>85</sup> This was also supported by organisations including the AMA<sup>86</sup>, the Royal Australasian College of Physicians<sup>87</sup>, the Australian Drug Foundation,<sup>88</sup> the Australasian Therapeutic Communities Association,<sup>89</sup> and the Victorian Alcohol and Drug Association<sup>90</sup> among others.

4.69 Witnesses at the hearing also spoke strongly about the benefits of a hypothecated tax. Professor Room, ADCA, told the Committee:

It makes sense to use part of these revenues [from alcoholic beverages] for prevention and treatment programs aimed specifically at alcohol problems. Such programs should be based on evidence about what is effective and cost-effective. The rest of the revenues might well be used to support general health and social welfare services. Alcohol consumption places great burdens on these systems in terms of emergency department visits, hospital admissions, family welfare and child protection assistance and so on. The revenues from increased alcohol taxes would go some way toward paying for these externalities which alcohol consumption imposes on Australian society.<sup>91</sup>

4.70 The Public Health Association believed that government recognition should be given to the revenue from the excise increase to be used as part of a complete

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83 Department of Health and Ageing, *Submission 35*, p. 21.

84 Dr Alexander Wodak, *Proof Committee Hansard*, 11 June 2008, p. CA44.

85 RACP, *Submission 25*, p. 5.

86 AMA, *Submission 33*, p. 1.

87 RACP, *Submission 25*, p. 5.

88 Australian Drug Foundation, *Submission 28*, p. 7.

89 Australasian Therapeutic Communities Association, *Submission 12*, p. 1.

90 Victorian Alcohol and Drug Association, *Submission 16*, p. 6.

91 Professor Robin Room, *Committee Hansard*, 11 June 2008, p. CA4.

package to address the problem and that the funds raised should go towards 'a comprehensive approach to harmful and hazardous use of alcohol'.<sup>92</sup>

4.71 At the hearing the Ms Jennifer Bryant, First Assistant Secretary, Population Health Division, Department of Health and Ageing told the Committee that:

Minister Roxon has stated on the public record that the government will be looking to direct a substantive proportion of the funds raised through the excise measure to preventative health activities. Exactly what those activities will be is still a matter for decision by government...<sup>93</sup>

### **Conclusion**

4.72 The Committee notes the concerns about using tax to control alcohol consumption as well as the call to tax alcohol content equally, regardless of product. The Committee also recognises that the support for volumetric taxation is not unanimous and notes the differing modelling submitted to the Committee. The Committee fully supports the inclusion of the examination of alcohol taxation in the current review of the taxation system being chaired by Mr Ken Henry.<sup>94</sup>

4.73 The Committee notes that although wine is a product of choice for an older age group, this would not deter those whose prime motivation is drinking to become intoxicated. The Committee also notes the wine industry concerns regarding potential changes to the alcohol taxation system and urges the government to take these concerns into consideration during the examination of alcohol taxation.

### **Recommendation 4**

**4.74 The Committee supports the call for a review of alcohol taxation and notes that an examination of alcohol taxation will be included in the comprehensive review of the tax system currently underway (the Henry Review).**

### **Other issues**

4.75 The Committee noted the submission from the Chrisco Group which raised the effect of the excise increase on retailers which have pre-sold RTDs at a fixed price established prior to the increase in the excise.<sup>95</sup>

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92 Professor Michael Moore, Public Health Association, *Proof Committee Hansard*, 11 June 2008, p. CA19.

93 Ms Jennifer Bryant, *Committee Hansard*, 12 June 2008, p. CA91.

94 Media Release, The Hon Wayne Swan MP, 'Australia's Future Tax System', No. 36, 13 May 2008; Senator the Hon. Stephen Conroy, *Estimates Hansard*, 3 June 2008, p. E70.

95 Chrisco Group, *Submission 30*.

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## Conclusion

4.76 The Committee is of the view that the measure undertaken by the Government to increase the excise on spirit-based RTDs, and this inquiry, have contributed to the important debate of the role of alcohol in society and the negative effects of harmful consumption, particularly for young people. The Committee is aware of and shares the high level of public concern regarding the unacceptable rates of risky and high risk alcohol consumption of young and underage drinkers. Young people are particularly vulnerable to alcohol in terms of its effect on their development, their lack of experience of drinking and the increased likelihood to engage in risky behaviour which may result in their harm or the harm of others. The Committee recognises that the vast majority of submissions from researchers, health and medical professionals supported raising the excise as a significant step to address this public health issue.

4.77 While some evidence focussed on the drinking patterns of older males and RTDs the primary aim of the Committee was the effect of alcohol on the short and long term health of young people. The Committee acknowledges data which shows the relatively stable consumption patterns for people aged 14 years or older; however, it also recognises that within this data, drinking patterns and preferences vary considerably across age and sex. The evidence shows a widespread problem with the illegal consumption of alcohol by underage drinkers. Evidence also shows that a significant proportion of underage drinkers are risking harm to themselves and others by engaging in risky drinking behaviour.

4.78 There has been a growth in new alcohol products over recent years and the Committee notes the significant growth in the consumption of RTDs and that they are being consumed at risky and high risk levels by young drinkers. While this increase may have been at the expense of other alcoholic beverages there is no denying the attractiveness of RTDs for young and underage drinkers. They are often their first drinks, their most preferred, they mask the taste of alcohol which makes them palatable to very young drinkers, have colourful packaging and a relatively high alcohol content for those whose objective is rapid intoxication. Young females in particular display a preference for sweet tasting and colourful RTDs. The Committee agrees that measures need to consider the drinking preference of at-risk adolescents and teenagers where evidence indicates that RTDs are particularly appealing.

4.79 The data from surveys and studies shows young females have stronger preferences for pre-mixed drinks in a can or bottle when compared to young males. Across a number of surveys RTDs have become more popular, showing a substantial increase in consumption, particularly among young girls. However, the Committee notes the figures are concerning for both sexes. The attractiveness of RTDs is also evident in the sales figures with an increase of more than 450 per cent between 1997 and 2006.

4.80 The Committee notes some confusion caused by interpretations of data by various stakeholders and the tendency to highlight minor variations between individual studies. Despite this debate, which will no doubt continue, there is no

mistaking the unanimous conclusion of the health and medical professionals that there are unacceptably high rates of risky and high risk alcohol consumption by young people and rising rates of alcohol-related harm and hospitalisations.

4.81 The Committee agrees there are widespread indicators that young people commonly engage in risky drinking behaviour at unacceptable levels and that action must be taken to protect what appears to be a significant proportion of young people from the harms resulting from drinking to excess.

4.82 The level of public concern has been recognised by the industry itself as evidenced by the voluntary action taken to reduce the amount of alcohol to two standard drinks in their RTD products in response to the level of concern. Despite this voluntary action the Committee notes evidence that this appears to be having minimal effect, however, the Committee commends the willingness of industry to be part of the solution.

4.83 Evidence clearly demonstrates the high levels of risky and high risk drinking behaviour and the consequences of this can be found in ongoing negative health effects, including motor accidents and hospitalisations. The data on treatment episodes, preventable health problems, deaths and hospitalisations all clearly show unacceptable increases for young people. These health findings alone justify the measure undertaken by the government. In addition to the negative health effects, evidence also shows an increase in the levels of sexual assaults, physical violence and criminal activity which affects not only the young people involved but also the broader community.

4.84 The Committee agrees that the current levels of risky and high risk alcohol consumption by young and particularly underage drinkers are unacceptably high. The evidence strongly indicates that action needs to be taken to prevent both the health and social consequences of risky drinking behaviour in young people.

4.85 The effect of alcohol taxes on risky and high risk alcohol consumption by young and underage drinkers is a complex question and the Committee acknowledges the potential for drink substitution to occur. DSICA put forward data collected over a two week period to support this argument. However, the Committee concludes that the timeframe is too short to draw meaningful conclusions. The Committee also notes the evidence by NDRI and others which argued that the degree to which substitution undermined the overall effect of restrictions on the availability of alcohol was likely to be limited. Therefore, the Committee urges the government to monitor and evaluate this aspect and consider additional strategies as required.

4.86 The Committee notes the consistent argument from witnesses that while supportive of the measure to raise the price of spirit-based RTDs it would be more effective as part of a comprehensive approach to address the harms associated with alcohol consumption by young and underage drinkers. The Committee notes the government has already acknowledged that a range of measures are required to address harmful alcohol consumption in the community through the implementation

of the National Binge Drinking Strategy and looks forward to the outcomes of the targeted work being undertaken for COAG regarding further options to reduce 'binge drinking' due in July 2008. The Committee is aware that some of the additional measures raised will be included through the COAG work but strongly supports the whole range be considered as part of the review. In formulating any additional measures, the Committee urges the government take advantage of the increased public support for changes in alcohol related policy to address alcohol related harm found by the National Drug Strategy Household Survey.

4.87 The inquiry has also highlighted the inconsistencies in the current alcohol taxation system. The Committee acknowledges the concerns about using tax to control alcohol consumption as well as the call to tax alcohol content equally, regardless of product. The Committee recognises the call for volumetric taxation was not universal and there were variations between a flat or tiered level of taxation by its advocates. The concerns expressed by the wine industry and the suggestions for exemptions and modelling provided were noted by the Committee. The Committee supports the examination of alcohol taxation being included in the Henry review of the taxation system and urges government to consider the concerns raised and the evidence for and against volumetric taxation submitted to the inquiry.

4.88 The public health issues of problematic drinking among young people are clear and each action that reduces such drinking makes a contribution in public health terms. For all the reasons listed above the Committee agrees with the vast majority of evidence presented to the Committee, particularly by health and medical professionals, which was supportive of the measure to increase the price of spirit-based RTDs as one of a range of measures to address harmful alcohol consumption in the community and particularly among young people. The Committee notes this is a complex issue and one that will require further effort and input from governments, professional bodies, researchers, treatment and prevention services, media, industry and the community to develop the next steps.

Senator Claire Moore  
Chair

June 2008

