

COMMITTEES

Community Affairs Committee Report

Senator HUMPHRIES (Australian Capital Territory) (4.54 p.m.)—The Chair of Senate Standing Committee on Community Affairs has quite rightly said that we have a problem. Australia clearly does have a write-off culture, where it is acceptable in many quarters to go out of an evening and get blind drunk. The reasons for that are hard to understand in full, but the nature of the problem it presents to Australians in terms of cost and health impacts is very clear. We need to act on the problem that that write-off culture presents to us as a community.

The committee agreed that we have a problem. What the committee did not agree on is whether this solution, the imposition of an excise increase of some 70 per cent on ready-to-drink alcoholic products, was the solution to that problem. The fact is that if there were measures in this debate which were clearly directed, on an empirical basis, towards the solution of the problem then they would have the strong and unquestioning support of the opposition. But it is not clear that this measure does that. This measure imposes a \$3.1 billion tax burden on Australian consumers, most of whom drink alcohol responsibly—at least, under present definitions. A \$3.1 billion tax imposition on those drinkers has downstream effects which are very serious and which need to be brought into account in this debate. It has an impact on employment levels in the alcohol and hospitality industries and it has the potential to change people's behaviour in ways which are not anticipated and which may actually be damaging to public health measures that try to prevent people from drinking dangerously. Of course, there are simply those pressures on the ordinary Australians who consume alcohol responsibly. The cost of that recreational pastime is greater as a result of this tax burden.

It is therefore the contention of the Liberal senators who took part in this inquiry that the onus that must fall on the federal government to demonstrate that this measure will be effective—that it will make a difference in reducing levels of risky drinking in Australia, particularly amongst the young—has not been discharged. They have not demonstrated that this measure will actually achieve its goal.

One of the key reasons for that view was that it was acknowledged widely in evidence given to the inquiry that there will be significant substitution going on between ready-to-drink alcoholic products and other forms of alcoholic beverage, and possibly substitution of other substances altogether. There was evidence that already we are seeing a significant drop in ready-to-drink product sales. We are also seeing significant increases in spirits sales. If a young person is going to go out and drink, one needs to ask oneself: is it better to have the same amount of alcohol consumed through standard drinks or bottles of a ready-to-drink product or is it better to have it being poured directly out of a spirit bottle into a glass, perhaps with mixers added, with the potential for an incapacity to count the standard drinks that are being consumed and with the potential for drink spiking and other problems that might flow from that? We are not convinced that this measure will not result in considerable substitution and, in fact, people consuming other things in other, more dangerous ways.

The report *Ready-to-drink alcohol beverages* makes clear that Australia has not experienced an explosion in alcohol consumption in recent years and, on the evidence, it is not clear whether the problem with Australians, particularly young Australians, abusing alcohol is actually getting worse or better. Figures presented

by the Australian Institute of Health and Welfare demonstrate that the drinking patterns of Australians have in some ways moderated in recent years. For example, when the institute surveyed drinking status in the years between 1991 and 2007 it found that the number of people aged over 14 drinking daily in Australia had dropped from 10.2 per cent of the population to 8.1 per cent of the population. The number of people drinking weekly had risen from 30.4 per cent to 33.5 per cent—perhaps an indication of some moderation. The number of those who had never had a full serve of alcohol rose from 6.5 per cent to 10.1 per cent of the population.

That figure, which is reproduced on page 59 of the report, shows very clearly that there have been some quite significant changes in alcohol consumption in Australia, but overall levels have come down quite dramatically since the early 1970s. The consumption of wine has increased since that time but has been fairly stable over the last 20 years. The consumption level for beer has dropped quite dramatically—by about two-thirds—over that period of time. Spirits have remained fairly static—in fact, they have dropped somewhat in that time—but what has happened within that market is that ready-to-drink products have become much more popular. Is that the basis for a knee-jerk reaction or for a rushed response that is not based on clear evidence as to its positive effect on people's drinking habits? I simply do not think that it is.

The fact is that there is every hallmark that this measure is all about increasing government revenue and very little about reducing the harmful effects of drinking in our community. As I said, there is a \$3.1 billion hit on Australian drinkers in this measure. You might expect that the government's focus in this development was on reducing the harm caused by alcohol and that you would see a significant slice of that \$3.1 billion over four years redirected into measures to reduce the harmful effects of alcohol. In fact, it apparently is the case that none of it—not one cent of that \$3.1 billion—will be directed in that particular way. There is a national binge-drinking strategy which attracts the grand investment of \$53 million over four years, but even that is to be funded not by this revenue from alcohol but by a cut to the other programs operated by the Department of Health and Ageing—that is, an internal saving made by that agency. We are told that there are other measures being contemplated and that other things will be developed as part of the preventative health strategy of the Australian government. I welcome that focus; I think that is extremely important. But my fear and the fear of the Liberal senators who took part in this inquiry is that we are seeing the cart put before the horse. We are seeing a grab for money, and the thinking about how it will be used to reduce alcohol consumption will occur at some point in the future. In the meantime, we see the potential for very dangerous behaviour taking place.

Many of the parties who supported this measure before the committee's inquiry said that they wanted to see Australia move to a volumetric approach to the taxation of alcohol products. This means that, no matter how you consume alcohol, the amount of taxation you are paying on each standard drink you are consuming and each millilitre of alcohol is the same so that people are not tempted to migrate to other products to escape taxes or because their taxation levels are lower than others. That was a well-supported—though not universally supported—contention. It would certainly attract some support, I think, from many people. The problem with the approach the government has taken is that it does not form the basis of a first step towards a volumetric approach to alcohol taxation. In fact, the committee was told that, if there were a revenue-neutral volumetric approach to the taxation of alcoholic products, the tax on an RTD would be 47c for each standard drink. In fact, as a result of the decision made in

March this year by the federal government, the level of taxation is \$1.25—2½ times the level it ought to be if you were taking a volumetric approach. This is clearly not the first step towards a volumetric approach to taxation. I think that the government needs to explain exactly what broader strategy it sees this measure achieving.

I repeat: the opposition is not opposed to strong, directed, well-researched and empirical measures to reduce the toll that alcohol takes in this country each and every year, particularly amongst young Australians. But we are not convinced that this measure is such a step, and we are not convinced that it will be effective.