

Drinks Trade – May 2009

Alcohol, the great political football

Unfortunately this column has to be written before the Budget is read out in Parliament but it is clear that the Australian Government is looking to alcohol taxes to help fill the very large hole in its revenues.

The use of 'sin' taxes is easy for governments, and drinkers have become accustomed - almost numbed - to being a source of ready tax dollars. Unfortunately, alcohol taxation is vigorously pushed by the public health industry as the first and most important step to reducing alcohol related harm.

The public health argument for higher taxation is that all alcohol consumption is harmful, and it must be highly taxed to reduce consumption as much as possible. This argument makes no distinction between moderate and responsible use, and alcohol abuse. It must all be taxed, for rich or poor, for young or old, for moderate drinker or for the alcoholic.

But there is a type and level of consumption that is responsible, and does no harm, so why should that consumption be taxed so highly? Is that pattern of drinking really a sin?

Interestingly, the supporters of higher taxes in the public health industry always say that they enjoy a drink themselves, and they don't want to see the end of alcohol. But they never lay out in public what level of consumption they would want to see. They never spell out their vision of how Australians would be drinking (or how much) if they had their perfect world.

Taxation is a very broad and badly aimed weapon. It hits poorer Australians harder than the rich. It does not discriminate between the bottle or cask or slab consumed in one sitting or over one month. However, taxes are very profitable for the government and the supporters of higher taxes.

The second thing that the public health organisations and academics say about alcohol taxation is that any alcohol tax should be hypothecated – meaning set aside for their use - to fund further research, and to educate Australians in the harmful ways of the alcohol industry and the alcohol itself.

The harmful ways of the alcohol industry itself are now being studied. One of Australia's leading alcohol academics recently wrote and publicised a paper that alleged that the alcohol industry has a global book of policy that is used for every debate, and that there was a very coherent global alcohol industry.

The source for this revelation was some 'confidential industry' documents written in 2000 and earlier for the CEO of Philip Morris when that company owned the Miller Brewing Company. It was advice how to respond to public questions about underage drinking, binge drinking, drink driving, taxation or advertising regulation –all issues we debate today.

The responses I would make today are exactly the same – simply because the issues are the same, and the arguments are the same. The 'confidential' documents also stated the industry would oppose further restrictions on its right to market and to advertise.

From this, a 'shocked' researcher drew the conclusion that there was a global alcohol industry policy book, and the alcohol industry was absolutely wicked. Of course, neither is true but this is the level of academic hostility the industry faces.