

# Alcohol

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## AUSTRALIAN DEMOCRATS ACTION PLAN ALCOHOL A HEALTHIER AUSTRALIA

*Alcohol is the most commonly used drug in Australia and the second greatest cause of drug-related deaths and hospitalisations after tobacco. Almost 3 ½ thousand deaths are attributed to alcohol consumption each year. In 1998 the estimated financial cost of alcohol misuse in Australia is \$7.5 billion per year. A comprehensive national alcohol strategy is needed that focuses on causes and effects and remedial responses; on regulation, controls, and education; and on more effective taxation. Our national health depends on it.*

### Our Action Plan

*“Many more families are damaged by alcohol than by illegal drugs... Yet the major parties are never comfortable discussing the huge health, social and economic costs of the legal drugs...”*

**Dr Alex Wodak**  
Director of the alcohol  
and drug service at  
Sydney's St Vincent's  
Hospital

Implement and properly fund the **National Alcohol Strategy** informed by:

- An inquiry into what Commonwealth, States and Territory governments should separately, jointly and consistently do with respect to the pricing marketing and regulation of alcohol
- A comprehensive study by the Productivity Commission of the full economic and social costs of alcohol-associated problems
- Ongoing independent research to identify the causes and effects of alcohol abuse in Australia, and to identify policies to significantly reduce alcohol abuse and the harm caused by it

*Stronger regulation and intervention*

- Direct a standard 2% of alcohol tax revenue (about \$160 million per annum) towards
  - promoting the responsible consumption of alcohol and emphasising the dangers of alcohol misuse
  - assisting people to limit or abstain from drinking, with particular emphasis on the young, pregnant women and those indigenous communities at risk
- Provide policing assistance to indigenous and other communities wishing to enforce their 'dry' status and heavy penalties for 'grog-runners' and substantially improve access for indigenous people to prevention and treatment services
- Negotiate tighter liquor licensing laws with the States, with stricter enforcement and higher penalties for supplying alcohol products to under-18 year-olds and reduce the number and density of liquor outlets and hours and days of sale
- Ban products designed to appeal to young people
- Restrict alcohol advertising and promotion, including banning alcohol-industry sponsorship of social, sports and entertainment events;



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- Establish an independent statutory body to develop and run an independent regulatory system funded by hypothecated alcohol taxes;
- Apply health warnings on alcoholic beverages, including the warning that there is no safe level of consumption for minors or for pregnant women
- Support high levels of random breath testing in all jurisdictions, including ensuring that a high proportion of drink driving offenders are successfully referred to intervention programs; Increase the availability and use of ignition interlock devices both on a voluntary basis and as part of sentencing of convicted drink drivers; Foster mandatory referral of severe or recurrent drink driving offenders to alcohol treatment services
- Establish a national network of sobering up facilities and increase funding for withdrawal and treatment facilities including greater use of screening for alcohol related problems, encouraging the use of effective pharmacotherapies and increasing brief alcohol interventions in primary care settings
- Support decriminalisation of public drunkenness and diversion to sobering up facilities
- Provide targeted funding for specialised programmes for children raised in substance misusing families
- Make it the law clear that liquor license holders and alcohol suppliers have a duty of care for the safety of consumers of their products; or, reverse the changes to the Trade Practices Act that removed the capacity for litigation to recover health care costs from alcohol suppliers responsible for or associated with personal injury caused by conduct related to alcohol consumption.

## *A much improved taxation framework*

- Revise the alcohol taxation system so that all alcohol products are taxed according to volume according to alcohol content, and wine and cider are not taxed by value
- Introduce the same tax and excise treatment to low and mid strength RTDs and wine as is applied to low and mid strength beer
- Ensure imported products are not priced differently to domestic products of the same alcohol class, and brandy is not priced preferentially to other spirits
- Establish the ATO as the single government agency responsible for the collection of revenue and the administration of excise equivalent alcohol goods

## Issue one: inquiry and research

An independent inquiry is needed, with particular regard to significantly reducing alcohol abuse in Australia, especially in geographic or demographic 'hot spots'. We need to establish what the Commonwealth, States and Territories should separately, jointly and consistently do with respect to

- the pricing of alcohol, including taxation;
- the marketing of alcohol; and
- regulating the distribution, availability and consumption of alcohol.



### CONTACT US

(03) 9416 1880

Lv 1, 62 Wellington Parade, East Melbourne VIC 3002

[inquiries@democrats.org.au](mailto:inquiries@democrats.org.au)

Authorised by Jack Evans, 5 Poinciana Place, Wanneroo WA 6065  
Printed by Senator Lyn Allison, Parliament House, Canberra ACT 2600

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The inquiry must take into account economic and social issues; alcohol rehabilitation and education; the need for a flexible adaptable regulatory regime; and, the need for a consistent harmonised approach.

Australia's per capita alcohol consumption has fallen by about 25% since it peaked in the mid-1970s, but there is much more to be done. Concern is justified at the social and economic costs of alcohol abuse, at binge drinking, and at the costly and socially harmful health problems arising from excessive alcohol consumption.

Although drinking is often glamorised by popular culture and viewed as a rite of passage by many, alcohol misuse contributes to high-risk binge drinking, depression, anxiety, physical and sexual violence, crime rates, road accidents and injuries, to name a few of many undesirable social effects. There are high risk groups, including the young and certain indigenous groups. The only way to deal with risk is to use credible genuinely independent empirically based research. The challenge is to deepen our understanding of the underlying motivation of why some people drink at harmful levels.

Good social and health outcomes are a key objective of a coherent set of alcohol policies. Good alcohol policies can make a positive contribution to these outcomes. It is possible to moderate behaviour, but it is hard to change behaviour. To change behaviour you have to know what causes behaviour. That is why the Democrats place such emphasis on independent Government-funded research.

## Issue two: regulation

The federal Government collects about \$8 billion annually in alcohol revenue, and the alcohol industry is a considerable sector of our economy. Against that must be set the huge costs of alcohol abuse. The policy task is to lower these costs substantially. Alcohol requires regulation. Universal prohibition does not work. Neither does treating alcohol as a run-of-the-mill consumer good.

Alcohol abuse affects many, but certain indigenous communities and specific age groups such as underage drinkers are high risk. Australia's alcohol regulation is shared between Federal, State and Local authorities. Coordination and consistency is essential, and is currently missing. Control policies include taxation, licensing regulation, access, hours of sale, and disincentives for anti-social behaviour such as drink-driving. Control policies should regulate the price marketing and availability of alcohol in a manner that minimises harm and encourages responsible consumption.

Educational programs for parents and the community on the dangers and inappropriateness of supplying alcohol to underage drinkers are ineffective. Enforcement is poor. Drink driving laws have been spectacularly successful in reducing the levels of anti-social drink-driving behaviour on our roads. We need a similar breakthrough in the area of supply of alcohol to minors by parents and friends.

Alcohol marketing, promotion, advertising and sponsorship are permitted almost without restriction in Australia. There is industry self-regulation of advertising but many problems exist with this system. Research shows that advertising does have a role in drinking behaviour and attitudes towards alcohol. Products designed to



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appeal to young people should be banned. Random breath testing has been one of the most effective programmes for reducing alcohol related morbidity and mortality. It is most effective when it has a high profile and large numbers of people are routinely tested. Health warnings on labels have been adopted in some countries and have contributed to greater awareness of the risks associated with alcohol use.

## Issue three: price and taxation

The Democrats have always supported the taxation of alcohol as a standard regulatory mechanism to prevent alcohol being cheaply available, and as a means of contributing to the public cost of harm arising from alcohol consumption. The Government's broad conceptual framework for alcohol taxation policy in Australia means alcohol taxation and pricing levels are better than they were but further improvements to the alcohol tax regime could make a significant contribution to improved health outcomes.

The policy framework still lacks sufficient coherence. The framework has three key compartments: products with less than 10% alcohol content; products with more than 10% alcohol content; and wine and cider.

The Government has recognised the merit of taxing most products under 10% alcohol content at similar taxation rates, regardless of the form of the alcohol. This tax is levied volumetrically as excise or customs duty on the amount of the alcohol in the product. The Government has also recognised the merits of taxing all products over 10% alcohol content at a higher rate. This too is sound policy.

However a fatal policy flaw is that the taxation of wine and cider is still based on the value, not alcohol volume, of the product. Alcohol is alcohol. A standard drink is a standard drink. Alcohol taxation should reflect this truth. It is better tax policy to tax each alcohol product on its alcohol content rather than its value.

The Government's low-alcohol policy is poor. It only focuses on beer, and fails to provide clear incentives to encourage low-alcohol ready-to-drink alcohol products (RTDs) and wine. The Democrats have long campaigned for changes to alcohol excise to encourage the production and consumption of low-alcohol products, whatever their form. A key feature of any coherent alcohol policy should be the promotion of low-alcohol products.

The Democrats have consistently recommended that low-alcohol packaged RTD products be subject to the same tiered excise regime that has successfully encouraged the production and consumption of low-alcohol packaged beer.

The value-added Wine Equalisation Tax (WET) is a failure in two respects. It has created a low-price cheap-alcohol cask market that is at the recorded centre of alcohol abuse. Contrary to the myth, wine is also at the heart of alcohol abuse, not at its periphery. Secondly, it continues to punish the premium bottled wine sector. WET provides wine producers with an incentive to produce low-value wine. Research in the Northern Territory demonstrates that increasing the price of cask wine substantially reduced alcohol abuse.



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Beyond increasing the price of cask wine, a volumetric wine tax would also lower the price of higher value wines, which are over-priced by virtue of the WET. This, in turn, would stimulate that sector of the industry, and create jobs. There is consistent support for the view that all alcohol should be taxed volumetrically as alcohol regardless of its type. The Australian Medical Association supports moving to a volumetric wine tax. ADCA and other health lobby groups advocate a volumetric wine tax. Such a recommendation was also made by a House of Representatives Joint Committee report.

Inequities and anomalies continue in alcohol taxation. For instance, imported goods such as bourbon and brandy have tax advantages over domestic products. Brandy is concessionally taxed to other spirits. These policy differences are unnecessary and should be ended.

At present Customs is responsible for administration (ie licensing and audit) and policy of *imported* spirits and RTDs. However, the ATO is responsible for administration (ie licensing and audit) and Treasury is responsible for policy on *locally produced* spirits and RTDs. This creates unnecessary duplication, and a single administration, under the ATO, would significantly reduce red tape and costs.