

# **Inquiry into Excise Tariff Amendment (2009 Measures No. 1) Bill 2009 and Customs Tariff Amendment (2009 Measures No. 1) Bill 2009 [provisions]**

## **Submission from Cancer Council Australia**

February 2009

Cancer Council Australia is Australia's peak non-government national cancer control organisation. Its member bodies are the eight state and territory cancer councils, whose views and priorities it represents on a national level.



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## **Overview**

Cancer Council Australia welcomes the opportunity to comment on the excise regime on ready-to-drink spirit mixes (RTD), colloquially referred to as the "alcopops" tax. We call on the Senate to expeditiously pass the excise measure, for the following reasons:

- Alcohol is a group 1 carcinogen and was the cause of 2,997 new cancer diagnoses in Australia in 2005 and 1,376 cancer deaths;<sup>1,2</sup>
- The more alcohol an individual consumes over their lifetime, the higher their risk of developing cancer;<sup>1,3</sup>
- Underage drinking increases the risk of alcohol dependency in adulthood, which significantly increases cancer risk;<sup>4,3</sup>
- Price control of unhealthy consumer products to reduce consumption is an integral component of public health strategy and has proven highly effective in reducing tobacco-related death and disease;<sup>5,6</sup>
- Increased excise as a component of a national alcohol strategy is recommended by the National Preventative Health Taskforce<sup>5</sup> – which is supported by Cancer Council Australia; and
- Independent, preliminary data indicate that the RTD excise regime is contributing to decreased alcohol consumption.<sup>7</sup>

On the basis of this information, Cancer Council calls on the Australian Senate to support the RTD excise measure, to enable it to reach its potential to reduce Australia's unacceptable alcohol-related cancer burden. Our detailed rationale in the context of this inquiry's terms of reference follow.

Cancer Council Australia would welcome further opportunities to speak in favour of the excise regime's potential to reduce the level of cancer death and disability in Australia attributable to alcohol.

## **Addressing the terms of reference...**

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

### **a. the revenues raised under the alcopops tax measure;**

Cancer Council Australia's key stake in the passage of this bill is its demonstrated capacity to drive down net alcohol consumption rates, along with its role as part of a comprehensive approach to countering Australia's unhealthy drinking culture and the cancer burden it imposes.

The level of revenue raised is, in a public health context, a secondary issue. We do understand, however, that the Government intends to invest revenue from the 'alcopops' tax measure in public health, particularly into other forms of alcohol control. This in our view is an appropriate use of funds

### **b. substitution effects flowing from the alcopops tax measure;**

While some degree of product substitution usually occurs in response to mandatory price increases, independent research indicates that the overall effect of the 'alcopops' excise regime is a net decline in alcohol.

AC Nielsen data on retail sales of packaged liquor shows that for the first full quarter following the excise's introduction:

- 'alcopops' sales had declined by 26.2%, equivalent to 7 million standard drinks per week;
- spirit sales had increased by 11.2%, equivalent to 2.9 million standard drinks per week; and
- packaged beer had grown by 1.5%, equivalent to 1.1 million standard drinks per week.

On this basis, Nielsen concluded that the net result was a decrease in alcohol consumption by sales equal to 3 million standard drinks per week over the research period. It appears that the tax has been effective in particular in addressing consumption of alcohol products favoured by underage drinkers (see following).

### **c. changes in consumption patterns of ready-to-drink alcoholic beverages by sex and age group following the introduction of the alcopops tax;**

Epidemiological and demographic research will be required to complement any assumptions on the tax measure's long-term effective on the basis of sales data. Preliminary evidence of the drop in retail sales by product type is however consistent with the aim of the tax – to reduce alcohol consumption among underage drinkers.

### **d. changes in consumption patterns of all alcoholic beverages by sex and age group following the introduction of the alcopops tax;**

As discussed above, the AC Nielsen data shows that the consumption of 'alcopops' has declined by about one quarter. While some product substitution is expected, the preference for 'alcopops' among the very young drinking market is strongly suggestive of the tax measure's effectiveness in reducing alcohol consumption among underage (particularly female) drinkers.

**e. any unintended consequences flowing from the introduction of the alcopops tax, such as the development of so-called 'malternatives' (beer-based ready-to-drink beverages);**

A number of unsubstantiated claims have been made about unintended consequences of the 'alcopops' excise, with their veracity investigated by the Australian Drug Foundation (ADF). Examples include:

- reported increases in drink-spiking – for which the ADF found no supporting evidence;
- claims by the Liquor Merchants Association of Australia (LMAA) that the tax had failed, as spirits sales increased by 46% while 'alcopops' sales had fallen by 30% by June 2008 – equating to a net increase in alcohol consumption. This claim, however, is not consistent with independent data collected by AC Nielsen and conflicts with Australian Tax Office tax receipt figures, both of which indicate increased spirits sales do not offset the decline in 'alcopops' sales;
- claims that self-mixing of drinks is leading to increased drink-driving among people less able to monitor their consumption level – the ADF has found no evidence to support this claim.

Cancer Council Australia would be interested in any rigorous, evidence-based analysis indicating unintended consequences in relation to public health caused by the 'alcopops' tax, but are unaware of any current, independent data to this effect.

**f. evidence of the effectiveness of the Government's changes to the alcohol excise regime in reducing the claims of excessive consumption of ready-to-drink alcohol beverages;**

As discussed in response to terms of reference b, c & d, the best independent, preliminary evidence supports claims that the excise regime is effective.

**g. any evidence of changes to at risk behaviour or health impacts (either positive or negative) as a result of the introduction of the alcopops tax;**

As discussed in response to criteria c & d, it is too early for evidence of behavioural change in a public health context. In identifying that overall alcohol consumption has decreased, it is important to also note:

- any alcohol consumption increases lifetime cancer risk;
- cancer risk increases with the level of consumption;
- people who binge-drink in early life are shown to be at higher risk of consuming dangerous quantities of alcohol over the life course;
- women are particularly susceptible to alcohol-related cancers;
- products taxed under the excise regime are targeted at young females.

Cancer Council Australia therefore believes that the 'alcopops' tax has significant potential to reduce the burden of alcohol-related cancers in Australia.

***h. comparison of the predicted effects of the introduction of the alcopops tax, with the data of actual effects, with a particular focus on evidence (or lack thereof) collected by the relevant department; and***

In presenting this excise regime to Australia, the Commonwealth Government promoted its potential to reduce alcohol related harm by driving down consumption. Preliminary evidence indicates that the measure is on track to realising this predicted effect. From a public health perspective, it is therefore supported.

***i. the value of evidence-based decision-making in the taxation of alcoholic products.***

Cancer Council Australia is a fundamentally evidence-based health promotion organisation. Evidence should always form the basis of decision-making to inform any public health policy.

As discussed in the submission overview, mandatory price control through taxation is a proven success in reducing consumption of unhealthy products and significantly improving public health as a result.

A powerful example is the reduction in smoking-related death and disease through price control of tobacco products. As discussed throughout the technical papers of the Government's independent Preventative Health Taskforce, price control is an integral component of public health policy and strategy. Evidence clearly shows it works. So it is expected to be effectiveness in reducing alcohol consumption – an expectation supported by preliminary data on the consumption of 'alcopops'.

## References

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<sup>1</sup> International Agency for Research on Cancer (IARC) 1988. Alcohol drinking. Lyon: IARC.

<sup>2</sup> Australian Institute of Health and Welfare (AIHW), Cancer in Australia, An overview, 2008, 2008.

<sup>3</sup> The World Cancer Research Fund and American Institute for Cancer Research. Food, nutrition, physical activity and the prevention of cancer: a global perspective, 2007.

<sup>4</sup> National Health and Medical Research Council, Australian Guidelines for Low-Risk Drinking (Draft), 2008.

<sup>5</sup> National Preventative Health Taskforce, Australia: the Healthiest Country by 2020.

<sup>6</sup> Wakefield M, Durkin S, Spittal M, Siahpush M, Scollo M, Simpson J, et al. Impact of tobacco control policies and mass media campaigns on monthly adult smoking prevalence: time series analysis. American Journal of Public Health, 2008.

<sup>7</sup> Refer to submission to this review from Australian Drug Foundation; AC Nielsen data described throughout this document.