

National Liquor News – November 2010

New Government, new paradigm

The new Australian Parliament is underway, with the balance of power held by the five cross-benchers. Australia is in new political and governance territory, with neither of the major parties dominating and controlling the Parliament as the nation is used to.

Australia is in the midst of a debate about alcohol and how it should be regulated, marketed, supplied and taxed. Many of those policies are not strictly speaking a Commonwealth issue but instead handled by the states. But that is no matter: the public are concerned, many want something done and politicians at all levels are listening.

Regulating alcohol is a very complex matter, with many trade-offs and unintended consequences. The danger for the alcohol industry and for our customers is that alcohol becomes a second-level issue and its regulation and taxation becomes traded off against other issues.

An example of this trading off was very stark when the Green Party and Senator Xenophon supported the RTD tax on condition of an extra \$50m for the National Binge Drinking Strategy, to be spent buying out alcohol sponsorship. As a consequence, this week the Commonwealth Government starting consulting on a new Community Sponsorship Fund that aims to replace alcohol sponsorship of sports and community clubs.

The RTD tax hike was supposed to be a simple matter of increasing the price and deterring underage drinking. It certainly has not worked out that way, as is increasingly obvious. In fact, the RTD tax continues to be highlighted as an example of how the apparently simple and straightforward decisions of a government can become serious failures.

Lockouts, added license conditions, and purchase restrictions are other controls which also can have unintended consequences.

My argument is not against any new changes to how alcohol is regulated, just a hope that alcohol does not become a political football in the federal parliament.