

13 March 2009

**Submission to the Committee Secretary  
Senate Standing Committee on Community Affairs**

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

Dear Committee Secretary

ICLEI Oceania writes in support of the introduction of an 'alcopops' tax under the above legislative amendments in order to reduce binge drinking across the Australian community. In our submission, alcopops are recognised as high-volume sweetened alcohol ready-to-drink products.

ICLEI Oceania – Local Governments for Sustainability is an international non-profit organisation working with local governments to build capacity in fostering vibrant, resilient and adaptive communities. Through a focus on resilient ecosystems and thriving communities, ICLEI Oceania support local governments to build sustainable communities across Australia and the region. Our submission to the Senate Inquiry reflects on work carried out to date with 20 Councils across Australia involved in our Cities for Safe and Healthy Communities initiative (listed in Schedule One attached).

Our submission reviews:

- The impact of binge drinking on local communities
- The division of roles amongst Federal, State and Local Governments and why taxation is a key effective and equitable action at the Federal level
- The importance of applying a precautionary principle to address the current level of binge drinking harms across the Australian community
- How this taxation policy could contribute to local economic development goals.

This submission – written in consultation with our 20 participating Councils – argues for bold leadership from the Australian Senate to approve the health and wellbeing of Australian communities through the introduction of an excise duty on alcohol products referred to as 'alcopops'.

Furthermore, we strongly recommend that such a tax be supported by a volumetric alcohol taxation system. Revenue generated through the collection of this tax should be invested in preventative health programs to improve the health and wellbeing of all Australians.

I would be happy to provide further information on the comments attached at your convenience.

Yours sincerely



Wayne Wescott  
Chief Executive Officer  
ICLEI Oceania

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**1. Impact of Binge Drinking**

While all levels of government have a role to play in managing alcohol-related harms, the burden of alcohol-related problems is keenly felt at the local government level.

In particular, the impact of alcohol binge drinking on street violence is one of the most significant challenges facing local governments today. Across the Eastern seaboard, there have been significant increases in alcohol-related street violence:

- In NSW, alcohol-related assaults rose 28.5% between 2005 and 2008.
- There was also a 25% increase in glassings between 2004 and 2008.
- In Queensland, one report noted that dentists fixed 500-plus assault-related broken jaws in 2008.
- In Victoria, glass and bottle attacks rose 31% between 2002 – 2008.

*Other costs to local government*

The costs of waste management and licensing compliance represent significant costs to Councils, and are resourced by local government rates charges.

Alcohol-related waste increases perceptions of a lack of safety in municipal areas, which reduces local resident's willingness to access local services and participate in community life to enhance wellbeing. The *National Alcohol Strategy* uses Local Government Association of Qld data to note that Queensland local governments spent approximately \$62m on public safety and order initiatives in 2004, and estimate that a "sizeable proportion" of the Queensland local government costs of \$240m cleaning public space costs and litter management are alcohol-related. The City of Sydney alone estimates that \$8m is spent each year on alcohol-related waste management and compliance costs. Data from 2007 Clean Up Australia activities reflect some of these exorbitant waste management costs, with alcohol items making up three of the top ten rubbish items collected in that year, an increase on previous years, and representing 8% of the 8,000 tonnes of rubbish collected.

*Social costs*

Local governments also face significant social costs of alcohol through reductions in health outcomes for local residents and visitors, particularly in rates of high injury, assault, violence, self-harm, and other acute health burdens.

*Productivity costs*

As large employers – often being the single largest employer in the municipality (most Councils have around 1,000 staff for every 100,000 residents in the municipality) – alcohol costs impact through a loss of productivity and in worker absenteeism.

2. **Division of roles amongst Federal, State and Local Governments**

The following table identifies key leadership required from each tier of government in order to implement effective and healthy alcohol public policy.

	FEDERAL	STATE	LOCAL
<b><i>Supply management roles</i></b>	<ul style="list-style-type: none"> <li>• Taxation</li> <li>• Competition policy</li> <li>• Advertising controls</li> <li>• Pricing</li> </ul>	<ul style="list-style-type: none"> <li>• Liquor Licensing structures and processes including trading hours, licensing requirements and fees</li> <li>• Banning of specific alcohol products</li> <li>• Planning codes and legislation</li> </ul>	<ul style="list-style-type: none"> <li>• Approvals and planning of physical availability and hours of operation</li> <li>• Alcohol accords management</li> <li>• Providing community amenity</li> <li>• Ensuring community safety, health and wellbeing through facilitating access to services</li> </ul>
<b><i>Demand management roles</i></b>	<ul style="list-style-type: none"> <li>• Minimum drinking age</li> <li>• Some cultural leadership on acceptance of alcohol</li> </ul>	<ul style="list-style-type: none"> <li>• State laws on supply of alcohol to minors</li> <li>• Mandating training for liquor outlets</li> </ul>	<ul style="list-style-type: none"> <li>• Community lease management and participation with sporting clubs</li> <li>• Work with local community agencies to address drinking cultures</li> </ul>
<b><i>Responding to social and individual harms from alcohol</i></b>	<ul style="list-style-type: none"> <li>• Provide resources to individuals, communities, states and agencies aimed at education and capacity to respond effectively</li> <li>• Health and Housing agreements</li> <li>• Some cultural leadership on acceptance of alcohol</li> </ul>	<ul style="list-style-type: none"> <li>• Police responses to alcohol-related assaults and crime</li> <li>• Health responses to acute and chronic alcohol-related harm</li> <li>• Some leadership on addressing drinking cultures, attitudes and values</li> </ul>	<ul style="list-style-type: none"> <li>• Offer alternatives to alcohol events</li> <li>• Facilitate local community responses to health needs</li> <li>• Enforce local laws</li> </ul>

Table 1: Division of alcohol-related responsibilities across the three tiers of government

Table One shows the most appropriate focus for each tier of government in order to play their role effectively in a producing best practice alcohol public policy.

Best practice evidence demonstrates that pricing policies are an effective and equitable Federal Government policy mechanism that can be used to reduce binge drinking across the community. Taxation allows the Federal Government to manage supply of alcohol based on pricing the *volume* of alcohol in a given product.

Taxation is an equitable intervention which is unlikely to widen health inequalities. For reach of the intervention, the tax increases the price of alcohol for everyone and is uniformly applied. For uptake, unlike public education campaigns and other approaches that can be often more accessible to people with higher socioeconomic status, taxation is an equally effective approach amongst lower socioeconomic populations for reducing harmful alcohol consumption.

ICLEI Oceania believes that the alcopops tax needs to be supported by a volumetric pricing structure to ensure that perverse incentives are not created for novel alcohol products such as the recent move from spirit-based high alcohol soft drinks to beer-based products.

### **3. Applying the precautionary principle**

There is widespread agreement amongst public health practitioners of the value of an alcopops tax to the health and wellbeing of the Australian population. There is also strong opposition and use of data presented by the alcohol industry. The exact causal pathways between what people drink, how often, and the resulting community impacts can continue to be researched and investigated.

However, the harms from current binge drinking cultures is sufficiently high – and increasing – and requires immediate action.

The current levels of street violence alone warrants policy to be applied using the precautionary principle as the highest priority. That is, good alcohol public policy requires strong measures to protect and improve the health of Australian community. Current levels of harm are too high and continue to rise.

Taxation provides a policy mechanism that facilitates more rapid changes in public behaviour. Recent data prepared by Tanya Chikritzhs (Sydney Morning Herald 2 March, 2009) demonstrates the short-term positive impacts of taxation policies on high volume alcohol products.

### **4. Potential economic outcomes**

The use of the tax revenue raised to implement preventative health projects has the potential to multiply economic benefits to local communities. Initially, investment in such projects stimulates a dynamic preventative health workforce. Local government is a large employer of health promotion and can assist in the growth of this workforce sector.

The use of tax revenue to fund preventative health projects has been an effective approach with clear precedence in Australia. The Alcohol Education and Rehabilitation Foundation has been successfully engaging with local communities and researchers to advance our understanding of the best balance between a sustainable alcohol industry and community health and wellbeing. Similarly, institutions such as Healthway in WA and VicHealth in Victoria demonstrate the powerful potential of a preventative health funding agency.

By reducing binge drinking in late night entertainment areas, local economies can be stimulated for a more diverse range of businesses which attracts a wider customer base. At present, current density of outlets alongside the pricing of alcohol creates binge drinking cultures in which particular areas lack safety and are avoided by residents and visitors. Taxation can assist with ensuring alcohol is priced at a sufficient level to reduce consumption levels to a more acceptable level of harm in the community.

**Attachment:  
Councils participating in Cities for Safe and Healthy Communities**

**Participating Councils**

At present, there are 20 local governments across Australia subscribed as Foundation Councils to the establishment phase of the Cities for Safe and Healthy Communities. We acknowledge their contributions in this phase to help ICLEI Oceania ensure this new program is of direct value and benefit to our participants.

The Foundation Councils include:

**New South Wales**

City of Sydney  
Wagga Wagga City Council

**Queensland**

Brisbane City Council  
Sunshine Coast Regional Council  
Gold Coast City Council

**South Australia**

City of Salisbury

**Tasmania**

Hobart City Council

**Victoria**

Melbourne City Council  
City of Port Phillip  
Whitehorse City Council  
City of Greater Geelong  
City of Greater Dandenong  
City of Casey  
City of Yarra  
Brimbank City Council  
Manningham City Council  
City of Maribyrnong  
Moonee Valley City Council

**Western Australia**

City of Stirling

**Northern Territory**

Alice Springs Town Council