

AUSTRALIAN CHRONIC DISEASE PREVENTION ALLIANCE



Submission to Senate Standing Committee on Community Affairs

Excise Tariff Amendment (2009 Measures No1) Bill 2009 Customs Tariff Amendment (2009 Measures No 1) Bill 2009

The Australian Chronic Disease Prevention Alliance (ACDPA) is an alliance of five non-government health organisations who are working together in the primary prevention of chronic disease, with particular emphasis on the shared risk factors of poor nutrition, physical inactivity and overweight and obesity.

The members of the ACDPA are:

- *Cancer Council Australia*
 - *Diabetes Australia*
 - *Kidney Health Australia*
 - *National Heart Foundation of Australia*
 - *The National Stroke Foundation*
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27 February 2007

Summary of key points

- Alcohol related harm costs the Australian community \$15 billion per year
- Alcohol is a known risk factor for chronic diseases such as cancer, heart disease and stroke, as well as a range of other health problems.
- Increasing the price of alcohol through higher taxation is potentially one of the most effective measures that can be used to reduce alcohol consumption, especially by young people.
- It has been estimated that increased alcohol taxes would reduce the cost of alcohol-related harm in Australia by nearly \$6 billion.
- Pre-mixed spirits are of particular concern in relation to teenage drinkers as their sweetness masks the flavour of alcohol.
- The increase in popularity of pre-mixed spirits amongst teenagers in recent years coincides with increases in the proportion of teenage drinkers drinking at harmful levels.
- The increased tax on pre-mixed spirits is supported by over 80% of Australians if most of the funds collected are used for preventative health programs, according to a recent Newspoll survey. Fifty-seven percent of respondents support the increased tax irrespective of how the funds are used.
- Independent data from the Australian Taxation Office and AC Nielsen show that there has been a net decrease in the volume of alcohol sold since the introduction of the increased tax on pre-mixed spirits, indicating that this tax is having the desired effect. Epidemiological and demographic research will be required to assess the impact of this tax measure in the longer term.
- Increasing alcohol taxation is a key component of a broader preventative health strategy being proposed by the National Preventative Health Taskforce, which includes as one of its aims a reduction of 30% in the prevalence of harmful drinking by all Australians by 2020.

Introduction

The Australian Chronic Disease Prevention Alliance (ACDPA) welcomes the opportunity to make this submission to the Community Affairs' Committee in relation to the Excise Tariff Amendment (2009 Measure No 1) Bill 2009.

The ACDPA is concerned about the toll that alcohol exacts on our community through injuries and increased rates of chronic disease such as cancer, heart disease and stroke. We strongly support the introduction of legislation to increase the excise on pre-mixed spirits, commonly referred to as 'alcopops', as an important measure to reduce alcohol consumption in Australia, particularly among younger people.

This submission complements and supports submissions made by individual member organisations of the ACDPA.

The costs of alcohol-related harm

Alcohol is a major cause of disease and injury in Australia. As well as contributing to violence, traffic and other injuries, alcohol is a known risk factor for cancer, heart disease, stroke and a range of other health problems.¹

The annual cost to the Australian community from alcohol-related harm is estimated to be more than \$15 billion.²

Reducing alcohol-related harm

Increasing the price of alcohol through higher taxation is one of the most effective measures we can use to reduce alcohol consumption, especially by young people.

There is strong evidence to support the effectiveness of using higher alcohol taxation including differential tax rates on forms of alcohol which are particularly subject to abuse, such as pre-mixed spirits, to reduce the social costs of alcohol abuse.³ This avenue is particularly effective in price sensitive markets such as underage drinkers.⁴

It has been estimated that decreasing alcohol consumption through higher alcohol taxation has the potential to reduce the cost of alcohol-related harm in Australia by nearly \$6 billion.⁵

Increasing alcohol taxation is also a key element of a broader preventative health strategy currently being proposed by the National Preventative Health Taskforce which addresses alcohol abuse, smoking and obesity. This strategy aims to achieve a 30% reduction in the prevalence of harmful drinking by all Australians by 2020.⁶ The Taskforce is due to present its final report by June 2009.

Alcopops and young drinkers

Risky drinking behaviour is a major problem amongst teenagers with around one quarter of all 14-19 year olds drinking at levels that put them at risk of short term harm at least monthly, with this behaviour more common amongst females (27.5 %) than males (24.5%) in this age group. In addition 8.8% drink at levels which put them at risk of long term harm, including increased risk of chronic diseases such as cancer, with the risk again higher amongst females (10.6%) than males (7%).⁸

Binge drinking at a young age can lead to longer term alcohol problems and increases the risk of developing chronic diseases such as cancer in the future. Early initiation to alcohol is associated with a higher risk of problem drinking in adulthood.⁷

Pre mixed alcoholic beverages , especially pre-mixed spirits are of particular concern in relation to teenage binge drinking as their sweetness masks the flavour of alcohol, encouraging consumption amongst younger teenagers that might otherwise be put off by the taste of alcohol They are particularly popular amongst young girls, who engage in risky drinking behaviour more frequently than boys of the same age, with 47% of 12-17 year old females who drink choosing to drink premixed spirits.⁸

The increase in popularity of pre-mixed spirits amongst teenagers in recent years coincides with increases in the proportion of teenage drinkers drinking at harmful levels. Amongst secondary school students aged 12-17 the proportion of current drinkers drinking at harmful levels increased significantly to 31% in 2005 from 26% in 1999. Over the same period, the proportion of drinkers in this age group drinking premixed spirits more than doubled both for females (up from 23% to 48%)and males (up from 6% to 14 %), while the proportion of teenagers drinking other forms of alcohol declined.⁸

The ACDPA considers that increasing the excise on pre-mixed spirits is an important factor in reducing the appeal and accessibility of these drinks to young people, and in curbing binge drinking behaviour, particularly amongst teenagers.

Funding for Preventative Health

The Government has made a commitment to allocate a significant proportion of the tax revenue resulting from the increased tax on pre-mixed spirits to fund preventative health strategies, including strategies to reduce the prevalence of harmful drinking in Australia. ACDPA considers that this would be an appropriate use of these funds.

Australia faces substantial increases in health system costs as the population ages and obesity rates rise leading to increased rates of chronic disease such as cardiovascular disease, diabetes, cancer and kidney disease. Implementing comprehensive prevention programs to reduce future chronic disease rates will be critical to the sustainability of the health system into the future.

Public support for the measure

A Newspoll survey was commissioned by the Cancer Council Australia, the National Heart Foundation of Australia, the Public Health Association of Australia and Action on Smoking and Health to look at community attitudes to the 'alcopops' tax as well as to tobacco tax.

The survey was conducted nationally from 5-7 September 2008 among 1202 respondents aged 18 years and over and results were post-weighted to Australian Bureau of Statistics data on age, highest level of schooling completed, sex and area, to reflect the population distribution.

Results from the survey show that 84% of respondents supported the increased excise on pre-mixed spirits if most of the funds collected were used for preventative health programs. Fifty-seven percent of respondents supported the increased tax irrespective of how the funds were used.

Detailed results of the survey are attached.

Impact of the tax on ready-to-drink alcoholic beverages, the so-called 'alcopops' tax,

Australian Taxation Office receipts for the five months following the introduction of the increased excise on pre-mixed spirits (May to September 2008) show that total spirits clearances decreased by 9.2% relative to the same period in 2007, including a 40% decrease for pre-mixed spirits and a 19% increase for full-strength spirits.

AC Nielsen data on retail sales of packaged liquor show that for the first full quarter from the introduction of the increased excise on pre-mixed spirits there was a net decrease in alcohol sales equivalent to 3 million standard drinks per week. This net decrease comprised a drop of 26.2% in sales of 'alcopops', equivalent to 7 million standard drinks per week, offset only partially by an increase in sales of spirits and packaged beer equivalent to 2.9 million and 1.1 million standard drinks per week respectively.⁹

These data indicate that the tax has been effective in reducing both consumption of pre-mixed spirits and overall alcohol consumption.

While these data are encouraging, it is too soon to be able to draw definitive conclusions about the impact of the tax. Additional epidemiological and demographic research will be required to complement information from sales data to assess the impact of this tax measure.

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- ¹ National Health and Medical Research Council. *Australian Alcohol Guidelines: Health Risks and Benefits* (2001)
- ² Collins D and Lapsley H. *The costs of tobacco, alcohol and illicit drug abuse to Australian society in 2004/05*. P3 2625. Canberra: Department of Health and Ageing, 2008
- ³ DJ Collins and HM Lapsley 2008. *The avoidable costs of alcohol abuse in Australia and the potential benefits of effective policies to reduce the social costs of alcohol*. National Drug Strategy Monograph Series No 70. Commonwealth of Australia 2008.
- ⁴ The Senate Standing Committee on Community Affairs Inquiry Report, June 2008. *Ready-to-drink alcoholic beverages*.
- ⁵ Collins D and Lapsley H. *The avoidable costs of alcohol abuse in Australia and the potential benefits of effective policies to reduce the social costs of alcohol*. Canberra: Department of Health and Ageing, 2008
- ⁶ Technical Report No 3: Preventing alcohol-related harm in Australia: a window of opportunity. *Prepared for the National Preventative Health Taskforce by the Alcohol Working Group*. : P3-4514 Commonwealth of Australia 2008.
- ⁷ Maggs, J.L. & Schulenberg, J.E. (2005) Initiation and course of alcohol consumption among adolescents and young adults. *Recent Developments in Alcoholism*. 17: 29-47.
- ⁸ Australian Government Department of Health and Ageing 2006. *Australian secondary school students' use of alcohol in 2005*. Report prepared for: Drug Strategy Branch, by Victoria White and Jane Hayman. June 2006
- ⁹ Personal communication. Australian Drug Foundation February 2009.