

June 1rst, 2006

The Secretary
Senate Economics Legislation Committee
Parliament House
Canberra ACT 2600

RE: Customs Amendment (Fuel Tax Reform and other Measures Bill 2006 and three related Bills)

Dear Sir/Madam

I understand that submissions have been made by a number of agencies (e.g. Alcohol and Drug Council of Australia and Distilled Spirits Industry Council of Australia) regarding the above Bill.

We concur that a significant proportion of the total burden of disease and injury in Australia is attributable to alcohol. Alcohol is no ordinary commodity as it is associated with substantial preventable death, injury, and disease and social and legal problems. The evidence consistently indicates that public health and safety can be improved by particular taxation policies and the design and enforcement of liquor licensing regulations. Taxation policy has a critical influence on alcohol related harm across the whole community. In addition, some specific groups in the community (e.g. some Indigenous communities; heavy drinkers) are most adversely affected by consumption of large quantities of the lowest taxed alcoholic beverages.

The application of volumetric taxation strategies that influence retail price, resulting in price differentials based on alcoholic content, has been shown to be an effective public health strategy. Such strategies should not reduce the overall price of alcohol per capita. Policies that create real price differentials between lower and higher alcoholic beverages have the potential to encourage the consumption of the former, discourage the consumption of the latter and result in an overall per capita reduction in alcohol consumption and improved public health outcomes.

In conclusion, the National Drug Research Institute supports strategies to develop a taxation system that embraces volumetric taxation, incentives or systems that encourage the development of reduced strength or potency of alcoholic beverages, and increases the probability that lower strength alcohol will be consumed. This can reduce overall alcohol consumption and prevent much harm that is alcohol attributable. Such an approach is evidence-based and equitable.

Yours faithfully

Professor Steve Allsop
Director