

COMMITTEES

Community Affairs Committee Report

Extract from Senate Hansard: 24 June 2008

Senator MOORE (Queensland) (4.48 p.m.)—I present the report of the Senate Standing Committee on Community Affairs, *Ready-to-drink alcohol beverages*, together with the *Hansard* record of proceedings and documents presented to the committee.

In speaking to this report, I want to particularly put on record my thanks to the other members of the committee, to the people who provided evidence and witness statements to our committee and most particularly to the secretariat of our committee because of the ridiculous time frame that was presented to our committee to present this report. This is a particularly complex issue. On that, the whole committee was agreed—there was no doubt about the process. However, we were presented with a time frame which meant that we needed to present this document today. I think that caused a degree of stress on all those who were engaged in the process, because we think this is an important issue. I think we would require more time to fully consider the range of the terms of reference with which we were provided. However, the terms of reference came down, in part, to whether the government's decision to impose a higher tax on ready-to-drink beverages was an appropriate thing to do at the time. Other terms of reference looked at much wider issues of alcohol in our society. I do not think in the time given to us we were able to fully contemplate those other terms of reference.

In terms of the importance of the increased taxation on ready-to-drinks, the majority report has come down in favour of the government's decision, unsurprisingly. We say that the government's decision, which has been clearly enunciated by Minister Roxon and the Prime Minister, who has taken a personal interest in these issues, has been an important step in the ongoing consideration of the issues of alcohol, particularly with young people in our community. No-one denies that there is a problem. In the process of the committee we were absolutely drowned with data, graphs and statistics. However, there was one key issue: regardless of what the data and the statistics said about trends or processes, there is a problem—there is no doubt about that. We heard evidence from a range of people who work in the public health area, we heard evidence from people who have been studying this issue for many years and there is a consensus that there is a problem with alcohol, particularly with young people in our community.

Pleasingly, this issue has been taken up in the media. For a long time, it seemed like it was a sleeping issue and only appeared from time to time. But over the last few months there has been increasing coverage of these issues in the media. Partly in response to what is going on, which includes the horrific programs and data that have come to the committee's attention, the government has decided that amongst a range of other issues—and it is important to absolutely concentrate on this point—there is no single response. Certainly the taxation issue and cost issue are but one response. But they are an important response. That has been borne out by information that we have received from other countries and by talking with young people about what they are doing with alcohol in their communities. This alone will not solve the issue—that certainly came out consistently. We refer throughout the report to the COAG process

because this has been an issue on the agenda of COAG, which is looking at this issue across the country.

I think the term 'binge-drinking' has been overused and I know that in the last couple of weeks there has been a move away, particularly in the national health and medical research area, from the term 'binge-drinking'. What we are talking about is use of alcohol to a risky level. That is a very important concept to keep before all of us. We need to consider the way people in our community view alcohol. We are not saying that people should not drink. I want to put that clearly on the open agenda. This is not a prohibitionist response to the issue of alcohol. What we are talking about is people working together to come up with solutions to the levels of violence, harm and misuse that have been identified in the community. There has been a response from all levels of government, from people who are working in the medical profession and from people who are researching in the public health area, and one solution amidst all of those actions will be the increase in cost for ready-to-drink alcohol beverages.

We know—and, again, I do not think there is any particular question about this either—that some of the ready-to-drink beverages mask the taste of alcohol and, as such, are more attractive to young people. The committee heard evidence that people were not even aware of how many drinks they were consuming or whether in fact they were alcoholic. We have limited data on underage drinking, and an area that must be considered more fully into the future is the way we collect data. Certainly, one of the key issues for our committee was the introductory phase—when people begin their journey with alcohol. Doing that in a way that is responsible and safe sets people up for better and more responsible use of alcohol throughout their lives. But if young people are caught up in irresponsible drinking at a young age, that is a recipe for future health issues. It is also a recipe for getting people into situations which are clearly unsafe.

This discussion will go on; this is not the end of the debate. However, we on this side of the Senate strongly believe that an important step has been taken in this taxation response. It is only one part of a wider need, but it is a start and it should not be delayed or dismissed for political purposes or because of arguments about whether it in itself is enough. It is not; it is a step in the right direction.

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.

Senator SIEWERT (Western Australia) (5.09 p.m.)—The Greens tabled additional comments to the Senate Standing Committee on Community Affairs report entitled *Ready-to-drink alcohol beverages*. We have expressed for quite some time our concern about alcohol and alcohol abuse in our community. We consider that it is a waste of time arguing about whether or not some drinking rates have gone up. The fact is that we have a \$15 billion plus problem in this country that we need to start dealing with. As I have just said, it is a waste of time arguing about how much risky drinking has increased or decreased. However, very fortuitously during the inquiry, a report by Michael Livingston was published in the *Australian and New Zealand Journal of Public Health*. The report showed very clearly that instances of alcohol related harm had definitely gone up. It also pointed out that it is very difficult to measure risky drinking behaviour

because many of the groups that display this behaviour are hard to survey. But the fact is that alcohol related harm has gone up in this country, and the statistics clearly show that.

While the inquiry focused on ready-to-drink alcohol for a specific reason, it is important to note that the Greens very strongly believe that a comprehensive strategy is needed to deal with this issue. While RTDs, or ready-to-drinks, are a particular issue, they need a comprehensive strategy to deal with them. One of the reasons that RTDs are a particular focus is that there has been a shift towards drinking those types of alcoholic beverages. Anecdotal evidence and, I think, increasingly research evidence shows that RTDs are a focus because they encourage young people to drink. The milk and sweetness in RTDs cover the flavour of the alcohol. I will just diverge here to point out that, during the inquiry, an industry person who was questioned about this said that they did not add sugar to RTDs because there is cola in them. If you look at the make-up of cola, you will see that it contains a great deal of sugar; hence, you do not need to add sugar because the cola adds the sugar. The fact is that these drinks are sweet and attractive to young people. The theory being put forward is that these beverages are encouraging young people to drink because, when you are young, your body rejects the taste of alcohol, whereas milk, sugar and cola mask the taste of the alcohol.

As the opposition pointed out, the government's proposed changes to the alcohol excise regime will raise a substantive amount of income. If the government is genuine in saying that that measure is part of a strategy to address alcohol abuse and harm in this country, it needs to be hypothecating a great deal of that money to effective public education and social marketing programs.

The committee heard some very strong evidence on what is needed for a comprehensive strategy to address this issue, and people who work in this area have established a bit of a hierarchy on how to do that. It starts with regulating price. Experts consider that using price as a mechanism with RTDs should be part of the strategy. Other mechanisms include lowering speed limits for all drivers, enforcing liquor-licensing laws, limiting availability of alcohol, restricting hours of alcohol sales, limiting the density of alcohol outlets, community mobilisation, workplace interventions, curbing alcohol sponsorship in sport, and social marketing. These are the areas that experts say should be part of a comprehensive strategy.

The Greens have made our policy on advertising quite clear. We believe that there should be a ban on alcohol advertising. We believe that there should be a ban on the advertising of alcohol through sports sponsorships and promotional activities. We have had two inquiries into alcohol in the past month, and the issue of advertising to young people and what appeals to them was raised. When the free-to-air television people were asked about the percentage of young people watching sport, they said it was only 3.7 per cent. If you look at the percentage of young people in our population—guess what?—it is around 3.7 per cent. In other words, advertising is actually getting to a large percentage of the population's young people.

In our additional comments to the report, the Greens have listed 10 recommendations. We begin with support for well-resourced and targeted, evidence based public education and social marketing campaigns that are focused particularly on at-risk groups. Then we look at inquiring into a volumetric tax. Very strong evidence was presented to the committee about the usefulness of a

volumetric tax. However, I probably differ from some of my opposition colleagues on this issue. The nature of drinks like RTDs that appeal particularly to young people and to at-risk groups need to be looked at, because a volumetric price signal will not work with RTDs, although the evidence clearly shows that price does work as a limiting factor.

There was evidence from overseas presented to the committee about the usefulness of price signals. There was some evidence presented to the committee that clearly showed that in some countries in Europe substitution had not occurred, that in fact it was working as part of a comprehensive approach. So the Greens are urging the government, and we have put on record, that along with this initiative on RTDs they need to be presenting a comprehensive strategy but also need to be allocating significant resources to an evidence based—that is very important—public education and social marketing campaign.

Senator COLBECK (Tasmania) (11.19 p.m.)—I thank the Senate for its indulgence in allowing me to finalise my comments on the *Ready-to-drink alcohol beverages* report that was handed down today by the Senate Standing Committee on Community Affairs. I will not hold the Senate too long. I just want to take the opportunity to finalise some comments that I was making. When my time expired this afternoon, I was making the point that the very narrow focus of the measure to increase tax on RTDs was not going to address the problem that the government has claimed that it would do.

I would like to go to the evidence was provided in submissions. It would be fair to say that the public health groups that addressed the Senate committee welcomed the measure, but it was a qualified welcome, in that they saw any measure that needed to be taken had to be done with a comprehensive approach. I mentioned that in my comments earlier in the day. It had to include a range of measures. The concern was that this measure was too narrow and did not take into account, in particular, issues in respect of substitution.

There is no question that all of those that provided evidence saw the requirement to take a comprehensive approach to dealing with the issues that the community faces with respect to alcohol. They included issues of education, issues of law and order, issues relating to the community and, particularly and importantly, issues to do with supporting families. There is a lot of research to demonstrate that the greatest influence on young people and their alcohol use is the family. I think it is quite fair to be critical of the government, especially at this point of time, for the fact that they have not addressed one particular measure towards that. I congratulate the DrinkWise program that was launched last week and looks at the intergenerational aspects of alcohol. In my mind, that is one of the real issues that needs to be addressed.

The public health lobby, also as part of their submission, called for a volumetric tax on alcohol, as did some other groups within the alcohol sector. The wine industry and some elements of the brewing industry were not keen on that volumetric tax. The Alcohol Education and Rehabilitation Foundation tabled an example of how a volumetric tax might work. The call for a volumetric tax was pretty common across all of the public health groups that addressed the committee. The impact of a volumetric tax would effectively return tax on RTDs of 1.5 standard drinks to an equivalent tax of a stubbie of beer that has 1.5 standard drinks—in other words, it would reverse the measure that the government has put into place.

That particular evidence from those groups demonstrates a real flaw in the logic and argument put forward by this government since announcing what they claimed was a health measure—the announcement of an increased excise on RTDs. On the evidence both through estimates and through the inquiry process Treasury took no account of substitution, when there is clear evidence that substitution occurs in a number of countries, and the Liberal senators' report provides a graph of a substitution that occurred in Germany. We are not saying that is exactly what is going to happen, because we acknowledge that we cannot say that. We accept that each jurisdiction is different. The evidence is still to come in with respect to that. We understand that, but it is quite clear from the anecdotal evidence, and I think from the earlier evidence from the industry, that there will be substitution.

As I said earlier, young people are not silly. If they want to go out and have a skinful—if that is the way you want to put it—if they want to go out and get drunk, they know how to do it. That is one of the issues that this measure has not addressed. There was also no consultation with the health department. As Treasury said, we had all the data that we needed by talking to Customs and the ATO, so we did not talk to the health department. While the government calls this a health measure, from our perspective, it seriously can only be regarded as a health measure. It raises \$3.1 billion in tax. There are no allocations towards the other measures that all parties believe are critical in addressing in this issue; it is just a reallocation of Department of Health and Ageing funding of \$53 million within the budget.

This measure does nothing to address the underlying issue: the culture that seems to exist among young people these days, which is to write yourself off or get yourself drunk. Unfortunately, just changing the tax regime on one narrow band of alcohol does nothing to address those issues. If it were that simple, it would be fantastic. But the evidence is quite clear that it is not. It does nothing to address the risk-taking behaviour that underlies many of the problems that we are seeing. That was clearly demonstrated by the report shown on the ABC's *Four Corners* a couple of weeks ago, where the young people in that report were clearly out to get drunk. As disappointing and as frightening as that might be for many of us in the community and for parents, that is the reality.

The Liberal members of the committee believe sincerely that, while there is certainly an issue to be dealt with in respect to the abuse of alcohol, there is no question that this narrow approach is not going to deal with the problem. Unless the government has a much more comprehensive approach to dealing with this, we obviously cannot see our way to supporting it. We are concerned that there is quite a disturbing pattern developing here. The government has this process of setting up programs and reviews to deal with issues and then makes decisions completely outside those programs. There is the Ken Henry tax review to deal with taxation across the board and to which taxation of alcohol has now been referred, and the COAG process to deal with alcohol abuse. Here we have one narrow, finite decision that is made outside any of those processes. The government has talked about taking an evidence based approach, but there is no evidence that they are actually doing that. In fact, the evidence is that they are not. It is interesting to note the approach of both the Democrats and the Greens, who have also criticised the fact that this one individual measure is not going to work on its own and needs to be a part of an overall process. I thank the Senate for its indulgence with respect to allowing me to speak tonight.