

The booze busters

The Rudd government is calling time on distillers and alcohol abuse, Tom Dusevic writes

THE hard liquor industry is losing its influence in Canberra as the federal government considers changes to the taxation system and new ways to control the consumption of spirits, beer and wine.

The capital's policy persuasion game is now more open, nuanced and less predictable for the purveyors of booze, especially those distillers who locked horns with the Rudd government on alcopops last year.

Under the slogan of preventive health, Rudd Labor is seizing the moment to do several things: reduce alcohol consumption across the community, build its brand as a health innovator, play on community fears about youth binge drinking and raise short-term revenue at a time of budget austerity.

While there are hints of classic Blairite message-merchandising in this play, it's more than that. Kevin Rudd is hunting for a health and social policy legacy, given that there will be little to show on hospitals reform, reining in health costs or delivering GP super clinics before the next election, due in about a year.

Right or wrong, alcohol is on the nose in middle Australia. One observer from the distilling industry believes the forces shaping the regulatory regime for alcohol — advertising, sales restrictions, trading hours, taxing tendencies — are akin to those that were in place for tobacco two decades ago.

"The pressure from governments, the public and health activists is on," says the industry player, who does not want to antagonise federal Labor, an outfit he feels will be in power for some time.

"We have to make sure that those forces don't overwhelm the distilling industry because alcohol is a very different product to tobacco."

According to Mal Higgs, president of the Australian Liquor Stores Association, higher health experts' control model that some call "the Nordic solution".

"We have to put our case forward to the federal government that the blunt instrument of taxation has not worked elsewhere. We believe firmly that if you want to change the drinking culture you have to take a broader and more systematic approach. It's a debate we need to have," Higgs says.

It's not quite wowserism or kick-the-proles that Labor is exploiting, but it does have that flavour at times, with hints of social engineering and a hypocrisy aftertaste. Cracking down on teenage drinking and antisocial behaviour is a political winner and a staple of tabloid media campaigning.

Proselytising health is also handy cover for a revenue-challenged federal government trying to slice a few profit points from Big Alcohol; for state administrations, being tough on drugs and enforcing law and order is a vote-winning staple.

Some producers say they have had trouble in presenting their views directly to Health Minister Nicola Roxon, who has carriage of the issue.

Companies and their lobbyists fear the federal government has already made up its mind to raise the various taxes on alcohol it collects, which are at present being examined by Treasury secretary Ken Henry in his review of Australia's tax system.

Not all purveyors of grog are equal in Canberra, however. Brewers are enjoying a charmed run at present. Paul Evans, director of government and regulation at Lion Nathan, says he has a great relationship with Roxon and her office; the sentiment is shared.

"We are motivated by the same desire to encourage responsible consumption of alcohol and minimise harm," Evans says.

"While we don't always agree on how this may best be achieved, we've found the level of engagement with and access to the minister and advisers to be excellent."

Distillers, however, are out of favour, in large part due to their handiwork on the alcopops issue. Some wine folk are nervous, particularly the large producers, about possible new taxation rules that would push up the price of cask wine if taken up by the Henry review.

Public health experts advising the federal government on preventive health strategies believe that the battle over alcopops was a signal event. In April last year, Treasurer Wayne Swan increased by 70 per cent the



Drink up while you can afford it: Indications are firming that the tax regime on hard liquor is about to change as part of the government's preventive health strategy

Picture: Reuters



Determined to act: Nicola Roxon

excise on ready-to-drink products, hoping to boost revenue by \$3 billion over four years.

The measure, which Swan argued was to "close a tax loophole" created by the Howard government, increased the average retail shelf price of alcopops by one-quarter, caused a 30 per cent drop in sales in the subsequent 12 months and saw drinkers switch to beer and spirits.

After a prolonged campaign by alcohol distillers, supported by the federal opposition, to kill off the RTD tax hike, Roxon and the government prevailed in August.

"This is a clear win in the battle against binge drinking," Roxon argued at the time. "Since the introduction of the legislation 720,000 less standard drinks are being

AUSTRALIA ON THE GROG

■ Annual consumption of alcohol for Australians aged over 15 is nearly 10 litres each.

■ About 90 per cent of Australians above the age of 14 (about 14.2 million people) have consumed alcohol; 40 per cent drink weekly; and 8 per cent drink daily.

■ The highest proportion of daily drinkers are those over 60.

■ Many drink at harmful levels. The majority, 60.8 per cent over 14, drink at levels that involve a low risk of harm. Almost one-tenth over 14 drink at levels considered risky or of high risk to health.

■ Those living in remote or very remote areas are more likely to drink at risky or high-risk levels.

■ Young Australians are starting to drink at an earlier age, and most drink in a way that puts their health at risk.

consumed per week." That outcome has emboldened health activists, particularly those who have the ear of government.

"The drinks industry can no longer rely on its clout," says Curtin University of Technology's Mike Daube, who is deputy chairman of Roxon's preventive health taskforce.

"The alcopops tax rise was a real landmark because it was the first time that a government has faced down the drinks industry, faced down the distillers."

In its preventive health strategy, released in September, the taskforce called for reform of

■ Young adults, as well as teenagers drink at high-risk levels. There is no standard definition of binge drinking.

■ Teenagers and young adults are more likely to consume alcohol at levels associated with short-term harm and long-term risk.

■ Females between 12 and 17 have a very strong preference for drinking premixed spirits and bottled spirits.

■ The price of alcohol beverages is a factor determining how available alcohol is to adolescents, who have limited disposable income.

■ There is a substantial body of evidence that shows alcohol consumption is responsive to changes in prices. The lower the price, the greater the demand. The higher the price, the lower the demand.

Source: Australian Medical Association.

alcohol taxes and pricing to discourage harmful drinking after concluding "that policies that raise the price of alcoholic beverages are an effective means of reducing alcohol consumption".

It also cited evidence that "price increases reduce problem drinking, including binge drinking".

The present system of excises and the wine equalisation tax is chaotic and anomalous, a product of decades of lobbying and schmoozing Labor and the Coalition parties. The tax rate on a standard size drink depends on the

beverage type, alcohol concentration, volume of container, size of producer and the pre-tax price of the product.

A number of submissions to the taskforce called for a flat rate of tax per litre of pure alcohol or a volumetric approach.

But the taskforce recommended a tiered volumetric system of taxation, so that a stepped increase in tax rates would provide incentives for producing and consuming lower strength alcohol products and disincentives for higher risk beverages. As well, it called for a minimum floor price for alcohol and new restrictions on sales, promotions and trading hours.

According to Higgs, the taskforce has gone too far.

"Our view is that raising prices, reducing availability and shortening trading hours are shock tactics that will only hurt the public," he says. "Draconian control methods won't make any difference to the problem of excessive drinking."

As part of the public consultations on the federal government's three health blueprints — primary health care, prevention and health and hospitals reform — last Monday in Canberra Roxon met representatives from the food and beverages industry, sporting groups and health experts.

She also convened a meeting in her ministerial suite with the National Alcohol Beverage Industry Council, a peak body that brings together brewers, distillers, wine-makers, retailers and hoteliers.

Higgs is chairman of NABIC and he was buoyant, and relieved, after the group's first meeting with Roxon.

"The alcohol industry doesn't push its weight around," Higgs says.

"We want to be part of any solution that

minimises alcohol abuse. We want to engage with the government."

Roxon has asked NABIC for a more detailed response to the issues, which Higgs says the industry will provide in the coming months. Government sources say that the Henry review will set the scene for alcohol tax reform next year, as will Roxon's preventive health taskforce about the realisation that we need to be responsible about our own actions," Higgs says.

Rudd and Roxon will have their work cut out to get the balance right among all the competing interests, especially with the public mood change on alcohol abuse. No one has the desire to kill alcohol in the way that tobacco has been beaten. But if the federal government pushes too hard on price and tax, it will bring on an all-in brawl.

Labor does not like making enemies. Roxon is trying hard to avoid the Nanny Nicola tag in her pursuit of taming "the scourge of teenage binge drinking". Rudd has his eye on an election where he'll be keen to be seen as Preventive Kev, health planner for an ageing population and fayer of Big Alcohol.

For now, the leading distillers are nursing their wounds, hoping that the next blow when it comes is a gentle assault rather than a political king hit.

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