



Distilled Spirits
Industry Council
of Australia Inc.

Pre-budget Submission 2006-07

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Who is DSICA?

The Distilled Spirits Industry Council of Australia Inc (DSICA) is the peak body representing the interests of distilled spirit manufacturers and importers in Australia. DSICA was formed in 1982, and the current member companies are:

- Bacardi Lion Pty Ltd
- Brown-Forman Beverages Australia Pty Ltd
- Bundaberg Distilling Company
- Diageo Australia Limited
- Beam Global Spirits & Wine Inc.
- Maxxium Australia Pty Ltd
- Moet Hennessy Australia Pty Limited
- Suntory (Australia) Pty Ltd
- William Grant & Sons International Ltd.

DSICA's goals are:

- to create informed political and social environments that recognise the benefits of moderate alcohol intake and provide opportunities for balanced community discussion on alcohol issues; and
- to ensure public alcohol policies are soundly and objectively formed, that they include alcohol industry input, that they are based on the latest national and international scientific research and that they do not unfairly disadvantage the spirits sector.

DSICA members are committed to:

- responsible marketing and promotion of distilled spirits;
- supporting social programs aimed at reducing the harm associated with the excessive or inappropriate consumption of alcohol;
- supporting the current co-regulatory regime for alcohol advertising; and
- making a significant contribution to Australian industry through primary production, manufacturing, distribution and sales activities.

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List of Acronyms

ABS	Australian Bureau of Statistics
abv	alcohol by volume (ie alcohol content)
ACS	Australian Customs Service
ADCA	Alcohol and Other Drugs Council of Australia
AIHW	Australian Institute of Health and Welfare
ANU	Australian National University
ANZFA	Australia New Zealand Food Authority
ASSSA	Australian Secondary Students' Alcohol and Drug Survey
ATO	Australian Taxation Office
BAS	Business Activity Statement
DHA	Department of Health and Ageing
DSICA	The Distilled Spirits Industry Council of Australia Inc
FSANZ	Food Standards Australia New Zealand
GPs	General Practitioners
GST	Goods and Services Tax
ICAP	International Centre for Alcohol Policies
IGCD	Intergovernmental Committee on Drugs
Lals	Litres of alcohol
LHS	Left Hand Scale (in graphs)
LMA	Liquor Merchants Association of Australia
MAT	Moving annual total
MCDS	Ministerial Council on Drug Strategy
MP	Member of Parliament
NAC	National Alcohol Campaign
NAS	National Alcohol Strategy
NDRI	National Drug Research Institute
NDSHS	National Drug Strategy Household Survey
NHMRC	National Health and Medical Research Council
NTS	New Tax System
RHS	Right Hand Scale (in graphs)
RTDs	Ready to drink alcohol products
TES	Tax Expenditure Statement (Commonwealth Treasury)
WET	Wine Equalisation Tax
WHO	World Health Organisation
WST	Wholesale Sales Tax

Executive Summary (1 page)

- DSICA is the peak industry body representing the interests of distilled spirit manufacturers and importers in Australia.

Evidence-based policy making

- DSICA strongly supports the principles of evidence-based policy making set out in the draft National Alcohol Strategy. However, DSICA queries some of the key pieces of the evidence base of the Strategy, particularly in relation to underage drinking.
- DSICA also believes that the advocates of change bear the burden of proof in demonstrating the need for that change.
- The *2006-07 Budget* should not make any taxation changes on alcohol products unless:
 - those changes are based on the best available evidence; and
 - there is reliable evidence that the changes will achieve the Government's objectives.
- There is no reliable evidence that justifies an increase in the tax on ready to drink alcohol products (RTDs). On the contrary, there is now a wide range of reliable evidence that there is no link between the increased popularity of RTDs and levels of harmful alcohol consumption amongst young drinkers.
- Alcohol consumption data should differentiate, where possible, between *risky* and *high risk* drinkers in any analysis of drinking patterns amongst particular age groups.
- The various Federal Government agencies with responsibility for collection and analysis of statistics regarding alcohol production, consumption and revenue should collaborate (with industry input) to establish a defined system and consistent methodology for the collection and reporting of consistent data.
- DSICA looks forward to working closely with relevant officials within DHA's newly established Data Analysis Project regarding further building of the alcohol research agenda.

Taxation policy issues

- Priority should be given to ensuring taxation equivalence between packaged RTDs and packaged beer at the low-alcohol and mid-strength levels in the forthcoming Budget. [Estimated revenue cost: -\$1.7m]
- In the medium to long-term, full strength packaged and bulk (draught) RTDs should obtain complete taxation equivalence with beer.
- The excise duty rate for spirits should be reduced by an amount equivalent to the New Tax System component of the 1 February 2001 indexation increase. [Estimated cost: -\$35.2 m]
- The 5% ad valorem protective tariff for imported spirits and RTDs should be abolished. [Estimated revenue cost: -\$14.5m]
- DSICA would strongly oppose any proposal to increase existing taxes or impose specific levies on alcohol products to fund new strategies to reduce harmful alcohol consumption.

Customs and Taxation Administration issues

- *Single administration:* The Australian Taxation Office (ATO) should be the single government agency responsible for the collection of revenue and the administration of imported and locally produced spirits and RTDs. [Estimate revenue saving: \$17m]



Introduction

DSICA represents the spirits industry in Australia. DSICA supports the development of the draft *National Alcohol Strategy 2005-2009* (the Strategy). The Strategy is a plan for national action over the next 3 years. The Strategy is yet to be formally approved by the Ministerial Council on Drug Strategy (MCDS).

The Strategy has identified a national goal of seeking to reduce alcohol-related harm in Australia (Hamilton, 2005, pg 4). DSICA strongly supports this goal.

The Strategy outlines four priority areas for coordinated action to develop safer and healthier drinking cultures in Australia with a view to achieving that goal.

DSICA believes that the Strategy provides a strong conceptual framework of reference for all of the recommendations of this DSICA *Pre-budget Submission 2006-07* (PBS 06-07).

All recommendations of this PBS 06-07 are intended to clarify aspects of the evidence base of the Strategy, or relate to recommended responses of the Strategy.

DSICA encourages Ministers and policy-makers to view current issues of alcohol consumption patterns, alcohol research issues, alcohol taxation (and administration issues) against this framework. DSICA commends the authors for their work in producing the Strategy.

Design of the Strategy

- The key conceptual map of the structure of the Strategy is *Figure 2: Alcohol-related harm: determinants, behaviours and outcomes* (Hamilton, 2005, pg 11).
- This map shows:
 - Price (ie tax) is the top priority amongst Modifiable Determinants, ie those policy settings which can be changed to achieve the overall goal of the Strategy (see *Priority Area 4: Cultural Place and Availability*);
 - Intoxication is the key Target Behaviour (see *Priority Area 1: Intoxication*); and long-term heavy drinking is a secondary Target Behaviour;
 - Improvement in Public Safety and Amenity is a key Outcome (see *Priority Area 2: Public Safety and Amenity*);
 - Reductions in short-term and long-term harms are also key Outcomes (see *Priority Area 3: Health Impacts*).
- DSICA has analysed the Strategy to identify which of the 96 recommended responses are relevant to the spirits industry. A copy of the numbered responses is set out in *Appendix 1*.
- The Strategy proposes an annual *National Alcohol Action Audit* (and forum) to ensure accountability of all parties involved in the Strategy (Hamilton, 2005, pg 34, Response 4E.1).
- This PBS 06-07 is the first of several actions that DSICA will be taking to clarify the evidence base of, and to support the relevant responses of, the Strategy.

Structure of the Strategy

- The Strategy is structured as follows:

Executive Summary (lists 1 Goal, 4 Aims, 22 Strategies and 96 recommended Responses in an integrated framework)

1. *Introduction* (discusses process and the importance of evidence-based policy making)
2. *Strategic framework* (discusses goal and aims of the Strategy, and includes the critical graphic (Figure 2) overlaying the conceptual framework of the Strategy)
3. *Context* (discusses some of the alleged key evidence (WHO and Australia) as to consumption patterns which justify recommended responses)

4. *Priority areas*

Priority Area 1: Intoxication [This identifies 1 Aim; 4 Strategies and 15 Responses]

Priority Area 2: Public safety and amenity: [This identifies 1 Aim, 3 Strategies and 24 Responses]

Priority Area 3: Health impacts: [This identifies 1 Aim, 4 Strategies and 20 Responses]

Priority Area 4: Cultural Place and Availability: [This identifies 1 Aim, 6 Strategies and 21 Responses]

5. *Where to from here?*

Implementation: [This identifies 5 Strategies and 16 Responses]

- DSICA has structured the PBS 06-07 to reflect this structure.

Quotes from the Strategy will be reproduced in the margin in orange type.

Initial DSICA comments

DSICA does not accept some of the key pieces of the evidence base of the Strategy (see Sections 1 to 3).

In particular, DSICA does not accept that there is compelling evidence that ready to drink alcohol products (RTDs) are the preferred drink of underage people drinking at high risk levels.

On the contrary, DSICA believes that the *Indicators of Alcohol Consumption Amongst Young People* demonstrate that at a time when RTD consumption has been increasing:

- there has been NO INCREASE in the proportion of young people who are current drinkers;
- there has been NO INCREASE in the proportion of young people drinking at high risk levels; and
- there has been NO INCREASE in the quantity of alcohol being consumed by young people drinking at high risk levels (DSICA, 2006a).

The Strategy identifies a key objective of providing greater incentives for the production and consumption of lower strength alcohol products (Hamilton, 2005, Response 4B.1a, pg 7).

DSICA strongly believes that complete taxation equivalence between low and mid-strength packaged RTDs and packaged beer of similar strength would (partly) achieve this important Strategy objective.

1 Alcohol market and revenue estimates

This section provides an overview of the alcohol market in Australia. Included in this analysis are overall total consumption data and trends and also a breakdown of the current alcohol market in Australia by broad beverage category. It also provides estimates of the taxation revenue to be collected on the various categories of beverage. This addresses issues in Section 1 of the Strategy.

1.1 Economic contribution of the alcohol industry

The Alcohol Industry in Australia

The Strategy cites DSICA's analysis of net government revenue from alcohol-related taxes and also acknowledges alcohol industry estimates of the economic contribution made by the alcohol industry to the Australian economy (Hamilton, 2005, pg 9).

The alcohol industry makes a significant economic and social contribution to Australia and Australians.

In **economic terms**, it is estimated that:

- The alcohol industry contributes \$18.32 billion annually to the Australian economy.
- The estimated total taxation revenue collected by the Australian governments from alcohol beverages in 2004-05 was **\$5.499 billion** (including **\$1.345 billion** of GST revenue).
- The industry is estimated to directly employ **36,000** persons in total, and indirectly contributes to the employment of **205,000** (including individuals in pubs, taverns and bars).

In **social terms**, alcohol is widely enjoyed throughout society and is accepted as a way of relaxing and socialising. Furthermore, evidence over the past decades has shown that, at appropriate consumption levels, alcohol provides health benefits for some people (NHMRC 2001, p. 3).

The majority of Australians drink alcohol in a responsible manner without harm to themselves or to others. In 2004, it is estimated that 1.5 million Australians consumed alcohol daily, 6.8 million on a weekly basis and a further 5.5 million on a less than weekly basis (AIHW, 2005a, p 19).

1.2 Alcohol Revenue Estimates

The Federal and State Governments are estimated to collect approximately \$5.89 billion in taxation revenue from the production and consumption of alcohol beverages (based on DSICA estimates for the 2006-07 year). The sources of this revenue are:

- Excise duty (on the local manufacture of beer and spirits);
- Customs duty (on the importation of beer and spirits);
- Wine Equalisation Tax (WET) (on the wholesale, or equivalent, sale of locally produced and imported wine and cider); and
- Goods and Services Tax (GST) (on the local final consumption of all products).

This section outlines DSICA's estimate of the revenue the Federal and State Governments will collect from the alcohol market in 2006-07.

DSICA Revenue Estimates – 2006-07 year

Methodology

In compiling its revenue estimates, DSICA follows a rigorous methodology and sources information from both reputable industry sources and Government agencies (eg Australian Bureau of Statistics). DSICA must also estimate some variables, such as forecast market growth for different segments (based on current trends) and estimated excise rates (based on estimated CPI increases).

The figures in the tables below are the output from this process. The detailed historical data and forecasts in relation to these estimates can be found in *Alcohol Tax In Australia, 2006* (DSICA 2006b, or see www.dsica.com.au)

Revenue estimates for 2006-07

For the 2006-07 year, DSICA estimates that the Federal and State Governments will receive the following taxation revenue from the alcohol beverage sector:

- \$3,715 million in customs and excise duty
- \$770 million in WET
- \$1,403 million in GST revenue
- \$5,888 million in total.

Graphics 1 and 2 below tabulate these figures in more detail.

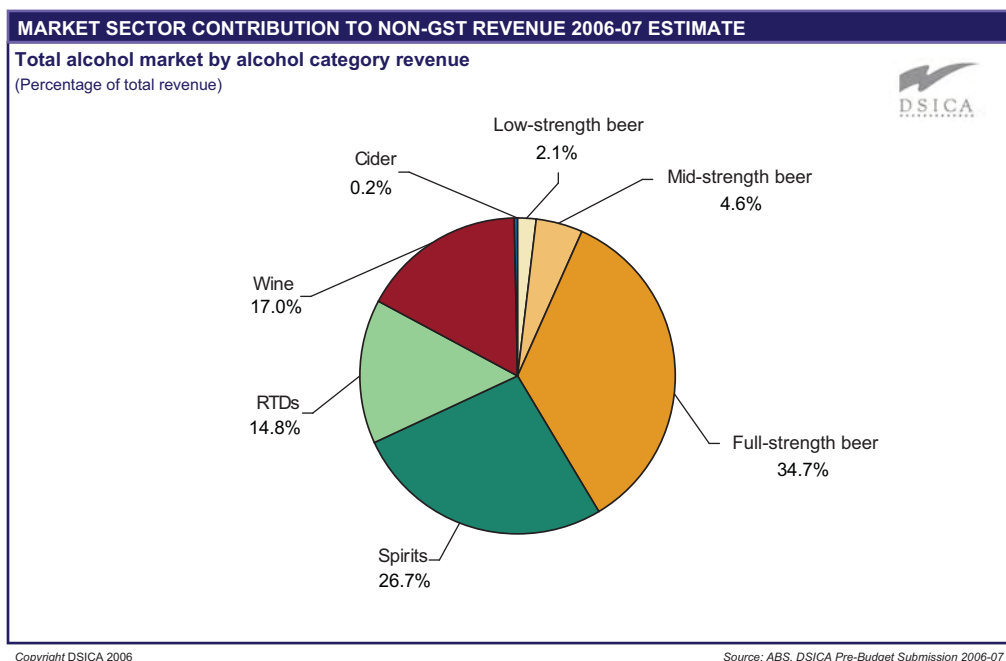
Graphic 1: *DSICA estimates of non-GST Commonwealth revenue from alcohol taxation (2006-07)*

NON-GST REVENUE ESTIMATE 2006-07 (\$ MILLIONS)					
Product category	Customs Duty	Excise Duty	WET	TOTAL	%
Beer low-strength	-	\$92	-	\$92	2.1%
Beer mid-strength	-	\$204	-	\$204	4.6%
Beer full-strength	\$40	\$1,516	-	\$1,557	34.7%
Total Beer	\$40	\$1,813	-	\$1,853	41.3%
Spirits	\$1,031	\$167	-	\$1,198	26.7%
RTDs	\$4	\$660	-	\$664	14.8%
Total Spirits	\$1,035	\$827	-	\$1,862	41.5%
Wine	-	-	\$763	\$763	17.0%
Cider	-	-	\$7	\$7	0.2%
Grand Total	\$1,075	\$2,640	\$770	\$4,485	100.0%

Copyright DSICA 2006

Source: ABS, DSICA Pre-Budget Submission 2006-07

Graphic 2: Market sector contribution to non-GST revenue, (2006-07)



DSICA estimates that the States and Territories will receive \$1,403 million in GST revenue from alcohol products in 2006-07. See *Graphic 3*. This is a conservative estimate, and does not include a component to reflect the GST on the service element where alcohol products are served on-premise.

Graphic 3: DSICA estimates of State and Territory GST revenue from alcohol taxation (2006-07)

GST REVENUE ESTIMATE, 2006-07 (\$ MILLIONS)			
Product category	Retail sales (GST inclusive)	GST Revenue	%
Beer low-strength	\$674	\$61	4.4%
Beer mid-strength	\$812	\$74	5.3%
Beer full-strength	\$4,969	\$452	32.2%
Total Beer	\$6,456	\$587	41.8%
Spirits	\$2,070	\$188	13.4%
RTDs	\$2,596	\$236	16.8%
Total Spirits	\$4,666	\$424	30.2%
Wine	\$4,245	\$386	27.5%
Cider	\$62	\$6	0.4%
Total	\$15,428	\$1,403	100%

Copyright DSICA 2005

Source: ABS, DSICA Pre-Budget Submission, 2006-07

1.3 Conclusion

The alcohol industry is a significant contributor to the economy and to Federal and State revenue.



2 Evidence-based policy making

This section provides an overview of evidence-based policy making issues. This addresses issues in Section 2 of the Strategy.

2.1 National Drug Strategy

The Strategy highlights the importance of evidence-based policy making (see Hamilton, 2005, Section 2).

DSICA strongly supports the principles of evidence-based policy making as set out in *The National Drug Strategy 2004-2009* (the Drug Strategy). The Drug Strategy provides a framework for a coordinated, integrated response to reducing drug-related harm in Australia over the next four years (MCDS 2004, p.12). The Drug Strategy provides an appropriate emphasis on “evidence-informed practice”:

Wherever possible, all supply-reduction, demand-reduction and harm-reduction strategies should reflect practices that are informed by evidence **derived from rigorous research, critical evaluation**, (including assessment of the cost effectiveness of interventions), practitioner expertise and the needs and preferences of the individual client or consumer.

The National Drug Strategy must continue to encourage innovation and leadership in the development of new approaches. An important goal, which is implicit in adopting this approach is to **build (wherever possible) upon the evidence base**, so that the impact of current approaches is well understood, the options for future actions thoroughly explored, and the policy and program approaches adopted are influenced by this work. (see p. 12) (Our emphasis).

2.2 The burden of proof in advocating change

DSICA considers that the importance of evidence-based policy making was particularly emphasised by the Hon. Christopher Pyne, MP, Federal Parliamentary Secretary to the Minister for Health and Ageing, in his 2004 address to the National Press Club: *Teenage Drinking – Who’s responsible?*

The Parliamentary Secretary stated a number of key principles strongly supported by DSICA:

When debate over a social problem gains publicity, there is a political imperative for government to act. Sometimes, government acts wisely; sometimes foolishly and ineffectively. All too often, it is driven by a desire to be seen to be doing something about whichever problem has captured the latest headlines ... the pressure to act at all costs is inconsistent with the belief that **advocates of change bear the burden of proof in demonstrating the need for that change**. (Pyne 2004, p. 1) (Our emphasis)

DSICA believes that the advocates of changes to the existing alcohol taxation structure bear the burden of identifying the evidence that justifies those proposed changes.

‘Evidence-based’ responses

The Strategy correctly emphasises the importance of evidence-based policy making.

The Strategy states that all responses recommended for implementation possess the following primary characteristic:

1. **Evidence-based** with capacity for process, impact and outcome evaluations (p. 12)

DSICA strongly supports this principle.

DSICA believes that changes in alcohol taxation should only be considered where there is firm evidence derived from rigorous research. DSICA does not agree with some of the evidence base of the Strategy (see Section 3).

The ‘precautionary principle’

However, the Strategy allows an exception where there is limited or no evidence.

While an evidence base should always be sought in developing alcohol policy, this is sometimes not possible because new issues and questions can emerge ahead of the answers. In this context, it is necessary to approach policy decisions with some caution, akin to a public health concept termed the ‘precautionary principle’ (Babor et al 2003). (p 10). Where there is limited or no evidence base, the precautionary principle could apply and expert opinion may be sought (p 12).

DSICA does not believe that the ‘precautionary principle’ should apply to alcohol taxation policy decisions. Where there is limited or no evidence base, or no widespread industry and non-government consensus on the evidence justifying a proposed taxation change, then the precautionary principle should not apply.

DSICA’s comments regarding improved research outcomes to improve the evidence base are set out in *Section 6: Alcohol research*.

2.3 Recommendations:

DSICA believes that the *2006-07 Budget* should not make any taxation changes on alcohol products unless:

- those changes are based on the best available evidence;
- there is broad consensus regarding that evidence; and
- there is reliable evidence that the changes will achieve the objectives of the Strategy.

3 Alcohol consumption patterns in Australia

This section highlights alcohol consumption data at (a) the aggregate level (per capita) and (b) in relation to specific sections of the Australian community (see Hamilton, 2005, section 3). This addresses issues in Section 3 of the Strategy.

3.1 Per capita consumption data

The Strategy suggests that per capita consumption in Australia is relatively high, compared with 185 countries compared by the WHO:

Per capita alcohol consumption in Australia is relatively high, ranked 34th out of 185 countries compared by the WHO (p 13).

DSICA does not agree with these comparisons. The 185 countries compared by the WHO include many developing countries with significantly lower income levels and significantly different religious and social attitudes to alcohol consumption.

Australia's per capita alcohol consumption should be compared with comparable developed countries. For example, Australia's GDP per capita is arguably third in the world, and is higher than comparable developed countries such as the UK, France, Germany, Italy, Spain and New Zealand (Crowe 2006).

The *World Drink Trends 2004*, shows Australia's alcohol consumption ranking, which has fallen from 19th in 1999 to 23rd in the world. In terms of different beverage categories, Australia is ranked at 35th in the world for spirits consumption, 9th for beer consumption and 17th for wine consumption (PVGD 2004, p. 9). In effect, per capita consumption in comparable developed countries is higher than in Australia, especially in relation to spirits consumption.

Australia's declining levels of alcohol consumption

Australasia's alcohol consumption fell 15.4 per cent during the 1990's, the greatest decline of consumption for any region in the world (PVGD 2004, p.19). From an alcohol consumption peak in the early 1980's, current consumption rates have fallen to levels of consumption in the 1960's and 1970's.

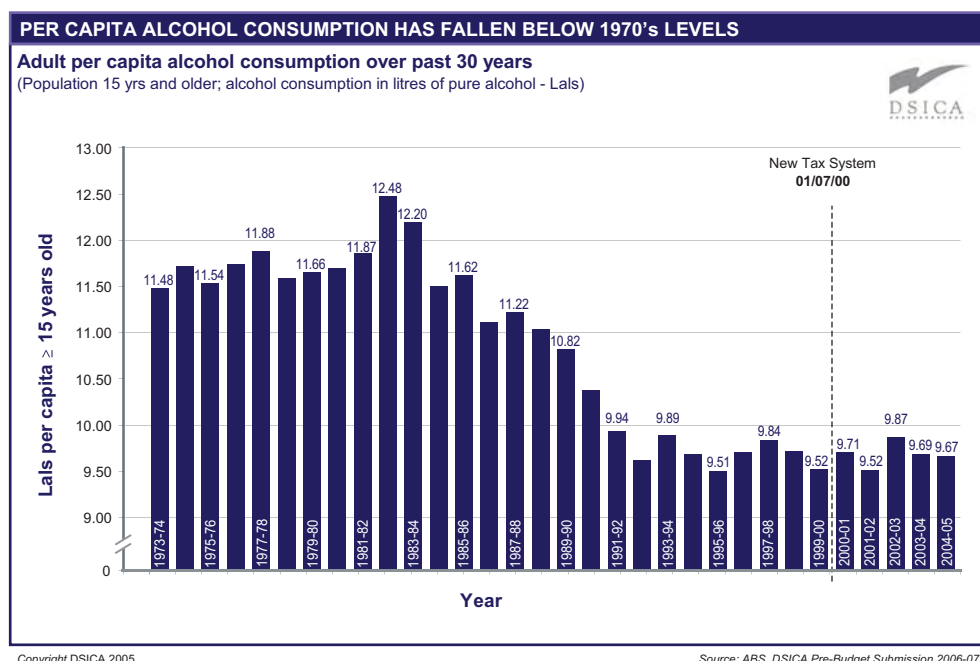
Stable trend in adult per capita alcohol consumption

In 2004-05, DSICA estimates alcohol consumption in Australia at 9.67 lals per capita (population 15 years and over). This is down slightly on 9.69 lals per capita in 2003-04.

DSICA has summarised a number of key facts in relation to overall alcohol consumption trends as follows:

- adult per capita alcohol consumption has fallen below 1970s levels (see *Graphic 4*);
- there has been no significant increase in adult per capita alcohol consumption after tax reform (1 July 2000).

Graphic 4: Historical Alcohol Adult per Capita Consumption (Lals) 1973-74 to 2004-05



In particular, it can be seen that adult per capita alcohol consumption has not increased significantly between 1999-00 (9.52 adult per capita Lals) and 2004-05 (9.67 adult per capita Lals). Clearly, the reduction in the tax rate on RTDs under the New Tax System has had no discernible impact on aggregate per capita consumption levels in Australia.

Is per capita consumption an indicator of high risk drinking?

The Strategy suggests that per capita consumption levels are an accurate indicator of the levels of high risk drinking.

Per capita consumption is 'to a considerable extent, related to the prevalence of heavy use, which in turn is associated with negative effects' (Babor et al 2003, p 31).

DSICA rejects this proposition. There is no compelling evidence that DSICA is aware of that per capita consumption levels are a necessary indicator of high risk drinking levels. DSICA believes that consumption patterns amongst various age and social groups is a much more reliable indicator of the prevalence of high risk drinking.

3.2 Alcohol consumption in Australia – product categories

The Strategy highlights the importance of alcohol consumption data in relation to specific sections of the Australian community (see Hamilton, 2005, section 3). DSICA supports this approach.

The Strategy correctly observes the changing mix of the Australian alcohol market, by category:

There have been significant shifts in the alcoholic product preferences in Australia, characterised by declines in the consumption of beer and increases in the consumption of wine and spirits (see Figure 6) (p 15).

The increases in consumption of spirits have been driven by increased consumption of 'Ready to Drink' (RTDs) pre-mixed spirits products (see Figure 7) (p 15).

However, the Strategy does not highlight the extent to which increases in RTD consumption have occurred in substitution for full strength beer and full strength bottled spirits. See below.

Changes in the categories within the Australian alcohol market

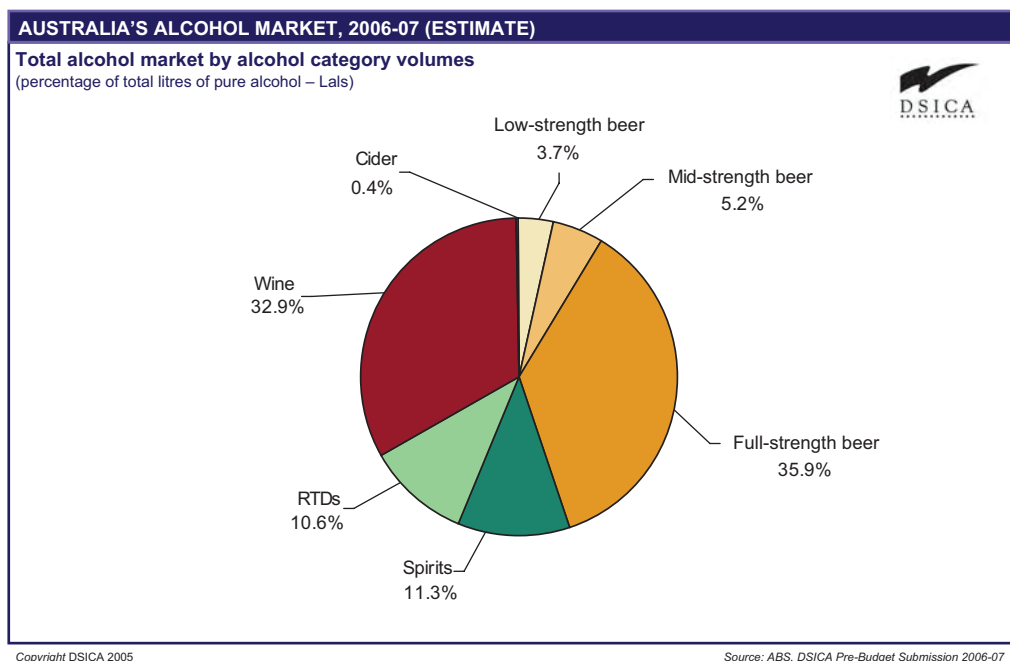
The breakdown of the alcohol market in Australia remained relatively stable between 2003-04 and 2004-05. Beer comprised 47% of the market (down 1% on 2003-04), spirits (including RTDs) making up 21% (up 0.5%) and wine 32% (up 0.5%).

Based on industry calculations, DSICA estimates that in 2006-07 beer will comprise approximately 45% of the total alcohol market, and wine (including fortified wine) will comprise 33%, with spirits (including RTDs which will comprise approximately half of this share) estimated to make up 22%. The measure adopted for comparison purposes is litres of pure alcohol (Lals) rather than litres of product.

These estimates follow current trends observed in the market, with beer in decline (down approximately 2% in the last 6 years), wine experiencing reasonable growth (up 16%) and spirits growing strongly (up 39%) – exclusively due to the growth in the RTD market (in fact, the full strength spirits market has declined 6.5% over the last 6 years).

The respective estimated market share of the key alcohol product categories in Australia for 2006-07 is illustrated in Graphic 5 below. See *Alcohol Tax in Australia, 2006* for DSICA's detailed and historical data regarding Australia's alcohol market by alcohol category.

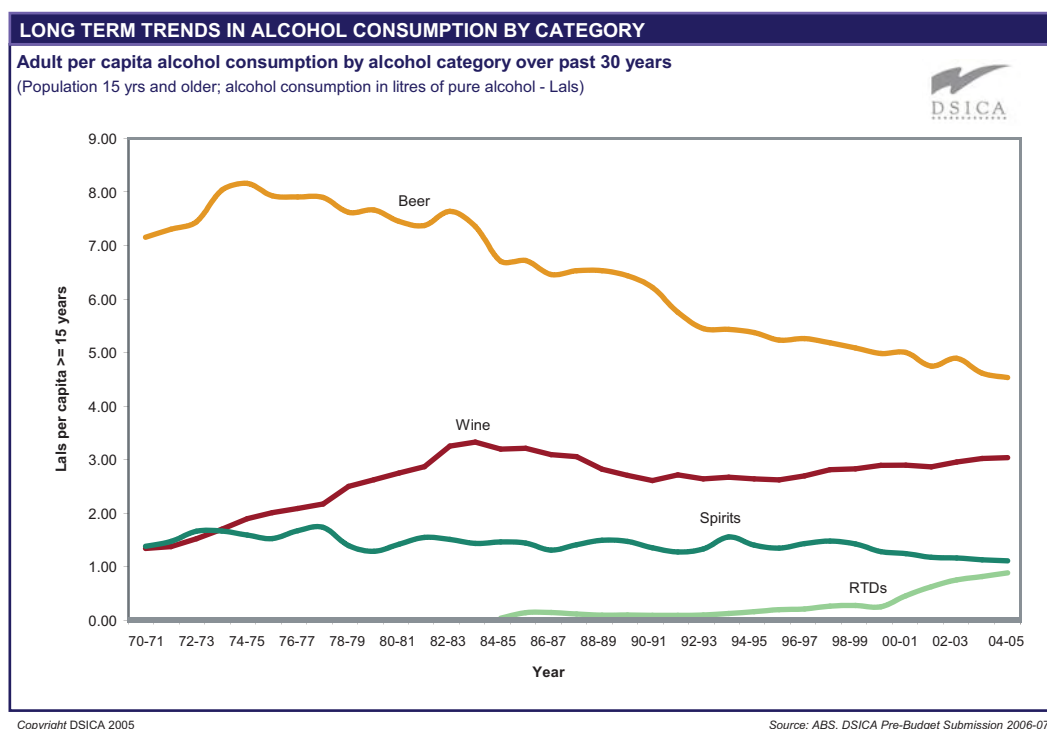
Graphic 5: Australian Alcohol Beverage Market - % share in Lals (2006-07 estimate)



Trends in alcohol consumption by product category

Graphic 6 below illustrates a time series trend in alcohol consumption by product category since 1970-71. This diagram reflects the trends discussed in the section above.

Graphic 6: Australia's adult per capita alcohol consumption by alcohol category (1970-71 to 2004-05)



The spirits market

Analysts and commentators on the alcohol market often evaluate the spirits market by combining full strength bottled spirits with RTDs. However, to gain a full understanding of the dynamics of the sector, DSICA believes that this is a misleading approach as the market comprises these two key and distinct sub-components.

For example, when taken together, the market shows growth of 39% over the 6 year period to 2004-05. However, analysis of the two sub-categories illustrates a very different story - it is interesting to reflect on recent trends in these two sub-categories.

Full strength bottled spirits

As outlined above, the bottled spirits market has declined by 6.5% in the period 1999-00 to 2004-05. It currently comprises 11.7% of the total market, down from 13.8% in 1999-00.

On a longer term basis, between the periods 1969-70 and 2004-05, spirits consumption had only grown at an average annual rate of 1.4%. This illustrates the fact that a significant proportion of the growth in RTDs is at the expense of full-strength spirits.

3.3 Ready to Drink products (RTDs)

DSICA believes it important that the best available industry data regarding the key features of the RTD market is disseminated and understood by interested parties.

DSICA outlines in this section a number of key facts which “set the record straight” regarding this component of the market:

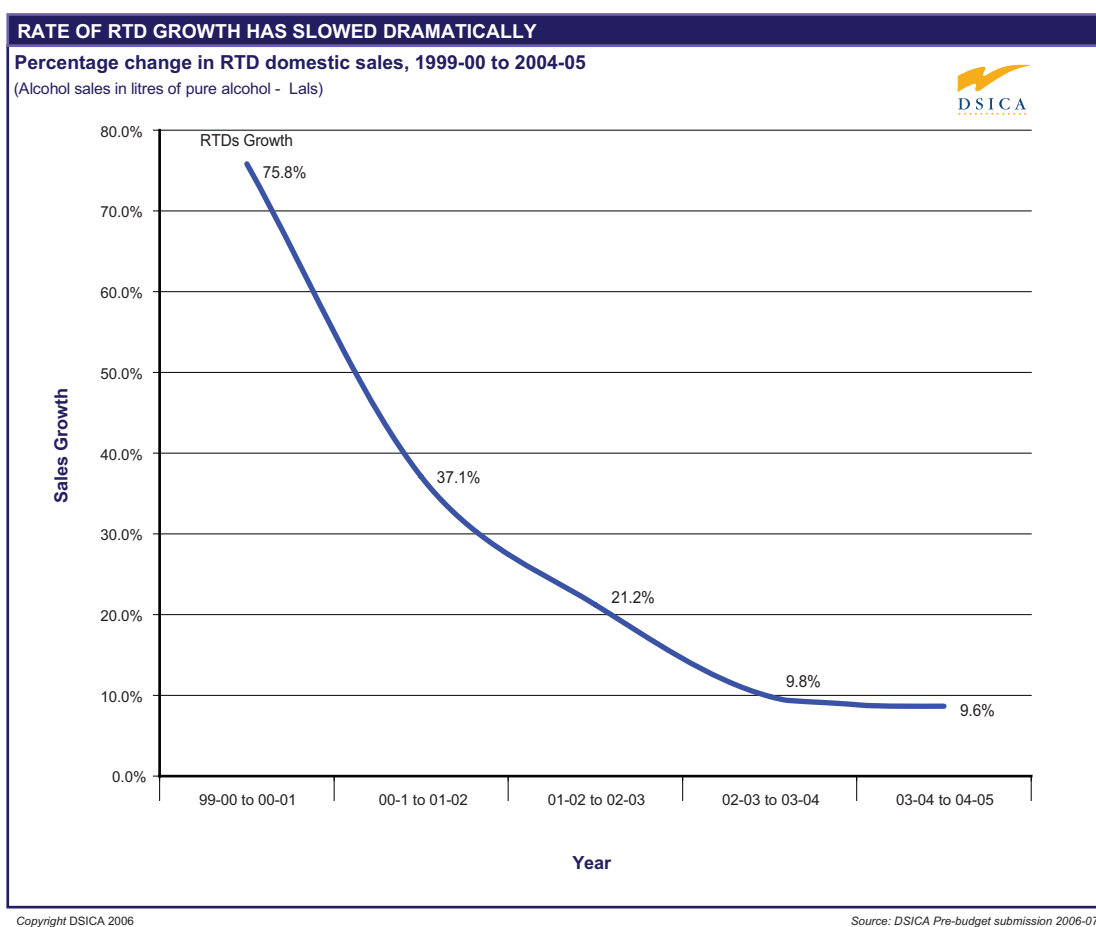
- The majority RTDs are similar in alcohol content to full-strength beer (about 5% abv);

- RTDs are forecast to comprise only 11% of the Australian alcohol market (2006-07);
- 75% of RTDs are dark spirit-based, and are preferred by males 24 years and older;
- The market for white-spirit based RTDs is growing at a much lower rate (3.8% in 2004-05) than dark-spirit based RTDs (13.2% in 2004-05) (see DSICA 2006b, for a detailed outline of the data behind these facts).

The RTD market has grown 255% in the 6 year period since 1999-00. However, it is still estimated to only comprise 10.6% of the total market in 2006-07, up from a very low base of 2.9% in 1999-00.

Another important observation for this sector is the slowing rate of growth exhibited over this period. See Graphic 7 below. As the Figure shows, growth has slowed from 75.8% in 2000-01 to 9.6% in 2004-05. This trend suggests that growth in this market is now plateauing.

Graphic 7: Slowing growth in RTD market, 1999-00 to 2004-05



Insight: The increase in the popularity of RTDs has been primarily in substitution for bottled full-strength spirits and full-strength beer, and is not due to an overall increase in consumption.

3.4 Patterns of alcohol consumption

The Strategy highlights the importance of alcohol consumption data in relation to patterns of alcohol consumption amongst specific sections of the Australian community (see Hamilton, 2005, section 3).

In view of the significant number of survey findings regarding patterns of alcohol consumption, DSICA has engaged Professor Ian McAllister from the Australian National University (ANU) since 2003 to identify and evaluate the most reliable survey evidence on alcohol consumption in Australia. Professor McAllister also analysed patterns of risk in alcohol consumption across the Australian population, with a focus on young people. Professor McAllister has a long career in the area of drug research and analysis.

Professor McAllister's 2003 analysis of the key national data and trends is currently being updated to take account of the detailed findings of the 2004 National Drug Strategy Household Survey (NDSHS) (see McAllister, 2003).

DSICA strongly supports the use of the NHMRC *Australian Alcohol Guidelines* (the Guidelines) as the most appropriate method of measuring short-term and long-term risk when consuming alcohol (NHMRC 2001, pgs. 2-3, 19-20).

The Guidelines rely on the concept of the "Australian Standard Drink" in their development and in the establishment of risk levels (see below).

Risk

The Guidelines categorise drinkers into *Low Risk*, *Risky* and *High Risk* categories.

Each of these levels of risk is defined as follows:

- *Low risk*: this is a level of drinking at which there is only a minimal risk of harm, and for some, the likelihood of health benefits;
- *Risky*: this is a level of drinking at which risk of harm is significantly increased beyond any possible benefits;
- *High risk*: this is a level of drinking at which there is substantial risk of serious harm and above which risk continues to increase rapidly (NHMRC 2001, p.4).

DSICA believes that the highest priority should be given to reducing the levels of *high risk* drinking amongst vulnerable groups in our communities.

Benefits of consuming alcohol at low risk levels

The Strategy recognises the potential health benefits of consuming alcohol at low risk levels:

There is also evidence that alcohol can benefit the health of some individuals, if consumed at low levels, by contributing to the reduction of cardiovascular disease risk from middle-age onwards. Everyday, thousands of Australians benefit in some way from alcohol (p 9).

DSICA strongly supports this finding. In particular, DSICA believes that greater emphasis should be placed on the fact that large proportions of individual age groups are either abstainers, or consume alcohol at low risk levels. The beverage product choices of low risk drinkers should also be noted (see McAllister 2003).

Risky and high risk drinking categories

DSICA does not agree with the emerging practice of grouping risky and high risk groups together into a "*higher risk*" category, for analysis purposes. For example, this description is used in the National Alcohol Campaign results (King et al 2003) and in the National Indicators reports (Chikritzhs et al 2004). This practice is not adopted within the Guidelines, and it blurs the clear focus that we should have on the urgent need to develop strategies targeted at reducing levels of *high risk* drinking. The danger in using the 'higher risk' description is that the findings will be assumed to apply to the high risk group alone.

It is often necessary to group risky and high risk drinkers together to ensure a sufficiently large sample size. Where this occurs, this should be reflected by referring to the group as ‘risky and high risk drinkers’, to ensure that the adding together of two groups is transparent (see an example of this approach in AIHW 2005b, p 28).

Insight: It is important to differentiate between *risky* and *high risk* drinkers in any analysis of drinking patterns amongst particular age groups.

3.5 Government statistics on alcohol consumption

The Strategy correctly identifies that there is an urgent need for greater consistency between official WHO and national estimates of alcohol production and consumption data:

The availability of reliable data on alcohol consumption in Australia remains a contentious issue. Consequently, there are now at least four different estimates published from four different sources using four different methodologies (see Figure 4). it must still be emphasised that the estimates from the ABS, the National Alcohol Indicators Project (NAIP), and the WHO are also likely to contain some inaccuracies (p 14).

There are several Government publications which record, or forecast, the quantities of alcohol (by category) and revenue derived (or foregone, by way of tax expenditure) from the Australian alcohol market. However, there is no consistency between these publications. These publications are issued by various Government agencies including:

- ABS;
- AIHW;
- Treasury; and
- ATO.

Customs does not publish any relevant data, which is regrettable.

See *Alcohol Tax in Australia 2006* (DSICA 2006b) for a detailed discussion of these issues. A summary of the issues is set out below.

ABS publications

During 2005, the Australian Bureau of Statistics (ABS) revised a significant publication which provides important data on the Australian alcohol market. This publication is:

- *Apparent Consumption of Alcohol, Australia – 1999-2000 to 2003-2004* (Reissue, 3 November 2005) (ABS 2005). This re-issue took place after amendments to the earlier release (suggested by DSICA) were implemented.

This publication contains estimates of the quantity of beer and wine available (in litres) for consumption for the years 1999-2000 to 2003-04. It also provides estimates of the amount of pure alcohol (measured in Lals) available for consumption for beer, wine and spirits. Estimates of the apparent per adult consumption (persons aged 15 years and over) are also provided. The issue of these publications follows the release of *Apparent Consumption of Alcohol Australia, 1996-97 to 2002-03* (ABS 2004), which had not been produced for many years.

DSICA commends the ABS for the consultative manner in which it has approached the preparation, and revision, of this publication. DSICA supports the ABS decision to update this publication annually.

However, there remain significant weaknesses in the publication, due to the unavailability of key Customs data. In particular, the ABS has not been able to publish any RTD (or full strength spirits) consumption figures for the three financial years ending 30 June 2000, 2001 and 2002.

This weakness has a significant impact on the ability of researchers to properly analyse the changes in the RTD market under tax reform.

For example, this flaw in the ABS data set has prevented the Strategy document from being able to document the changes in the RTD market prior to 2002-03 (Hamilton 2005, p 15).

DSICA has estimated the size of the RTD and full strength spirits market in the relevant years. However, it is unfortunate that there is no relevant ABS estimate for those years (see DSICA 2006b).

AIHW publications

The AIHW is Australia's national health and welfare statistics and information agency.

Relevant AIHW publications include the *2004 National Drug Strategy Household Survey First Results* (AIHW 2005a), *2004 National Drug Strategy Household Survey Detailed Findings* (AIHW 2005b), and *Statistics on drug use in Australia 2004* (AIHW 2005c).

DSICA considers the NDSHS to be the Australian "gold standard" in terms of the best available national survey evidence on alcohol consumption patterns in Australia (DSICA 2006a, p. 14). DSICA believes that these are extremely important surveys and commends the Australian Government on continuing to undertake and enhance these surveys since 1985. However, DSICA recommends that the survey should be conducted more frequently than every three years (see DSICA 2006a, p. 14).

In *Statistics on drug use in Australia 2004* AIHW states that the publication "intends to act as a summary of major drug-use statistical collections" (AIHW 2005c, p. xiv). As a publication seeking to serve this important purpose, DSICA is concerned that in documenting international comparisons regarding per capita consumption of alcohol beverages, AIHW has documented data which is whole of population **per capita consumption** data (AIHW 2005c, p. 34). The internationally accepted measure preferred by the WHO (and correctly applied by the ABS) is adult **per capita consumption (ie by persons aged 15 years and over)** (ABS 2005; WHO 2000). AIHW has recorded the former (ie. per capita consumption data) in its international comparisons notwithstanding that it has documented consumption by persons aged 15 years and over in the main Chapter of the publication devoted to Alcohol (AIHW 2005c, p. 16).

DSICA recommends that AIHW adopt a consistent approach in the reporting of consumption data and that this be done on the basis of the internationally accepted method, in this case per capita consumption by persons aged 15 years and over.

Treasury publications

Relevant Treasury documents include the annual *Commonwealth Budget* (Treasurer 2005) and the annual *Tax Expenditures Statement* (Treasury 2005).

Annual Budget

DSICA has commended the Treasurer on the improved detail and presentation of Budget data and forecasts in *Budget Paper No. 1* of the 2005-06 Budget in relation to several alcohol category/revenue issues sought by DSICA. These enhancements include:

- increased number of years (Actual, Estimates and Projections) now published;
- global Customs duty estimate for revenue collected on Excise-like goods (alcohol, tobacco and petroleum); and
- global estimate of refunds and drawbacks of customs duty (for all goods) (see *Table 7* in *Statement 5, Budget Paper No. 1*, Treasurer 2005 p 5-12).

DSICA recommends that this data should be further disaggregated in future Budget documentation as follows:

- Excise duty: the Budget should include separate excise duty revenue estimates for:
 - full-strength spirits (including brandy); and
 - RTDs (i.e. other excisable beverages not exceeding 10% alcohol by volume) (this change would only involve one extra row in Table 7);
- Customs duty: the Budget should include separate revenue estimates for:
 - beer;
 - full-strength spirits (including brandy);
 - RTDs (this would involve three extra rows in Table 7).
- Customs duty drawback: the Budget should identify the estimates for:
 - customs duty drawback to be paid on alcohol (this would involve one extra row in Table 7).

Annual Tax Expenditures Statement (TES)

DSICA commends Treasury on the detailed data provided in the annual TES in relation to tax expenditures (and negative tax expenditures) on the various categories of alcohol products.

DSICA notes that Treasury is required to estimate the quantity of RTDs produced in Australia in several of the years for which the ABS is not able to provide estimates of RTD production (Treasury 2005, p 149).

This inconsistency would suggest that all relevant Federal Government agencies should be able to co-ordinate a single consistent set of data on this important issue.

ATO publications

Relevant ATO publications include the annual *Taxation Statistics* publication (ATO 2005). DSICA commends the ATO on the detailed data published on quantities of alcohol products subject to excise, and revenues collected.

DSICA recommends that future publications disaggregate spirits revenue to identify full strength spirits and RTD revenues separately (consistent with the ABS approach to reporting on consumption figures).

Customs

It is extremely regrettable that Customs chooses not to publish any data regarding quantities of imported alcohol by category, or collections of customs duty from those alcohol categories. DSICA's *Pre-Budget Submission* (and *Alcohol Tax in Australia* publication) are among very few sources of publicly available estimates of these data (DSICA 2006b.).

Action required

DSICA recommends that the various Federal Government agencies with responsibility for collection and analysis of statistics regarding alcohol production, consumption and revenue collaborate to establish a defined system and consistent methodology for the collection and reporting of consistent data.

This process and methodology should be developed in consultation with industry representatives with outputs also being transparent to industry. Relevant agencies to be involved in this process (at a minimum) should include ABS, AIHW, ATO, Treasury and Customs. This work could be undertaken under the auspices of the Alcohol Corporate Consultative Forum run by the ATO.

3.6 Recommendations

- That all alcohol consumption data should differentiate, where possible, between *risky* and *high risk* drinkers in any analysis of drinking patterns amongst particular age groups.
- That the various Federal Government agencies with responsibility for collection and analysis of statistics regarding alcohol production, consumption and revenue collaborate (with industry input) to establish a defined system and consistent methodology for the collection and reporting of consistent data.

4 Underage drinking issues

In this section, DSICA outlines its conclusions regarding the latest and best available evidence regarding alcohol consumption amongst one of the groups in society at more risk of harm from alcohol – young people. We also outline commentary and describe some initiatives that have been introduced to combat higher risk drinking. This perspective is provided within the context of the Strategy Priority “Intoxication” (Priority Area 1) which considers measures to reduce the incidence of intoxication.

4.1 Reducing the incidence of intoxication

The Strategy’s aim in *Priority Area 1* is to reduce the incidence of intoxication amongst drinkers. DSICA strongly supports this aim.

This is an issue for many age groups, especially some of the older age groups. Much of the focus of the Strategy and of health groups is on underage drinkers.

However, DSICA is concerned regarding the manner in which the Strategy presents its evidence on underage drinking to intoxication (Hamilton 2005, pgs 15, 18).

DSICA’s position

DSICA acknowledges that some in the community perceive that there are increasing levels of abuse of alcohol by young (especially underage) drinkers. There is also a commonly held view that the increasing popularity of RTDs among young drinkers is contributing to (if not causing) increased levels of alcohol abuse by young people.

This perception has arisen partly as a result of several widely publicised occasional surveys of drinking behaviour which are not reliable. DSICA commends the Strategy for not citing any of these unreliable surveys.

The industry is capable of ensuring its products are manufactured and developed responsibly and in line with community expectations through the co-regulatory systems. However, the dimensions and causes of underage drinking require further examination. The perception that an increased level of underage drinking is product-driven, is not supported by reliable evidence. Policy options to address high risk underage drinking need to consider broad youth issues and should be backed by sound research into effective delivery of initiatives that have real impacts on reducing problematic behaviour.

DSICA believes that the highest priority should be given to reducing the levels of *high risk* drinking amongst vulnerable groups in our community, including amongst underage (12-17 year olds) and young adult (18-24 year olds) drinkers, and indigenous groups.

We collectively need to develop a comprehensive range of evidence-based harm-reduction strategies to achieve the goal of reducing the incidence of intoxication amongst young people.

4.2 Indicators of alcohol consumption amongst young people

Background

In its 2005-06 Pre-budget Submission (PBS), DSICA introduced a new reference tool – *Indicators of alcohol consumption amongst young people* (the Indicators). This tool consists of six key Indicators in relation consumption patterns amongst young people and seeks to identify:

- A “snapshot fact” in relation to the Indicator (ie a measure at a particular point in time); and

- A “trend” regarding the Indicator over a timeframe.

Data for the Indicators is drawn from the best available survey evidence as identified by Professor Ian McAllister.

The Indicators have been well received by many industry and health stakeholders as providing a useful summary and insight into alcohol consumption trends amongst young people. As a result of the level of interest, DSICA plans to update the Indicators regularly, as new data becomes available.

Graphic 8 below provides an update of the Indicators following release of the following surveys since the publication of the 2005-06 PBS:

- Release of the preliminary and detailed findings from the 2004 NDS Household Survey (AIHW 2005a, 2005b);
- Release of the DHA Research Report, *Alcohol consumption patterns among Australian 15-17 year olds form 2000 to 2004* in March 2005 (King et al, 2005) (the National Alcohol Campaign surveys).

A detailed explanation of the current state and trends of each of the Indicators is provided in a comprehensive DSICA publication: *Indicators of Alcohol Consumption Amongst Young People* (see DSICA 2006a – also available at www.dsica.com.au). This publication includes a detailed explanation of each of the 6 Indicators.

This is the Third Release of the Indicators, and the summary Indicators Table is set out on the following page.

The items measured by the Indicators remain unchanged since the First Release and are as follows:

Indicator 1: *Age of initiation:* at what age is alcohol most commonly first consumed?

Indicator 2: *Prevalence:* what proportion of young people are current drinkers?

Indicator 3: *High risk drinking:* what proportion of young people engage in high risk drinking?

Indicator 4: *Standard drinks consumed:* what is the average number of standard drinks being consumed by high risk drinkers on each drinking occasion?

Indicator 5: *Alcohol-attributable deaths:* how many underage drinkers are dying from alcohol-attributable deaths?


Indicator 6: *Product preference:* what is the product most commonly consumed by young high risk drinkers?

Graphic 8: Indicators of alcohol consumption amongst young people



INDICATORS OF ALCOHOL CONSUMPTION AMONGST YOUNG PEOPLE

April 2006

Indicators	Snapshot		Trend	
	Facts	Timeframe (Source)	Facts	Timeframe (Source)
Indicator 1: Age of initiation At what age is alcohol most commonly first consumed?	Males = 16.6 yrs (mean age of initiation, 20 yr olds and over) Females = 17.9 yrs (mean age of initiation, 20 yr olds and over)	2004 NDSHS ¹	Trendless fluctuation	1991-2004 NDSHS ²
Indicator 2: Prevalence What proportion are current drinkers?	Males 37% of 12-17 yr olds (are current drinkers - past week) Females 31% of 12-17 yr olds (are current drinkers - past week)	2002 ASSSA ³	No increase: 12-15 yr olds Slight decrease: 16-17 yr olds	1984, 1999, 2002 1999-2002 ASSSA ⁴
Indicator 3: High risk drinkers What proportion engage in high risk drinking?	Short-term (single day): 9.4% of 14-17 yr olds (are high risk drinkers) 19.1% of 18-24 yr olds (are high risk drinkers) Long-term (regular weekly pattern) 1.8% of 14-17 yr olds (are high risk drinkers) 8.0% of 18-24 yr olds (are high risk drinkers)	2004 2004 NDSHS ⁵	Decrease: 14-17 yr olds Increase: 18-24 yr olds Decrease: 14-17 yr olds Decrease: 18-24 yr olds	2001-2004 NDSHS ⁶
Indicator 4: Standard drinks consumed What is the average number of standard drinks being consumed by risky and high risk drinkers on each drinking occasion?	Males: Short-term (last drinking occasion): 12.4 std drinks for 15-17 yr olds (average consumed by risky and high risk drinkers) Females: Short-term (last drinking occasion) 9.0 std drinks for 15-17 yr olds (average consumed by risky and high risk drinkers)	2004 2004 NAC ⁷	Slight decrease: 15-17 yr old males Decrease: 5% fall for 15-17 yr old females	Feb 2000-Feb 2004 NAC ⁸
Indicator 5: Alcohol attributable deaths How many are dying from alcohol attributable deaths?	One 14-17 yr old dies per week (from alcohol-attributable injury and disease caused by risky/high risk drinking) (501 deaths over 10 yrs 1993-2002))	2002 Other ⁹	Declined markedly: 41% fall 14-17 yr old males 46% fall 14-17 yr old females	1993-2002 Other ¹⁰
Indicator 6: Product preference What is the product most commonly consumed by high risk drinkers?	Full-strength beer (preferred by risky and high risk males 14-19 yrs) Spirits (preferred by risky and high risk females 14-19 yrs)	2004 NDSHS ¹¹	No Change	2001-2004 NDSHS ¹¹ 

Footnotes to Graphic 8: Indicators of Alcohol Consumption Amongst Young People

Please refer to DSICA's *Indicators of Alcohol Consumption Amongst Young People, Third Release, April 2006* (DSICA 2006a) for full references of the footnotes in Graphic 8. This can be found on DSICA's website (<http://www.dsica.com.au>).

4.3 The Indicators and the Strategy

DSICA is disappointed that the Strategy does not directly address the evidence compiled in the Indicators Table.

In summary, the Indicators Table balances some of the evidence quoted rather selectively in the Strategy with the following facts:

Indicator 1: *Age of initiation: at what age is alcohol most commonly first consumed?*

The Strategy does not report that the best available national evidence shows no overall increase in the average age of initiation to alcohol (DSICA 2006a, p 3).

Indicator 2: *Prevalence: what proportion of adolescents are current drinkers?*

The Strategy seeks to create the perception that there has been an increase in the proportion of adolescents who are current drinkers:

In 2004, almost a third of 12-15 year olds drank alcohol, and this figure rose to three quarters for 15-16 year olds (AIHW 2005)(p 18).

However, the fact is that these figures have been relatively stable, or have fallen slightly, over the past 20 years (White & Hayman 2004, p 21). This fact clearly shows that there is no evidence of any link between increasing levels of RTD consumption and the prevalence of drinking amongst young people (DSICA 2006a, p 6).

Indicator 3: *High risk drinking: what proportion of young people engage in high risk drinking?*

The Strategy seeks to create the perception of an increase in the number of 15-17 year olds drinking at higher risk levels:

Between 34 and 50 per cent of males aged 15-17 years who drank within the previous three months reported consuming alcohol at higher risk levels (equivalent to seven or more standard drinks), while among females, the rate was between 42 and 47 per cent (equivalent to five or more standard drinks) (King et al 2005)(p 18).

This is mischievous.

Males: The fact is that the research quoted shows that the proportion of 15-17 male drinkers who consumed alcohol at higher risk levels has **DECREASED** between 2000 and 2004. The 34% figure relates to the sample taken in the later year 2004 and the 50% figure relates to the sample taken in the earlier year, 2001 (King et al 2005, p 40).

Females: Similarly, the fact is that the research quoted shows that the proportion of 15-17 female drinkers who consumed alcohol at higher risk levels has **DECREASED** between 2001 and 2004. The 42% figure relates to the sample taken in the year 2000 and the 47% figure relates to the sample taken in the year 2001. When all 5 surveys are considered, we see that the figure has actually declined from 47% in 2001 to 44% in 2004 (and was actually 41% in 2003) (King et al 2005, p 41).

These facts clearly show that there is no evidence of any link between increasing levels of RTD consumption and the proportion of young people who drink alcohol at risky or high risk levels (DSICA 2006a, p 8).

Indicator 4: Standard drinks consumed: what is the average number of standard drinks being consumed by high risk drinkers on each drinking occasion?

The Strategy does not mention that the average number of standard drinks being consumed by 15-17 year olds drinking at risky and high risk levels has NOT INCREASED during the period that RTD consumption has increased (see DSICA 2006a, p 10; King et al 2005, p 48).

Clearly there is no link between levels of RTD consumption and the quantity of standard drinks consumed by these young drinkers.

In the past, concern has been focused on the tendency of young people to ‘free pour’ full-strength spirits into mixes with the result being a beverage that has a far higher alcohol content than pre-packaged RTDs and beer.

With the increased popularity of RTDs has come the ability of the consumer to clearly understand the amount of alcohol being consumed through a measured dose of alcohol, combined with clear packaging that highlights the alcohol content in terms of number of standard drinks. There is evidence that with the increase in popularity of the more expensive RTDs there has been a slight reduction in the number of standard drinks being consumed by underage drinkers (DSICA 2006a, p 10).

As discussed in Section 3, trends in alcohol consumption confirm an increased consumption in RTDs at the expense of full-strength bottled spirits, where volumes have been falling since 1999. As RTDs provide an ability to consume a “measured dose” of alcohol, DSICA would suggest that this provides greater protection in preventing high risk consumption over “free pouring” full strength spirits and mixing them with other beverages (eg soft drinks). Accordingly, DSICA argues that there are a number of distinct health benefits from the development and increased popularity of RTDs.

Indicator 5: Alcohol-attributable deaths: how many underage drinkers are dying from alcohol-attributable deaths?

The Strategy seeks to highlight the number of alcohol-attributable deaths amongst underage drinkers:

Over the ten years 1993-2002, an estimated 501 under-aged drinkers died from alcohol-related injury caused by risky or high-risk drinking, and in 1999/00, there were 3,300 14-17 year olds hospitalised for alcohol related conditions (Chikritzhs et al 2004)(p 18).

Of course any single death is extremely regrettable. However, the Strategy does not mention that these death rates have fallen by over 40% for 14-17 year old males and females between 1993 and 2002 (Chikritzhs et al 2004, p3).

Indicator 6: Product preference: what is the product most commonly consumed by young high risk drinkers?

The Strategy seeks to highlight changes in alcohol product preferences of underage drinkers consuming at higher risk levels as a rationale for an implied increase in tax on full strength RTDs:

Among those male drinkers consuming alcohol at higher risk levels there has been a reduction in the proportion drinking beer (77- 59 per cent) and an increase in those drinking pre-mixed spirits (18-51 per cent) while those who reported drinking spirits (not pre-mixed) remained relatively stable. Among females consuming alcohol at higher risk levels, there was a significant shift to pre-mixed spirits/liqueurs, from 21 to 78 per cent while the proportion drinking other beverage categories declined (King et al 2005)(p 18).

However, there is a fundamental flaw in this data. Survey respondents were asked which, of the range of available alcohol products, they consumed. Multiple answers were therefore possible, where a respondent consumed a number of different forms of alcohol. Total responses thus exceeded 100%.

DSICA believes that where multiple preferences are reported, it cannot be concluded which of the range of products consumed contributed most to the high risk drinking.

Secondly, a breakdown of respondents between those drinking at risky levels, and those drinking at high risk levels, is also essential before any conclusions can be drawn.

Thirdly, the preferred method of analysis is to total all of the alcohol consumed by the high risk group, and then identify what proportions belonged to which product category. This is a fundamentally different approach, where the quantities of different product category, when added together, equal 100% of the total amount of alcohol consumed. This is a far more reliable methodology than the 'suite of preferences' approach cited.

4.4 Relationship between RTD sales growth and the Indicators

DSICA acknowledges that RTD sales have been growing (from a very low base) since 1993-94. The excise duty on RTDs was reduced on 1 July 2000, under the New Tax System. There was significant growth in RTDs immediately after that time. RTD sales have increased 255% between 1999-00 (4.2m Lals) and 2004-05 (14.9m Lals). Most of this increase has been in substitution for full-strength beer and spirits. However, growth in RTD sales has now slowed dramatically (9.6% growth in 2004-05 compared to 75.8% growth in 2000-01).

Some people argue that this increase in sales has contributed to higher levels of harmful alcohol consumption amongst young people. If there was a direct causal link between RTDs and high risk drinking by young people, then it is likely that the best available evidence would show similar increases in all (or at least some) of the six Indicators.

However, the most reliable evidence available from the key national surveys shows that increased RTD sales have NOT led to increased levels of harmful alcohol consumption amongst young people, as measured by these six key Indicators. In particular, interested parties should refer to the detailed analysis regarding Indicator 2 and Indicator 3. The graphics of the evidence presented in that analysis are particularly revealing on this point (DSICA 2006a, pgs 7 and 9).

No reliable evidence to justify an increase in tax on RTDs

On the basis of facts and trends outlined in the updated Table of Indicators, DSICA concludes that there is a range of contemporary reliable evidence that suggests that there is no link between the increased popularity of RTDs and the levels of harmful alcohol consumption amongst young people.

Accordingly, DSICA believes that that there is no reliable evidence that justifies an increase in the tax on RTDs on health grounds.

Any advocates for an increase in the tax on RTDs on health grounds should bear the burden of proof in demonstrating what evidence there is to justify a tax increase on health grounds (see further discussion in the following Section).

4.5 Labelling

One of the Strategic Initiatives outlined in the Strategy is to:

1A. Increase community awareness and understanding of the extent and impacts of intoxication

DSICA supports this Initiative and, in particular, the specific Response relating to labelling:

Response 1A.1 Continue to work with industry to develop labelling of alcohol products to facilitate knowledge and self-monitoring through readily seen, consistent, graphic standard drinks labelling.

An innovation from one of DSICA's member companies, Diageo, has been the development of a 'standard drink' logo. The logo clearly indicates to the consumer the number of standard drinks in the container in the most simple form (see Graphic 9 below). The size of the logo is significantly greater than the minimum font size currently required under the *Food Standards Code* (the Code) issued by Food Standards Australia New Zealand (FSANZ).

The logo has been adopted on a voluntary basis by all DSICA member companies and is being progressively introduced on their product labels.

Graphic 9: Standard drinks logo being applied voluntarily by DSICA members to product labels



4.6 Drink spiking

One of the Strategic Initiatives outlined in the Strategy is to:

1D. Implement strategies to reduce the risks of intoxication and associated harm in and around late night (extended hours) licensed premises and outlets.

DSICA supports this Initiative and, in particular, the specific Response relating to drink spiking:

Response 1D.5 Improve and enhance the knowledge base of the extent of drink spiking and associated criminal victimisation and increase capacity to effectively prevent, reduce and manage the incidence of drink spiking.

DSICA notes that the Australian Institute of Criminology has completed Stage 1 of an investigation into the nature and extent of drink spiking (Taylor et al 2004). This work is an MCDS project. The report focuses on:

- identifying the nature and extent of drink spiking in Australia;
- identifying communication and educational initiatives to prevent and respond to drink spiking.

The second stage of the project will focus on improving awareness and practices of key organisations in the community that come into contact with those at risk of drink spiking.

One of the precautions that is being encouraged by authorities to help prevent young people becoming victims of drink spiking is to "drink from sealed containers" (Collier 2003). RTDs are packaged and served in sealed containers and are less likely to be tampered with, in comparison with other drinks that are served in open glasses.

Awareness-raising packages will be prepared for stakeholders as part of the MCDS package outlined above, including liquor industry staff. DSICA members will co-operate fully in this consultation and implementation process, as appropriate.



5 Taxation

In this section, DSICA outlines its views and recommendations on reform of the alcohol taxation system in Australia. This perspective is provided within the context of the Strategy Priority “Cultural Place and Availability” (Priority Area 4) which considers, amongst other things, changes to the alcohol taxation system aimed at reducing harmful consumption of alcohol. Hypothecation of taxation revenue is also addressed.

5.1 Modifying alcohol taxation (‘price-related levers’)

The Strategy’s aim in Priority Area 4 is to facilitate safer and healthier drinking cultures by developing community understanding about the special properties of alcohol and *through regulation of its availability* (Hamilton 2006, p 30) (Our emphasis).

DSICA strongly supports the aim of taking coordinated action to develop drinking cultures that support a reduction in alcohol-related harm in Australia.

However, DSICA does not accept that increased taxation of alcohol products is an acceptable means of seeking to achieve this goal. Furthermore, DSICA does not support hypothecation of taxation revenues.

DSICA believes that any discussion of options for changes to alcohol taxation first requires a sound understanding of the existing conceptual framework of alcohol taxation in Australia.

5.2 A “conceptual framework” of alcohol taxation

Each year, the Commonwealth Treasury (Treasury) produces a Tax Expenditures Statement (TES). The most recent TES, *Tax Expenditures Statement 2005*, was released in December 2005. The purpose of the TES is to provide details of concessions, benefits or incentives delivered to taxpayers through the tax system.

In compiling the TES, Treasury has outlined a “conceptual framework” for the taxation of alcohol in Australia. DSICA strongly supports this framework.

Tax bases and tax benchmarks

Assessing “tax expenditures” (which is the purpose of the TES) requires identification and definition of “tax bases” and “tax benchmarks” for the taxation treatment of various commodities as follows:

- a “tax base” is defined as the activity or transaction subject to tax. In the case of alcohol beverages, the tax base is the consumption of the beverage;
- a “tax benchmark” constitutes a reference point for Treasury analysis. A benchmark comprises the regular taxation arrangement that applies to similar taxpayers or types of activity (Treasury 2005, p. 19).

Treasury indicates that defining each element of a benchmark is based on two principles:

- a benchmark should represent the taxation treatment that applies consistently to similar taxpayers or types of activity;
- a benchmark should incorporate structural elements of the taxation system. Such elements could include longstanding or integral design features of the taxation system.

In respect of the taxation of commodities, the tax base will either be the price or quantity of the good sold.

Tax bases and tax benchmarks for alcohol beverages

In its TES, Treasury has identified three components to the tax base for alcohol beverages, namely:

- lower alcohol content beverages (beverages with up to 10% alcohol content), such as beer and RTDs;
- higher alcohol content beverages (beverages with more than 10% alcohol content), such as brandy and spirits;
- wine and cider.

Wine and cider are given their own category due to the different taxation treatment that applies to wine and cider (ad valorem taxation) versus beer and spirits (volumetric taxation).

The current tax benchmarks applying to the three components of the tax base are outlined in *Graphic 10* below.

Graphic 10: Tax benchmarks applying to alcohol beverages

ALCOHOL CONSUMPTION TAX BENCHMARK RATES	
Tax base component	Benchmark rate
Lower alcohol content beverages (0 - 10% ABV)	The excise rate that applies to full-strength packaged beer (including the excise-free threshold of the first 1.15% of alcohol content)
Higher alcohol content beverages (More than 10% ABV)	The excise rate on spirits other than brandy
Wine and alcoholic cider	The Wine Equalisation Tax (WET) rate

ABV = Alcohol by volume



Source: Commonwealth Treasury, Tax Expenditure Statement 2004

DSICA supports the logical foundations of the framework.

That is, that alcohol beverages of similar content within each of the three components of the tax base should be taxed at similar rates as other products in that component, regardless of the form of alcohol.

DSICA provides comments on the first two tax base components only: that is, Lower alcohol content beverages (0 – 10% abv) and Higher alcohol content beverages (>10% abv).

5.3 Comparison of non-GST taxation per standard drink

To facilitate analysis of the current taxation of alcohol products within each of the three components of the tax base, DSICA has prepared a comparison of the amount of non-GST taxation revenue collected on a per standard drink basis for each category of alcohol product.

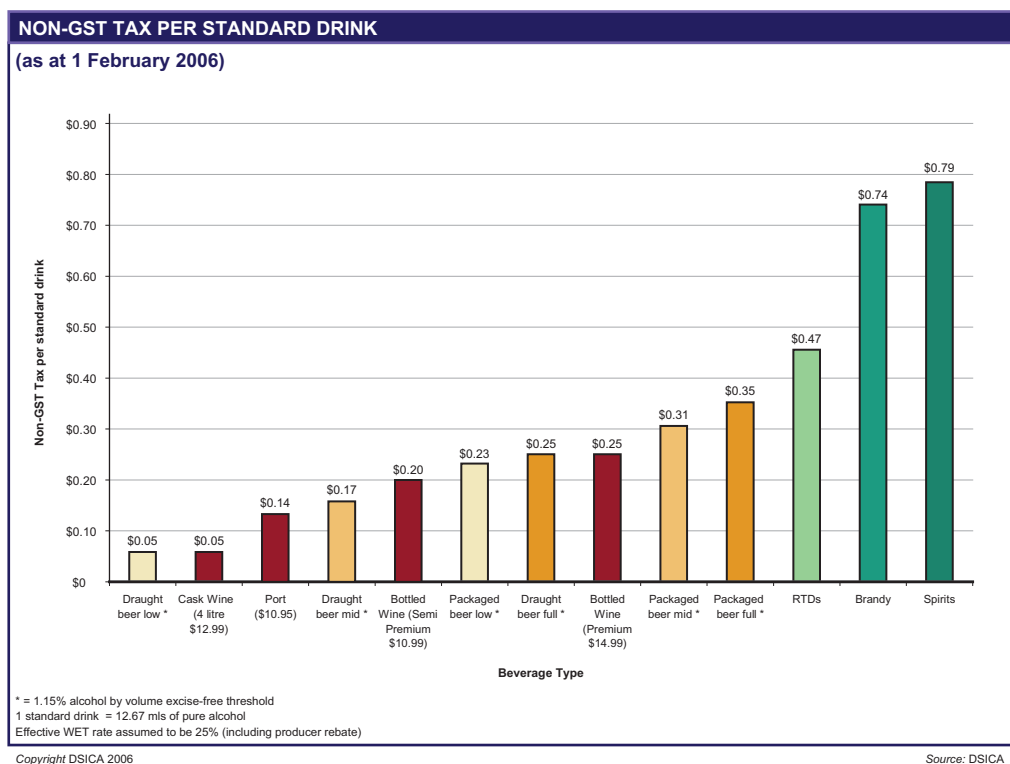
In Australia, a standard drink contains 10 grams of pure alcohol (equivalent to 12.67mls). The concept of a standard drink allows a uniform means of comparison of the amount of pure alcohol in various alcohol beverages of different alcohol strengths.

DSICA's non-GST taxation per standard drink comparison highlights the following inequities:

- the unsustainably high level of taxation of full strength spirits (79 cents per standard drink);
- the continued anomaly in the taxation of RTDs (47 cents) compared with full-strength packaged beer of the same alcohol content (35 cents);

- the failure of the current system to recognise a lower rate of taxation for mid-strength (and low-strength) packaged RTDs in the same way as the system provides lower effective rates for mid-strength and low-strength packaged beer;
- the failure of the current system to recognise lower rates of taxation for “tap” (“draught”) RTDs in the same way as the system provides lower rates for all categories of draught beer.

Graphic 11: Non-GST Tax Per Standard Drink as at 1 February 2006



It is important to note that while DSICA supports the framework's foundations, it does not support the current ad hoc nature of the taxation system for alcohol beverages. Further details on the reform needed to the taxation system for alcohol in Australia are set out below. Furthermore, DSICA does not necessarily support all of the tax benchmarks identified, in particular the benchmark for higher alcohol content beverages.

A summary of DSICA's alcohol taxation proposals, outlined in accordance with the “conceptual framework” noted above, and linked to Strategy Responses on “price-related” levers (Strategy Response 4B) is set out below.

5.4 Taxation incentives for low and mid-strength RTDs

DSICA's highest priority is to obtain taxation equivalence between low and mid-strength packaged RTDs and packaged beer of similar alcohol content.

DSICA notes that one of the Strategic Initiatives outlined in Priority Area 4 of the Strategy is to:

4B: Investigate price-related levers to reduce consumption of alcohol at harmful levels.

DSICA supports some aspects of this Initiative and, in particular, the specific Response relating to providing incentives for lower strength alcohol products:

*Response 4B.1a Focus ongoing dialogue on price-related levers to reduce consumption of alcohol at harmful levels through a national summit on ... changes to the alcohol taxation system that would be required to provide greater incentives for consumption and production of **lower strength** alcoholic beverages in Australia (p 33).*

In relation to the tax base component of products less than 10% alcohol content, DSICA believes that the current system of alcohol taxation needs to be fundamentally addressed as the system:

- fails to provide adequate incentives to encourage the production of lower alcohol products; and
- fails to provide adequate incentives for drinkers to choose those alcohol products that are least associated with harm.

Unequal taxation of low and mid-strength RTDs

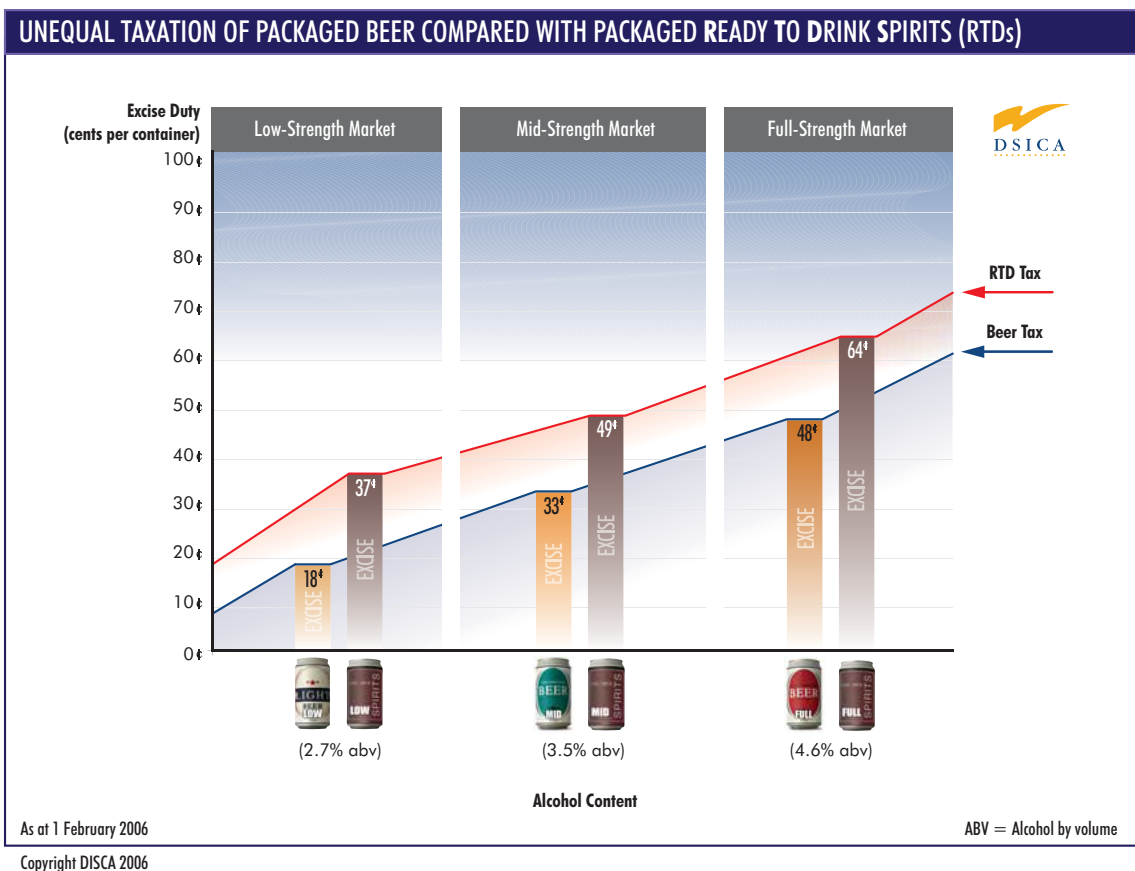
DSICA supports the Strategy observation regarding the lack of taxation equivalence between low and mid-strength RTDs and similar strength beer products:

The current system can result in the same tax for a 3.5% alcohol volume drink as a 6% alcohol volume drink. A new tax structure that increases the affordability of low-strength alcoholic beverages is one potential way of achieving both public health and economic benefits (p 32).

It continues to be a major flaw in the current taxation structure that there is no incentive to produce low-strength and mid-strength RTDs as there is in the case of packaged beer (where a lower effective taxation rate applies). A change along these lines would be a significant contribution to a wider package of strategies to reduce the levels of harmful alcohol consumption in the community.

DSICA has produced a unique excise tax graphic which demonstrates the amount of excise duty currently paid on a single can of RTD and beer products at the low alcohol and mid-strength content ranges. See Graphic 12 below.

Graphic 12: Why RTDs should receive the 1.15% alcohol content excise-free threshold



This graphic illustrates the observation in the Strategy. That is, it can be seen that the amount of excise duty payable on a mid-strength can of RTDs is greater than the amount of excise duty payable on a full-strength can of beer.

However, in relation to the 0 – 10% component of the tax base, this issue can be readily addressed, without the need for a ‘new tax structure’ as the Strategy suggests.

This flaw is a direct result of the fact that low alcohol and mid-strength RTDs do not receive the benefit of the 1.15% abv excise-free threshold granted to packaged beer of similar alcohol strength.

DSICA believes that priority should be given to ensuring taxation equivalence between RTDs and packaged beer at low (up to 3.0% abv) and mid-strength (above 3.0% abv to 3.5% abv) levels in the forthcoming Budget.

This is an important incremental change which could be made with minimal cost to government revenue (see below). Such a change is strongly supported in the Strategy. It is also supported by health advocacy groups such as the Alcohol and Other Drugs Council of Australia (ADCA), the National Drug Research Institute, the Australian Medical Association and the Royal College of Physicians.

Recommendation

Provide taxation equivalence between packaged RTDs and packaged beer at low alcohol (up to 3.0% abv) and mid-strength (above 3.0% abv to 3.5% abv) levels by means of:

- (a) providing a 1.15% abv excise-free threshold to the RTD products; and
- (b) ensuring that the nominal excise duty rate for these RTDs is set at the same rate as the nominal excise duty rate applying to packaged beer of similar alcohol content.

[DSICA estimated 2006-07 revenue cost: low-alcohol packaged RTDs: negligible; mid-strength packaged RTDs: -\$1.7m]

5.5 Current inequities – taxation expenditures

DSICA's taxation policy proposals for reform of the alcohol taxation system in Australia are outlined in this section in the context of the Strategy. We also provide revenue estimates in this section for the 2006-07 year in relation to our policy proposals.

One of the Strategic Initiatives outlined in Priority Area 4 of the Strategy is to:

4B: Investigate price-related levers to reduce consumption of alcohol at harmful levels.

DSICA supports the specific Response relating to identification of those reforms needed to address current inequities:

*4B.1d Focus ongoing dialogue on price-related levers to reduce consumption of alcohol at harmful levels through a national summit on ... changes to the alcohol taxation system that would be required to address the **current inequities** (p 33).*

DSICA believes that the current system of Commonwealth alcohol taxation in Australia is in need of fundamental reform. Despite some significant changes made to the taxation of alcohol beverages with the introduction of the New Tax System (NTS) on 1 July 2000, there remains the need for essential reforms to correct for the distortions and anomalies that exist in the current system.

Understanding taxation expenditures is the key to understanding the major current inequities in alcohol taxation in Australia.

The concept of tax expenditures

One of the primary functions of Australia's taxation system is to promote government objectives. This can be achieved by reducing taxes in selected areas to create economic opportunities and provide assistance to various individuals, businesses or activities.

A "tax expenditure" refers to a tax concession implemented by government which provides a benefit to a particular activity or a specified class of taxpayer. A tax expenditure may arise due to a tax exemption, tax deduction, tax offset, concessional tax rate or deferral of a tax liability (Treasury 2005, p 2).

In contrast, a "negative tax expenditure" occurs when the system imposes a further cost or charge instead of a benefit on a particular activity or class of taxpayer (Treasury 2005, p 2).

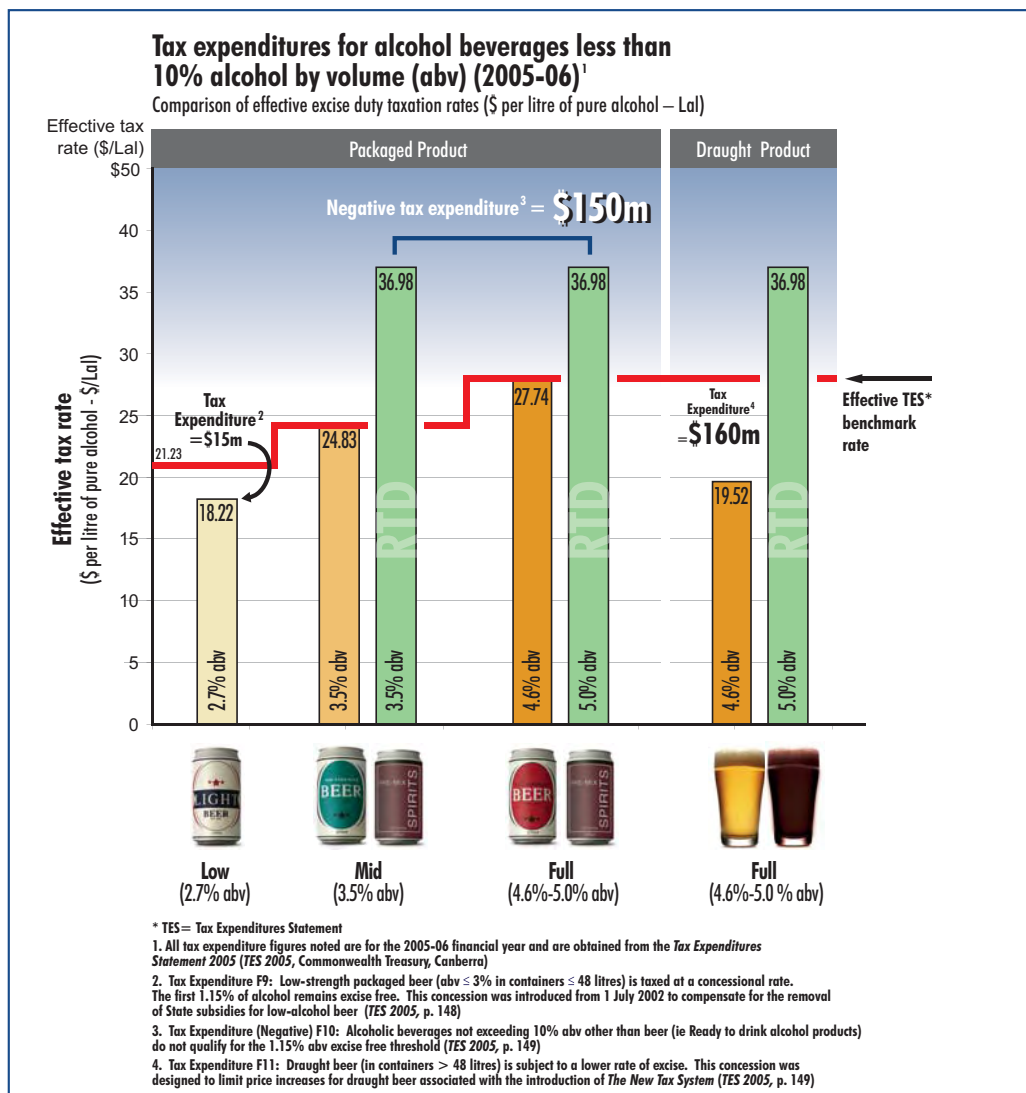
The TES highlights a number of taxation expenditures and a significant negative taxation expenditure that occur in relation to certain alcohol beverages below 10% abv (see Treasury 2005, pp.148-151). Those of most concern to DSICA include:

- Taxation equivalence between packaged full-strength RTDs and beer;
- Taxation equivalence between bulk (draught) RTDs and beer.

Each of these is discussed below.

Graphic 13 overleaf demonstrates the taxation expenditures in relation to packaged RTDs, low alcohol packaged beer and draught beer.

Graphic 13: Tax expenditures for alcohol beverages less than 10% abv (2005-06)



Nominal alcohol excise duty rates as at 1 February 2006

Product:	S/Lal
Beer* (per litre of alcohol over 1.15 % abv)	Current
Packaged beer, low strength	31.73*
Packaged beer, mid strength	36.98*
Packaged beer, full strength	36.98*
Draught beer, low strength	6.33*
Draught beer, mid strength	19.89*
Draught beer, full strength	26.03*
Ready-to-drink (RTDs) - per litre of alcohol	36.98
Spirits (per litre of alcohol)	
Brandy	58.48
General rate for other spirits (over 10% abv)	62.64

* indicates that the product uses the 1.15% abv excise free threshold

Explanation of Tax Expenditures Graphic

- The diagram is a graphic representation of tax expenditures for alcohol beverages with less than 10% abv for 2005-06. The horizontal axis shows selected beverages and their content of alcohol and the vertical axis measures the effective tax rate (tax per litre of alcohol (Lal)).

Effective benchmark rate

- The **benchmark** is the tax treatment applied to full-strength packaged beer (including the 1.15% excise-free threshold) at a nominal rate of \$36.98 per Lal. This is the benchmark which applies to all products in the 0 – 10% alcohol content component of the tax base, regardless of whether they are beer, premixed spirits or a wine-based cooler (which is not subject to the Wine Equalisation Tax).
- DSICA has developed a new concept of the **effective** benchmark rate. This has been designed to allow a proper comparison of the effective rate on competing products, once the 1.15% excise-free threshold is removed.
- The red line demonstrates the **effective** benchmark rate.
- The effective benchmark rate is the rate (calculated by DSICA) which, if applied to all of the alcohol in the product, would yield the same amount of revenue as currently collected when the higher nominal rate is applied to the amount of alcohol remaining after deduction of the excise-free threshold.
- It can be observed that the effective benchmark rate falls, as the alcohol content falls. This is a favourable design feature. This effect is due to the fact that, as the amount of alcohol is reduced in the product, the 1.15% excise-free threshold becomes more significant (as a proportion of the amount of alcohol in the product). That is, less of the remaining alcohol is subject to excise.
- For example, it can be observed that the effective benchmark rate for full-strength packaged beer is \$27.74 per Lal. However, the effective benchmark rate for mid-strength beer is \$24.83 per Lal.

Actual effective tax rates

- The coloured vertical bars depict the **actual** effective tax rates for the different beverage categories. For example, mid-strength packaged beer pays \$24.83 per Lal (after allowing for the 1.15% excise-free threshold) while RTDs uniformly pay \$36.98 per Lal (the actual or nominal excise rate), given that they do not qualify for the excise-free threshold.
- This analysis set out above allows estimation of the tax expenditure on particular product lines against the benchmark rate.

Low-strength packaged beer – tax expenditure of \$15m

The graphic identifies that low-strength packaged beer is currently taxed at a concessional nominal rate relative to full-strength beer with an estimated tax expenditure of \$15m for 2005-06. In other words, the government collects \$15m less in excise revenue under the current regime for low-strength beer than if it were taxed at the effective benchmark rate. See Taxation Expenditure F9 (Treasury 2005, p. 148). This expenditure exists due to an historical subsidy that existed at the state level for low alcohol beer.

There is no justifiable policy reason why a similar concessional rate should not be available to low alcohol packaged RTDs (see section 5.5 above).

5.6 Complete taxation equivalence for full-strength RTDs and beer

The other tax expenditure figures identified on the graphic highlight the unequal taxation treatment of full strength RTDs and beer.

These two key revenue facts are explained below.

- **RTDs – negative tax expenditure of \$150m:** RTDs are subject to a higher effective rate compared to the benchmark. This is because RTDs do not receive the 1.15% excise-free threshold. RTDs therefore incur a negative tax expenditure of -\$150m for the 2005-06 year; -\$165m for the 2006-07 year (Treasury, 2005, p. 149). This highlights the fact that RTDs are subject to a taxation disadvantage that will yield the Federal Government an additional \$150m in revenue in the 2005-06 year. This is effectively an unfair taxation burden on RTDs, for which there is no justifiable health policy rationale. See Taxation Expenditure F10.
- **Draught beer – tax expenditure of \$160m:** Draught beer obtains a tax expenditure (benefit) of \$170m (2006-07) as a result of lower nominal rates applicable to that product compared to the benchmark rate (for full strength packaged beer). See Taxation Expenditure F11. This reduced rate was implemented due to historical reasons in 2000 and 2001, and it is time that it was reviewed.

DSICA believes that alcohol products of similar alcohol content, which compete against each other in the same market, and which are substitutes for each other, should be taxed at the same rate.

There is no justifiable taxation or health policy rationale for either of these tax expenditures.

Recommendation:

In the medium to long term, RTD's should attain complete tax equivalence with beer:

- Packaged and draught RTDs should be subject to the same tiered excise rates as packaged and draught beer and have access to the tax free threshold (1.15% abv) currently applicable to all beer.
- The change for full-strength packaged RTDs could be introduced on a phased basis; [DSICA estimated revenue cost: full-strength packaged RTDs: -\$147.6m]
- The 5% ad valorem protective tariff for imported RTDs should be abolished to equate with the fact that there is currently no 5% customs duty payable on imported beer. [DSICA estimated revenue cost: -\$3.9m.]

5.7 Taxation of spirits – alcohol beverages above 10% abv

Australia's alcohol taxation system unfairly discriminates against spirits (which will comprise 12% of the alcohol market, but pay 27% of non-GST revenue (2005-06)).

Spirits rate is too high

Accordingly, DSICA does not accept the existing spirits rate as the benchmark rate for the tax base component of alcohol beverages above 10% abv. DSICA's recommendations are summarised as follows:

Removal of 1978 excise increase:

The existing benchmark rate of taxation of spirits should be reduced, at least to remove the effect of the 1978 80% increase in the taxation of spirits. That increase had the result of excessively increasing the spirits rate immediately prior to the commencement (in 1983) of twice-yearly indexation increases in excise duty rates. The timing of that increase effectively resulted in a spirits excise rate which is higher than it should have been. To that extent, the current spirits rate is higher than the rate that should be accepted as the benchmark rate for the category.

Removal of NTS indexation effect:

The rate of excise duty for spirits should be reduced at least by a dollar amount equivalent to the New Tax System component of the 1 February 2001 indexation increase (due to the introduction of the GST).

To that extent, the current spirits rate is higher than the rate that should be accepted as the benchmark rate for the category (see *Alcohol Tax in Australia 2006* for a detailed analysis of these calculations).

[Estimated revenue cost: -\$35.2m]

Removal of 5% ad valorem protective tariff for imported spirits

The 5% ad valorem protective tariff for imported spirits should be abolished.

This tariff should be removed in particular in view of implementation of the Australia-US Free Trade Agreement that sees whiskey (bourbon) from the US (a significant component of the whisky market in Australia) imported into Australia duty free, while whisky of other origin is required to pay the 5% tariff.

[Estimated revenue cost: -\$10.6m].

5.8 Taxation increases for alcohol products consumed at high-risk levels

One of the Strategic Initiatives outlined in Priority Area 4 of the Strategy is to:

4B: Investigate price-related levers to reduce consumption of alcohol related harms.

DSICA does not support the specific Response relating to increasing taxation on alcohol products that are most frequently consumed at high risk levels:

Response 4B.1c Focus ongoing dialogue on price-related levers to reduce consumption of alcohol at harmful levels through a national summit on ... changes to the alcohol taxation system that would be required to reduce consumption of alcoholic beverages that are most frequently consumed at high-risk levels (p 33).

This is an extremely problematic issue. One reason is that current survey evidence indicates that each category of alcohol product is preferred by risky and high risk drinkers in one age group or another. There could be no acceptable policy rationale that would allow one particular age group to be singled out as a higher priority area than another for increased taxation of a certain alcohol product category.

For example, although much of the literature focuses on underage drinking issues, DSICA remains concerned about emerging trends of high risk drinking amongst the older age groups and the elderly (McAllister 2003).

High risk drinking patterns

DSICA supports this Strategy Response which focuses on high-risk drinking.

However, most of the evidence contained in the Strategy relates to combined patterns of risky AND high-risk drinking. Progress will not be possible on this issue until reliable evidence is gathered on actual product consumption by those drinking at high-risk levels. It will be necessary for the sample sizes to be significant enough within the target age groups to be reliable, and for surveys to be conducted frequently enough to keep pace with changing taste preferences.

Industry impacts and differential community impacts

The spirits industry will not accept higher taxation of its products, even if it can be demonstrated that the higher taxation has ‘neutral impacts on alcohol-related industries’:

The impact of alcohol taxation on sustainability of the alcohol beverage and hospitality industries needs to be considered. Higher taxation may need to aim for neutral impacts on alcohol-related industries, in order to be accepted by industry and the community (p 32).

This is because the level of taxation of RTDs and full strength spirits is already too high (see below).

Furthermore, a blanket increase in taxation of a particular category of alcohol product is too blunt an instrument. DSICA agrees with the Strategy observation that an increase in tax on a single category of alcohol product will have differential (and therefore inconsistent and unacceptable) impacts upon different groups in the community:

It is generally expected that price-related levers have differential impacts upon some groups in the community ... (p 32),

DSICA would certainly not support an across-the-board increase in Federal taxation of all alcohol beverages above a certain alcohol content. DSICA notes that no State or Territory now has the constitutional power to impose a taxation increase on the basis of alcohol content.

5.9 Hypothecation of alcohol taxation revenues

One of the Strategic Initiatives outlined in Priority Area 4 of the Strategy is to:

4B: Investigate price-related levers to reduce consumption of alcohol related harms.

DSICA does not support the specific Response relating to hypothecation of alcohol taxation:

Response 4B.1e Focus ongoing dialogue on price-related levers to reduce consumption of alcohol at harmful levels through a national summit on ... the feasibility and social and economic impacts and implications of a national hypothecated tax on alcoholic beverages.

DSICA does not support the hypothecation of alcohol excise (or other alcohol taxes). Not all alcohol products pay excise duty. Furthermore, significant amounts of GST revenues collected on alcohol products are now distributed to the states and territories via the revised Commonwealth-State financial relations applying under the New Tax System.

It would be an impractical and problematic exercise to seek to hypothecate existing taxes (excise/WET or GST) on the range of alcohol products for specific purposes, such as funding prevention, education or treatment programs.

DSICA also strongly opposes any proposal to increase existing taxes or impose specific levies on alcohol products for the purpose of funding new strategies to reduce harmful alcohol consumption. The federal, state and territory governments have adequate existing revenues from which to fund any new initiatives in this area. These governments will collect more than \$5.9bn revenue from alcohol products in 2006-07. This is more than an adequate amount of general revenue to fund necessary programs.



6 Alcohol research

In this section, DSICA outlines its views and recommendations on additional research to be undertaken in relation to alcohol consumption patterns. This perspective is provided within the context of Section 5 of the Strategy: Where to from here?

6.1 Research advances since 2005

In its 2005-06 PBS, DSICA recommended:

- *Research stocktake:* DSICA recommends that a stocktake be undertaken of all existing and proposed alcohol consumption research being funded by the Federal Government.
- *Research register:* An updated and publicly available register of existing and proposed research projects regarding alcohol consumption should be maintained in order to prevent duplication of research efforts in the future.
- *Research methods:* A standard set of principles should be developed regarding the methodology for data collection, to be agreed by Government, industry, researchers and community groups. These standard principles should be used as the basis for all Government-funded research, particularly regarding underage drinking.

DSICA commends the Government on establishing a Data Analysis Project as a direct response to these recommendations.

6.2 Building the research agenda

One of the Strategic Initiatives outlined in the Implementation section of the Strategy relates to:

5A. Building the research agenda

DSICA supports this Initiative and, in particular, the specific Responses relating to developing a research agenda and undertaking a future forecasting project:

Response 5A.1 Convene a national forum of key research stakeholders and undertake a follow-up project to develop a comprehensive alcohol research agenda to address current gaps and future needs (p 35)

Response 5A.2 Undertake a future forecasting project to identify alcohol consumption trends, net health, social and economic impacts

DSICA looks forward to working with relevant officials within DHA with responsibility for its newly established Data Analysis Project in the alcohol area. Likewise, DSICA is happy to collaborate with other stakeholders on the wide range of research challenges that lay ahead in this area, as set out in the Strategy.



7 Other issues: Customs and taxation administration proposals

This section outlines DSICA's recommendations regarding improvements it believe can be made in areas not specifically covered by the Strategy. In particular, customs and taxation administration issues are addressed.

7.1 Customs and taxation administration

In addition to the broader taxation policy proposals outlined earlier in this submission, DSICA has a number of taxation administration proposals that it would like to see the Government adopt to provide for a more streamlined and transparent system for operators in the spirits industry.

These proposals are summarised below.

Single administration

DSICA strongly believes that there should be a “single administration” (ie one government agency) with responsibility for the taxation administration of “excise equivalent goods” such as imported spirits and imported RTDs. [Estimated revenue saving: \$17m. Details of this estimate can be provided on request.]

The reasons for this recommendation include:

- DSICA members are currently covered by the weekly settlement provisions of the customs and excise law, which require weekly accounting and payment for actual sales made each week of all excisable and excise equivalent imported goods;
- spirits companies would prefer to deal with a single agency for all revenue acquittal and administrative arrangements issues;
- the ATO should be the single government agency responsible for the collection of revenue and the administrative arrangements relating to excise equivalent goods.

DSICA believes that the ACS should continue to have responsibility for the border management aspects relating to the importation of excise equivalent goods. DSICA acknowledges the significant steps taken by the ACS in its efforts to modernise communications systems and business processes applied to the clearance of imported goods.

However, Government requirements imposed on this industry sector result in unnecessary duplication of systems and communication with both the ACS and the ATO for clearance of goods.

Other customs/excise administration recommendations

DSICA has a number of other procedural recommendations relating to these issues, some of which may be addressed in the current excise legislation reform package. These recommendations include:

- that generic government licensing issued by the ATO should replace multiple licences now required by both the ATO and Customs;
- that entity licensing should be introduced under which a single licence is sufficient for an entire distribution network. The reasons for this recommendation include:

- as a result of the increasing number of RTDs which contain imported spirits, DSICA members have become involved in the distribution of both imported and locally produced products;
- most of the various premises throughout the Australia-wide distribution network of affected DSICA members require both Customs and ATO licences, issued separately; and
- the licences are specific to each premise and DSICA members are accountable to both agencies to ensure that there is adequate internal control over these premises;
- that there should be appropriate alignment and linkages between relevant electronic and business systems in Customs and the ATO to facilitate increased effectiveness of the administrative processes imposed on industry;
- that streaming of revenue payments on an estimated basis with deferred reconciliation and acquittal should be implemented;
- DSICA supports the current direction whereby the GST and other taxes are collected via the Business Activity Statement (BAS). DSICA sees opportunities for these benefits to flow to the collection of customs and excise duties, either under the BAS or under a separate arrangement. In particular, DSICA believes that there is an opportunity to reduce business compliance costs if duty payments were able to be made on an estimated basis, with periodic reconciliation and acquittal.

Customs duty drawback

DSICA recommends that the Customs Regulations relating to customs duty drawback (Regulations 129-139) be amended to remove the current uncertainties relating to the operation of the customs duty drawback provisions. DSICA notes that:

- there are a number of technical flaws with the wording of the current Regulations in relation to imported bulk spirit which is re-bottled, and sold to a third party who then re-exports the goods and claims duty drawback; and
- there are inconsistencies between the procedures required to be followed under the Regulations and current practices followed by Customs.

Parallel imports - Imported Food Inspection Program

The spirits industry has been experiencing ongoing problems with the parallel importation of bottled spirits which do not comply with the provisions of the Food Standards Code (the Code). The Code prescribes certain information that is required to be present on the label of foodstuffs, including distilled spirits, that are to be sold in Australia.

The Australian Quarantine and Inspection Service (AQIS) is charged with the responsibility of ensuring that all imported foodstuffs are labelled in accordance with the Code. AQIS works with the ACS in relation to imported shipments that are selected for random inspection under Imported Food Inspection Program (IFIP).

The Red Tape Task Force recommended (following DSICA's submission) that AQIS should investigate the merit of extending the use of performance-based inspection levels for the lower risk categories of food under IFIP.

The Government's recent response to the Task Force recommendation on this issue stated that the Task Force recommendation is the same as Recommendation 3 of the National Competition Policy Review of the Imported Food Control Act 1992 (the Tanner Review) with which the Australian Government agreed. The Government correctly identified that AQIS has undertaken to work with industry to develop a strategy to implement the Tanner Review's 23 recommendations (see Banks et al 2006, pp 84-85; and Australian Government, 2006 p 7). This outcome has the potential to address DSICA's concerns in this area.

8 Conclusion

DSICA strongly supports the principles of evidence-based policy making as set out in the draft National Alcohol Strategy.

DSICA also believes that the advocates of change bear the burden of proof in demonstrating the need for that change.

DSICA believes that the *2006-07 Budget* should not make any taxation changes on alcohol products unless:

- those changes are based on the best available evidence; and
- there is reliable evidence that the changes will achieve the Government's objectives.

In particular, there is no reliable evidence that justifies an increase in the tax on RTDs.

There is now a wide range of reliable evidence that there is no link between the increased popularity of RTDs and levels of harmful alcohol consumption by young drinkers.

DSICA believes that the highest priority should be given to reducing the levels of *high risk* drinking amongst vulnerable groups in our community, including amongst underage (12-17 year olds) and young adult (18-24 year olds) drinkers, older Australians and indigenous groups.

Priority should be given to ensuring taxation equivalence for packaged RTDs and packaged beer at the low-alcohol and mid-strength levels in the forthcoming Budget. This is an important incremental change which could be made with minimal cost to government revenue. Such a change is strongly supported in the Strategy and by health advocacy groups such as the Alcohol and Other Drugs Council of Australia (ADCA).

It continues to be a major flaw in the current taxation structure that there is no similar incentive to produce low-alcohol and mid-strength RTDs as applies in the case of packaged beer. A change along these lines would be a significant contribution to the Strategy initiatives to reduce the levels of harmful alcohol consumption amongst young people.

DSICA would strongly oppose any proposal to increase taxes or impose specific levies on alcohol products for the purpose of funding new strategies to reduce harmful alcohol consumption.

The ATO should be the single government agency responsible for the collection of revenue and the administrative arrangements relating to "excise equivalent goods", such as imported spirits and imported RTDs.

Alcohol consumption data should differentiate between *risky* and *high risk* drinkers in analysing drinking patterns amongst particular age groups.

The various Federal Government agencies with responsibility for collection and analysis of statistics regarding alcohol production, consumption and revenue should collaborate (with industry input) to establish a defined system and consistent methodology for the collection and reporting of consistent data.

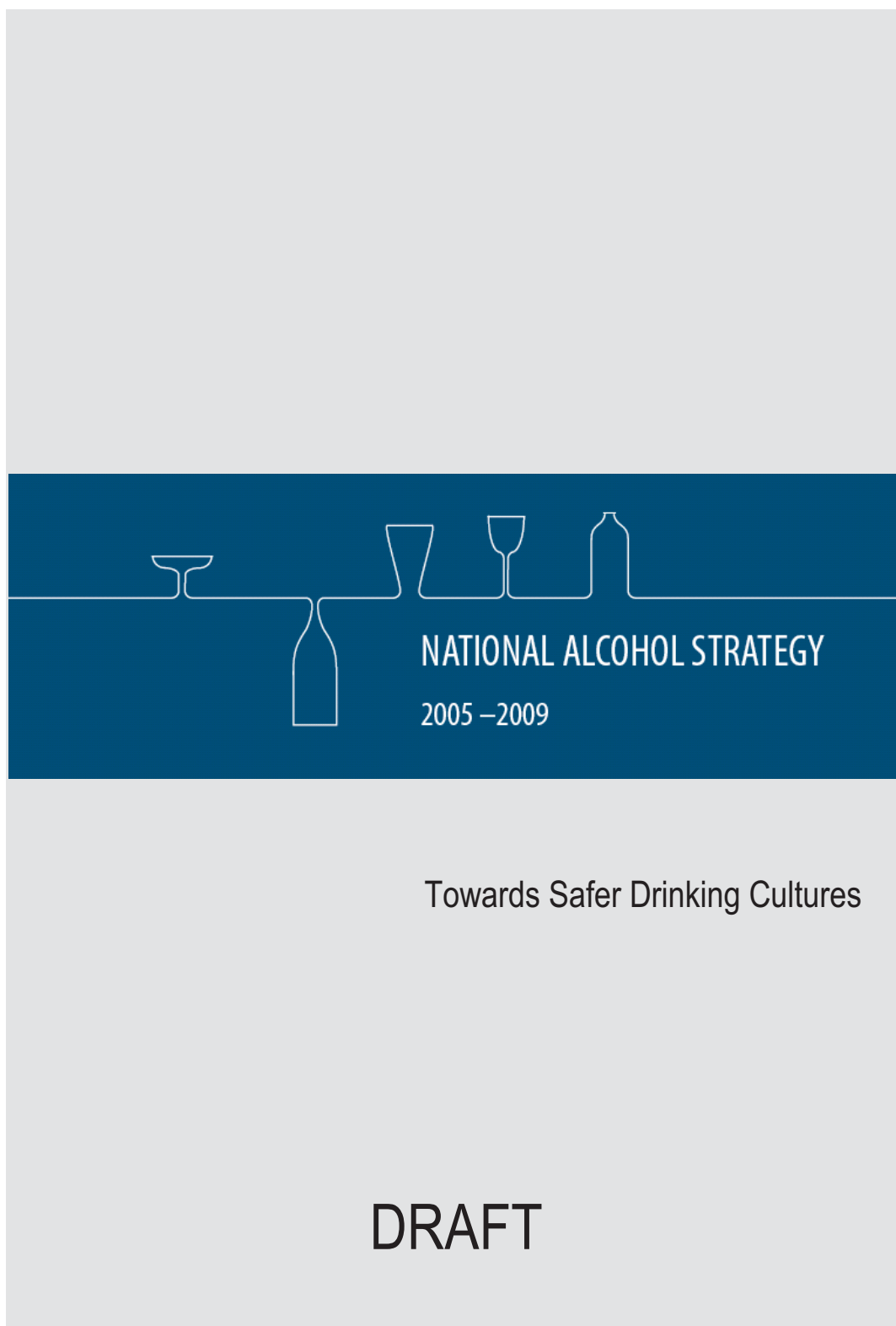
We collectively need to develop a comprehensive range of harm-reduction strategies to achieve the Strategy goal of reduced levels of high risk drinking amongst vulnerable groups in our community.

April 2006



Appendix Draft National Alcohol Strategy 2005 – 2009

DSICA has numbered each of the Strategic Initiatives and Responses set out in the draft Strategy for ease of reference – see attached.



Executive Summary

Alcohol plays an important role in the Australian economy. It generates substantial employment, retail activity, export income and tax revenue. Alcohol also has an important social role. It is a familiar part of traditions and customs in this country and is often used for relaxation, socialisation and celebration. Eighty three per cent of Australians reported drinking alcohol in 2004. It is a drug that can promote relaxation and feelings of euphoria. It can also lead to intoxication and dependence and a wide-range of associated harms.

The annual cost to the Australian community of alcohol-related social problems was estimated to be \$7.6 billion in 1998-99. Globally, alcohol-related death and disability accounts for 4.0 per cent of the total cost to life and longevity (compared to 4.1 per cent for tobacco), even after factoring in any health protective effects of alcohol consumption.

Although the per capita consumption of alcohol in Australia has declined since the 1980's it remains high by world standards. There are patterns of use that are of particular concern. For example, drinking to intoxication is associated with wide-reaching impacts on the health, safety and wellbeing of individuals and communities. Such drinking is not a random occurrence, with over twenty percent of the Australians deliberately drinking to get drunk at least once a month. Many of the dangers of alcohol for those who drink, and those around them, are misunderstood, tolerated or ignored. The harms associated with unsafe alcohol use, including drinking to intoxication, are now well documented in the research literature. There is also widespread concern about the drinking patterns associated with harm among those who are responding to those harms in some way on a day-to-day basis. Developing Australia's drinking cultures to produce healthier and safer outcomes is the key challenge for this *Strategy*.

The National Alcohol Strategy 2005-2009

The *Strategy* is a plan for action developed through collaboration between Australian governments, non-government and industry partners and the broader community. It outlines priority areas for coordinated action to develop drinking cultures that support a reduction in alcohol-related harm in Australia. The *Strategy* seeks to reflect the *National Drug Strategy: Australia's integrated framework 2004-2009* and build on the previous alcohol strategy. It also supports the key result areas of the *National Drug Strategy Aboriginal and Torres Strait Islander Peoples Complementary Action Plan 2003-2006*, which was endorsed by the MCDS in August 2003.

The *Strategy* is based on extensive consultations with over one thousand key stakeholders around Australia and a review of the most recent research literature and other data relating to trends in alcohol consumption and harm in Australia. The inclusion of liquor licensing authorities, police and local government in the consultation process represents an effort to integrate with other key groups including the health sector and the alcohol beverage and hospitality industry.

Strategy Development Principles

Development of the *Strategy* has been guided by a set of principles that have influenced the research methods, the frameworks used for analysis, and decision-making on policy specific issues. The principles are:

- Build on past and present efforts

- Consult
- Seek evidence
- Contemplate future trends and issues
- Focus on some key areas
- Identify realistic responses.

Strategy Goal

The goal of the *Strategy* is To Prevent and minimise alcohol-related harm to individuals, families and communities in the context of developing safer and healthy drinking cultures in Australia.

Strategy Aims

To achieve this goal, the *Strategy* has four aims:

1. Reduce the incidence of intoxication among drinkers.
2. Enhance public safety and amenity at times and in places where alcohol is consumed.
3. Improve health outcomes among all individuals and communities affected by alcohol consumption.
4. Facilitate safer and healthy drinking cultures by developing community understanding about the special properties of alcohol and through regulation of its availability.

In light of the evidence of alcohol-related harm in the general community and within specific sub-populations, both universal approaches to reduce overall consumption and strategies targeted to reduce harm are needed in Australia.

Priority Areas for the Strategy

Reflecting these aims, the following four priority areas have been nominated as the focus of the *Strategy*:

- Priority Area 1: Intoxication
- Priority Area 2: Public Safety and Amenity
- Priority Area 3: Health Impacts
- Priority Area 4: Cultural Place and Availability

A fifth area of the *Strategy*, 'Where To From Here?' identifies actions required to support the implementation of the *Strategy*, including:

- Coordinated and integrated approaches
- Building the research agenda
- Data collection
- Monitoring and evaluation
- Developing the workforce
- Developing partnerships and links
- Shaping the future - providing strong leadership.

Recommended responses are listed under the four priority areas and the fifth section focussing on implementation of the *Strategy*.

Priority Area 1: Intoxication

1A. Increase community awareness and understanding of the extent and impacts of intoxication

- 1A.1 Continue to work with industry to develop labelling of alcohol products to facilitate knowledge and self-monitoring through readily seen, consistent, graphic standard drinks labelling.

DRAFT

1A.2 Promote National Alcohol Guidelines aiming for consistency and clarity of messages across all alcohol-related health and safety arenas.

1A.3 Develop a nationally agreed and workable definition of intoxication.

1A.4 Increase community understanding of liquor licensing laws and requirements for the responsible service of alcohol in the context of harm reduction.

1B. Improve enforcement of liquor licensing regulations

1B.1 Increase capacity of police, local government and liquor licensing authorities to enhance enforcement of liquor licensing laws, particularly those relating to serving people who are intoxicated.

1B.2 Examine the liquor licensing laws in each jurisdiction with regard to the adequacy and appropriateness of current penalties for breaches and the feasibility of developing a demerit points system, especially for serious and repeat offences.

1B.3 Support the refinement and improve the reliability of data linkage efforts to facilitate an early warning system of possible trouble spots and provide opportunities for proactive policing at a local level, including possible liaison and coordination with local government, alcohol industry bodies and health programs.

1C. Ensure the inclusion of Aboriginal and Torres Strait Islander groups to identify specific responses for Aboriginal and Torres Strait Islander communities

1C.1 Provide and improve access for Aboriginal and Torres Strait Islander peoples to the current police diversion, pre-sentencing programs, and legal aid for alcohol-related offences.

1C.2 Build capacity to provide a full range of treatment and rehabilitation options and resources to Aboriginal and Torres Strait Islander peoples in rural and remote areas, in collaboration with mainstream services.

1C.2 Reduce harm for Aboriginal and Torres Strait Islander families and communities by implementing harm reduction strategies outlined in the Complementary Action Plan and strategies outlined in national injury prevention plans and safety promotion strategies.

1D. Implement strategies to reduce the risks of intoxication and associated harm in and around late night (extended hours) licensed premises and outlets.

1D.1 Conduct periodic appraisals of compliance with legislation, regulations and good practice guidelines in late night (extended hours) liquor outlets in conjunction with other measures such as local accords where these are in place.

1D.2 Develop and implement additional specialised Responsible Service of Alcohol (RSA) training in conjunction with the alcohol distribution industry and support for premises that are high-risk environments for intoxication, particularly late night licensed premises.

1D.3 Establish nationally consistent RSA training programs such that these are recognised and accepted across the country.

1D.4 Require all managers of liquor outlets to undergo appropriate training in the responsible sale and serving of alcohol.

1D.5 Improve and enhance the knowledge base of the extent of drink spiking and associated criminal victimisation and increase capacity to effectively prevent, reduce and manage the incidence of drink spiking.

Priority Area 2: Public Safety and Amenity

2A. Prevent and reduce alcohol related injuries

2A.1 Investigate the current evidence base and public interest in a range of measures to reduce alcohol related road injury, particularly:

- a. establishing lower BAC limits for all drivers
- b. establishing that all statutory maximum penalties for repeat drink driving offenders should relate to the BAC of the offender and the number of prior offences committed
- c. creating a "serious" offender category and appropriate penalties for multiple drink drive offenders
- d. creating a specific category for first time offenders with high BACs
- e. examining the appropriateness of installing ignition interlock devices on vehicles of certain categories of offenders such as multiple drink drive offenders and those with high BACs
- f. providing alcohol-related brief interventions, treatment and rehabilitation support for drink drive offenders, as part of re-licensing requirements, in an effort to reduce recidivism
- g. exploring potential for consistency between Australia and New Zealand and possible other countries in our region in relation to recommended low-risk drinking levels.

2A.2 Conduct trial demonstration projects that aim to reduce drink driving in regional and rural areas, in partnership with key stakeholders.

2A.3 Coordinate with the National Public Health Partnership to ensure the realisation of alcohol-related injury objectives in the National Injury Prevention Plan; especially related to injury other than road traffic injuries.

2A.4 Introduce basic strategies in the workplace to prevent and reduce alcohol related harm in a range of key industries including

- a. development of evidence-informed workplace policies;
- b. alcohol and drug awareness initiatives in the workplace;
- c. employee assistance programs.

2A.5 Explore opportunities to engage with the insurance industry to develop strategies to minimise the risk associated with alcohol use.

2B. Revise, develop where necessary, and disseminate best practice guidelines relating to:

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- 2B.1** Environmental design and place management to reduce alcohol-related harm on and around licensed premises.
- 2B.2** Private host responsibility, particularly for parents, in partnership with police, schools, local government and family groups.
- 2B.3** Provision, management and promotion of late night transport options, including taxis and designated driver programs from licensed premises.
- 2B.4** Management of alcohol-related issues at public events.
- 2B.5** Responding to drinking in public places among communities of concern, in both urban and regional locations.
- 2B.6** Support and safety services for people who are intoxicated in public settings.
- 2B.7** Harm minimisation and health promotion in community sports club settings where alcohol related harm occurs.
- 2C. Increase the capacity of local communities, including government, to address public health and safety issues associated with alcohol**
- 2C.1** Examine opportunities for local government to:
- consider the costs and benefits of liquor licensing applications in their area, including when exercising their building and planning regulatory authority
 - recover the additional costs of maintaining public amenity in areas with high densities of late night liquor outlets through measures such as differential rates and the application of direct fees and charges related to licensing provisions.
- 2C.2** Develop a 'toolkit' to assist local government and local communities to participate in liquor licensing decision-making processes.
- 2C.3** Support the inclusion of alcohol as a priority issue in local community safety initiatives.
- 2C.4** Continue to monitor the impact of arrangements by Aboriginal and Torres Strait Islander communities for restricted availability and total bans on alcohol in the context of reducing violence and enhancing public safety in and around Indigenous communities.
- 2C.5** Encourage and support Aboriginal and Torres Strait Islander communities to develop local solutions to particular problems, including those who have the opportunity and decide to go 'dry' and require health and social support services to assist people to cease drinking.
- 3A. Initiate a national effort to enhance the capacity and legitimacy of the nursing profession in addressing alcohol-related health problems**
- 3A.1** Support efforts to include alcohol and drug education in all undergraduate nursing and midwifery curricula.
- 3A.2** Mandatory policy to be developed to ensure that, in all health care settings nurses and midwives automatically assess all patients for levels of consumption of alcohol and define strategies for intervention and clinical management of intoxication and withdrawal, where appropriate.
- 3A.3** Provide nursing and midwifery staff with resources to support alcohol-related screening and early interventions in primary care settings, including hospital accident and emergency departments, general practice, and mental health services.
- 3A.4** Support further development of the Nurse Practitioner role in relation to alcohol and drugs.
- 3B. Promote primary care settings as an accessible and non-stigmatising opportunity for health promotion, prevention and treatment of alcohol use problems**
- 3B.1** Increase the uptake of pharmacotherapy treatment for alcohol dependence, by GPs and specialist alcohol and drug treatment services, including attention to appropriate programs for use with alcohol dependent Aboriginal and Torres Strait Islander peoples.
- 3B.2** Provide a full range of approaches to Aboriginal and Torres Strait Islander peoples to address the impact of alcohol, tobacco and other drugs, and social and emotional wellbeing and issues related to co-morbidity.
- 3B.3** Develop and integrate an alcohol and drug component within the national Better Outcomes in Mental Health initiative to address alcohol dependence and co-morbidity issues in the community.
- 3C. Improve capacity and encourage a system-wide health response to people at risk of short-term and longer-term alcohol-related health problems.**
- 3C.1** Explore potential effectiveness and opportunities to utilise diversion programs for assessment and treatment of offenders where alcohol appears to significantly contribute to the offence.
- 3C.2** Increase feedback and referral for alcohol-related assessment and treatment from hospital accident and emergency departments to specialist alcohol and other drug services and to GPs.
- 3C.3** Support the ongoing implementation of quality accreditation systems in specialist alcohol and drug treatment services including review of the uptake of evidence based practice.
- 3C.4** Continue working with Aboriginal and Torres Strait Islander community leaders to identify programs that show promise in preventing and responding to alcohol related health issues in

Priority Area 3: Health Impacts

The following responses relate to the health system and therefore do not necessarily include other responses that can positively affect the health impacts of alcohol, many of which are recommended elsewhere in this Strategy.

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their communities and support wider implementation and evaluation.

- This could include building on programs such as the Indigenous Alcohol and other Drug National Train the Trainer Pilot Program.

3C.5 Establish a profile of the spread and treatment funding allocations to mainstream and targeted services and explore the relationship of funding to alcohol specific indicators such as those associated with alcohol use, indices of harm such as the burden of disease and demand for services.

3D. Support whole-of-community initiatives to reduce alcohol-related health problems.

3D.1 As part of the cyclical review of the Australian Alcohol Guidelines:

- a. Consider any special needs for the following population sub-groups: pregnant women; young people; Aboriginal and Torres Strait Islander peoples; older people; and people who have experienced alcohol dependence
- b. Continue to recognise non-drinking options
- c. Consider the potential for distribution and use of these guidelines to other countries in our region that may request access to such specialist expertise (including consideration of consistency between Australia and New Zealand).

3D.2 Recognise the importance of thiamine fortification in preventing serious alcohol-related disease; examine the potential for its inclusion in alcoholic beverages and the cost-effectiveness of such a measure, while ensuring ongoing provision of thiamine supplementation in flour used in baking.

3D.3 Support community-wide health promotion initiatives that have the potential to prevent and reduce alcohol-related harms, with emphasis on supporting local communities in developing and implementing such initiatives.

3D.4 Address the co-occurrence of depression and alcohol use and possible treatment responses with a view to multi-pronged prevention initiatives.

3D.5 Support consistent data collection on Foetal Alcohol Spectrum Disorders in the general population and in high-risk groups.

3D.6 Monitor developments in Australia and overseas to address the problem of Foetal Alcohol Spectrum Disorders and identify best practice approaches to reduce its incidence, particularly in Aboriginal and Torres Strait Islander communities.

Priority Area 4: Cultural Place and Availability

4A. Strengthen the regulation of alcohol availability including liquor licensing controls

4A.1 Examine the appropriateness of the National Competition Policy guidelines in the framing of alcohol availability in liquor control legislation.

4A.2 Develop a nationally consistent approach and legislation regarding secondary supply of alcohol to minors.

4A.3 Increase community involvement in liquor licensing decision-making processes and in responding to related concerns, with emphasis on supporting Aboriginal and Torres Strait Islander communities to advocate for restrictions in the availability of bulk wine in areas affecting these communities.

4A.4 Review the mechanisms developed and implemented and the outcomes of the inclusion of the object of harm reduction in liquor control legislation in each jurisdiction.

4B. Investigate price-related levers to reduce consumption of alcohol at harmful levels

4B.1 Focus ongoing dialogue on price-related levers to reduce consumption of alcohol at harmful levels through a national summit on:

- a. changes to the alcohol taxation system that would be required to provide greater incentives for consumption and production of lower strength alcoholic beverages in Australia.
- b. the feasibility and the social and economic impacts and implications of alternative alcohol taxation systems in Australia.
- c. changes to the alcohol taxation system that would be required to reduce consumption of alcoholic beverages that are most frequently consumed at high-risk levels.
- d. changes to the alcohol taxation system that would be required to address the current inequities
- e. the feasibility and social and economic impacts and implications of a national hypothecated tax on alcoholic beverages.

4B.2 Explore opportunities for other price-related levers that can reduce consumption at high-risk levels among particular groups, including young people and Aboriginal and Torres Strait Islander peoples.

4C. Monitor and review alcohol promotions

4C.1 Implement monitoring and annual reporting on the advertising and promotion of alcohol.

4C.2 Maintain prohibition of alcohol promotion that encourages rapid and/or high levels of alcohol consumption.

4D. Develop and implement social marketing campaigns to reduce alcohol-related harms

4D.1 Develop a social marketing campaign with the aims of:

- a. reducing the perceived acceptability of intoxicated behaviour;
- b. promoting the Australian Alcohol Guidelines and standard drink labels and measures
- c. increasing awareness of the significant costs to individuals, families, communities and the Australian economy of harmful use of alcohol.

4D.2 Ensure that there is appropriate research and thorough consultation to inform the development of social marketing campaigns aimed at Aboriginal and Torres Strait Islander

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peoples, acknowledging differences in relevant communication messages.

- 4D.3** Ensure social marketing campaigns are comprehensive, targeted and well coordinated, and developed with thorough consultation mechanisms with key community partners and audiences, including the alcohol beverage and hospitality industry, the health sector, law enforcement, school-based drug education programs, young people and local communities.

4E. Develop a shared vision for long-term culture change with the aim of reducing alcohol related-harm and developing safer and healthy drinking cultures in Australia

- 4E.1** Develop an annual national alcohol action audit with an accompanying forum to promote implementation and to ensure accountability of all parties to the National Alcohol Strategy

4F. Examine the legal aspects of alcohol availability specifically in relation to:

- 4F.1** The realisation of stated objects in liquor licensing legislation in each jurisdiction.
- 4F.2** The use of alcohol consumption in the legal defence of diminished responsibility.
- 4F.3** The supply of alcohol to minors.

5. Where to From Here? Supporting the Strategy

5A. Building the research agenda

- 5A.1** convene a national forum of key research stakeholders and undertake a follow-up project to develop a comprehensive alcohol research agenda to address current gaps and future needs.
- 5A.2** undertake a future forecasting project to identify alcohol consumption trends, net health, social and economic impacts, and demographic changes such as population ageing, to assist responsive and innovative policy and practice development.
- 5A.3** review the aetiological fraction methodology to accurately reflect the total effect of alcohol consumption in Australia.
- 5A.4** schedule a repeat of the 1994 National Drug Strategy Household Survey – Urban Aboriginal and Torres Strait Islander Peoples Supplement.

5B. Improving data collection

- 5B.1** implement a nationally consistent approach to the collection of alcohol wholesale sales data and/or other appropriate measures of alcohol consumption, in consultation with key stakeholders in each jurisdiction including government, business, and research bodies.
- 5B.2** develop a national approach to the collection of alcohol-related offence information and best practice response procedures in

collaboration with law enforcement in each jurisdiction, that is sensitive to the range of operational priorities.

- 5B.3** explore opportunities for data collection by hospitals and emergency departments in relation to alcohol-related presentations and admissions, including place of last drink.

- 5B.4** develop an understanding of the extent of alcohol-related harm by supporting better collection and integration of data from a range of sources.

- 5B.5** explore opportunities for the collection of local data related to alcohol for use in targeted interventions and policy

5C. Monitoring and evaluation

- 5C.1** Undertake an evaluation of the National Alcohol Strategy to determine what impact the strategies and actions have towards changing community drinking cultures.

5D. Developing the workforce

- 5D.1** support the inclusion of alcohol and drug education in all undergraduate nursing curricula.
- 5D.2** support the development of the nurse practitioner program in relation to alcohol and drugs.
- 5D.3** increase the capacity of the mental health workforce to respond to co-morbid alcohol and mental health disorders.
- 5D.4** increase the capacity of Aboriginal and Torres Strait Islander community health workers to respond to alcohol issues through the MCDS Indigenous Alcohol and other Drug National Train the Trainer Pilot Program.
- 5D.5** increase the capacity of police and emergency services workforces in responding to alcohol-related issues..

5E. Providing leadership

- 5E.1** Continue to build international partnerships with the aim of reducing alcohol related harm, particularly in the Asia-Pacific Region

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