



AUSTRALIAN HOTELS ASSOCIATION

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RESPONSE TO THE ANPHA DRAFT REPORT

The Australian Hotels Association (AHA) welcomes the Draft Report of ANPHA's examination of the public interest case for minimum alcohol pricing. The AHA provided a detailed submission to the Agency and is pleased to see several aspects and arguments raised in this document picked up in the Draft Report. We are particularly pleased that the Agency has agreed with the AHA's view that minimum alcohol pricing should not be instituted by governments at this time.

The AHA is concerned that the Draft Report provides unsolicited commentary on the taxation system for alcoholic products, going so far as to recommend a "reappraisal" of the Wine Equalisation Tax (WET). In our view this is beyond the brief given to the Agency by the Federal Government, which has only recently completed a comprehensive review of the tax system through the Henry Review and the Tax Summit.

The Government's decision to task ANPHA with investigating minimum pricing arose from a recommendation of the 2009 report of the National Preventative Health Taskforce. The AHA notes that the immediately previous recommendation from this same report dealt with alcohol taxation and clearly acknowledged that the Federal Government had already conducted a tax review through the Treasury and "has decided not to amend alcohol taxation further".¹ In the process of producing the Henry Tax Review, a number of options for changes to alcohol tax were considered, including changes to the WET and the introduction of a volumetric alcohol tax system. These were then rejected by the Government in its response to the Report.

For the same reasons the AHA opposes minimum alcohol pricing, we also oppose volumetric alcohol taxation. Population-wide measures that impact unfairly on the majority of moderate and responsible drinkers in order to target the minority of people who misuse alcohol should not be supported over measures that target directly the groups of people who face problems with alcohol.

The Draft Report identifies "at risk" groups including indigenous Australians, rural Australians, pregnant women and people with low incomes. These are each minority groups within the broader population and their alcohol-related issues can be addressed through more direct and effective measures than by introducing price controls that also impact adversely on the entire population of adult drinkers.

The Draft Report notes the contentious nature of recently produced 'cost of harm' studies, including the Collins & Lapsley and FARE studies. The AHA welcomes the Agency's acceptance that the findings of these studies are disputed and its willingness to acknowledge this in its Draft Report. Our view remains that these studies are biased in nature and aimed at concocting an inflated total 'cost'

¹ *Taking Preventative Action – Response to 'Australia: The healthiest country by 2020', Commonwealth of Australia 2010*

figure for alcohol in an attempt to justify calls for radical regulation on the sale and promotion of alcohol products. The AHA maintains that governments should not use such heavily disputed figures as the basis for developing public policy.

The AHA cautions against the introduction of radical interventionist policies such as minimum pricing or tax increases to deal with alcohol misuse at a time when:

- Total average annual alcohol consumption in Australia is in long term decline²;
- The number of people abstaining completely from alcohol is increasing;
- Instances of 'binge drinking' are becoming less frequent;
- Fewer women are drinking alcohol during pregnancy; and
- The average age of initiation to alcohol has not changed³.

Even within the wine sector, the subject of the Agency's tax recommendation, consumers have been trending towards higher-priced wines since at least 2003⁴, and the cask wine category is in a significant and long-term decline in terms of its proportion of total wine sales⁵.

In its initial submission the AHA argued against introducing population-wide measures to address concerns about the alcohol misuse by small sections of the community. For the same reasons the AHA has concerns about using taxation as a public health measure. The results would be the same.

As the Draft Report states, the public interest case for minimum alcohol pricing has not been made. Harmful drinkers will not be affected by alcohol price increases to a degree that justifies the impact on the majority of responsible drinkers. This principle applies both to minimum pricing and to volumetric taxation.

In relation to the Agency's recommendation on the collection of wholesale sales data, the AHA supports the concept of gathering evidence on consumption patterns but cautions the Government against placing excessive credence on wholesale sales data. In recent years the proportion of alcohol purchased by hotels from traditional wholesale providers has decreased, with many hotels making bulk purchases directly from major liquor retailers which are not identified as 'wholesale'. Similarly, the wholesale purchases made by these major retailers could skew the overall results.

The AHA also has concerns about significant cost and red tape burdens being placed on its members if data were to be collected at the licensee level and notes that this would be in the realm of the states and territories to implement through their individual liquor licensing legislation.

On behalf of the AHA I thank ANPHA for its open and transparent process in putting together its paper on this issue and look forward to the release of the Agency's Final Report. Please contact the AHA National Office if we can provide any further information of assistance.

Yours sincerely



Des Crowe
National Chief Executive Officer

² Australian Bureau of Statistics (2012) *Apparent consumption of alcohol, Australia – 2010-11*

³ Australian Institute of Health and Welfare (2011) *2010 National Drug Strategy Household Survey report*

⁴ Nielsen ScanTrack Liquor Custom Analysis 2012

⁵ Australian Wine & Brandy Corporation (2012) *Winefacts*, accessed 8 July 2012 at www.wineaustralia.com