

# National Seniors

Australia

**Submission in Response to**

***Exploring the Public Interest Case for a Minimum  
(Floor) Price for Alcohol***

29 November 2012

## About National Seniors Australia

With a quarter of a million members Australia-wide, National Seniors is the consumer lobby for the over-50s. It is the fourth largest organisation of its type in the world.

***We give our members a voice*** – we listen and represent our members' views to governments, business and the community on the issues of concern to the over 50s.

***We keep our members informed*** – by providing news and information to our members through our Australia-wide branch network, comprehensive website, forums and meetings, bi-monthly lifestyle magazine and weekly e-newsletter.

***We provide a world of opportunity*** – we offer members the chance to use their expertise, skills and life experience to make a difference by volunteering and making a difference to the lives of others.

***We support those in need*** – as a not-for-profit organisation, we raise funds and redirect monies received to older Australians who are most in need.

***We help our members save*** – we offer member rewards with discounts from over 7,000 business across Australia, we offer discount travel and tours designed for the over 50s, and we provide older Australians with affordable, quality insurance to suit their needs.

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## National Seniors Recommendations

1. National Seniors recommends that introduction of a minimum price on alcohol in designated communities should always be a decision made with the consent of the community, implemented alongside a range of other harm reduction programs and carefully monitored to balance the loss of individual autonomy against benefits to the health and social capital of the community.
2. National Seniors recommends exploration of demand management strategies to reduce binge drinking among young people, including reducing their access to cheap bulk alcohol and monitoring the regulation of supply to underage drinkers.
3. National Seniors recommends exploration of demand management strategies to address the harmful consumption of alcohol by specific segments of the population, rather than by the blunt demand management instrument of increasing price of low price alcoholic beverages which will impact significantly on low income older Australians.
4. National Seniors recommends that improvements in national data collection of wholesale sales by beverage type are matched by targeted research into the alcohol consumption patterns of different population groups including categories related to age, region, employment status, occupation and family situation.
5. National Seniors recommends that responsible drinking messages include segments advising older people of increased risks associated with drinking alcohol as people age, including reduced tolerance, interactions with medications, depression and considerations of changes to their vision and mobility.

## **Introduction**

National Seniors Australia appreciates the opportunity to provide feedback on the Australian National Preventive Health Agency's Draft Report *Exploring the Public Interest Case for a Minimum (Floor) Price for Alcohol*.

National Seniors acknowledges the need to address consumption patterns that are likely to result in harm to an individual's health and safety or the health and safety of others. However we note that the majority of comments from our members supported the data that the proportion of the population that drink alcohol daily was quite low at 7%.<sup>1</sup>

Members of National Seniors provided very clear responses to the potential increase in cost of their preferred alcoholic beverage as a result of the proposed introduction of a minimum floor price for alcohol or change in taxation methodologies applied to alcoholic beverages.

In particular, members expressed strong concerns regarding the application of whole of population strategies to all individuals with the aim of reducing the harmful drinking behaviours and patterns of consumption of the small group whose consumption of alcohol results in challenges to the safety of the population and/or to their own safety and health.

We note the uncertainties associated with using price mechanisms to reduce harmful consumption of alcohol across different segments of the population and concerns expressed by older people and people on low incomes in international consultations regarding the imposition by government of higher costs for alcohol.

Many members saw such strategies as an invasion of their right to take responsibility for their own consumption of alcohol and to maintain their current lifestyle on budgets which are under constant pressure from increases to their cost of living. For example, they felt that a potential increase of quadruple or double the cost of a cask of wine would impact on their ability to socialise and offer hospitality to their family and friends.

## **Our Position**

National Seniors notes that consumption of alcohol is culturally entrenched in Australian society, with 80% of the Australian population aged 14 and older reporting in 2010 that they consumed alcohol in the previous year. Therefore there is a responsibility for society and individual responsibility to promote consumption at moderate levels.

We acknowledge the need to address consumption patterns that are likely to result in harm to an individual's health and safety or the health and safety of others. Of most concern are the self-reports of 40% of the population that they

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<sup>1</sup> Australian Institute of Health and Welfare (AIHW) 2011. 2010 National Drug Strategy Household Survey Report. Drug statistics series no. 25. Cat. No. PHE 145. Canberra: AIHW

consumed alcohol at levels that could result in short term harm at least once in the previous year and 20% consuming at levels which risk long-term harm.<sup>2</sup>

National Seniors' comments in relation to the conclusions in the draft report of the Australian National Task Force Agency (the Agency) are provided below.

*135. In conclusion, the Agency advises the Commonwealth Government that a minimum price for alcohol should not be introduced nationally at this time. Use of such a regulatory measure should continue to be considered, where it can be effective, in more local circumstances in Australia.*

National Seniors agrees with the Agency's findings that a minimum floor price on alcohol is most likely to deliver increased revenue to wholesale distributors and would not benefit producers or enhance the ability of Government to conduct a range of harm minimization or reduction programs. Therefore it would not deliver sufficient specificity and reach to support public health and safety outcomes.

The positive impact of such a measure is recognized in local communities (eg remote Indigenous) where significant individual and community harm has been documented as a result of harmful alcohol consumption. We note the data in the report indicates that there is a polarization of drinking behaviours within Indigenous communities, namely that Indigenous Australians were more likely to abstain (1.4 times) and more likely to drink at harmful levels (1.5 times) than the non-Indigenous population.

Such a measure could be seen as discriminatory as it removes personal responsibility and choice and imposes additional costs on communities that are already among the poorest in the nation. Therefore introduction of such a measure should always be a decision made with the consent of the community and carefully monitored to balance the loss of individual autonomy against benefits to the health and social capital of the community.

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1. **National Seniors recommends** that introduction of a minimum price on alcohol in designated communities should always be a decision made with the consent of the community, implemented alongside a range of other harm reduction programs and carefully monitored to balance the loss of individual autonomy against benefits to the health and social capital of the community.
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*136. Furthermore, based on public health considerations, the Agency finds that the current operation of the Wine Equalisation Tax is of concern and requires reappraisal.*

### Comments on the current taxation regime

The draft report outlines the unintended consequences to the wine industry and to harmful consumption of alcohol of the application of the Wine Equalisation Tax, which is calculated on products sold during assessable dealings at 29% of

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<sup>2</sup> See reference 1 above

the wholesale value of wine sold in each year. Thus the current taxation regime is applied on the basis of the wholesale price of the wine rather than the alcohol content by volume.

Further reduction in tax is available to eligible Australian and New Zealand wine and traditional cider producers who are able to apply for an annual rebate of WET on up to \$500,000 of wine sold annually at wholesale prices, thus substantially reducing the cost of wine to the consumer.

The inconsistencies and resulting price inequities in the current application of taxes to the sale of alcoholic beverages appear to have influenced the production of bulk wine and the choice of alcoholic beverage by different segments of the population. This is also likely to have contributed to the rising consumption of wine and decreasing consumption of beer from the 1970s to the 2000s, which has resulted in a dovetailing in 2010\_11 of Australians' consumption of pure alcohol from each of these beverages.

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*National Seniors member comments:*

*Every pensioner and Australian for that matter is paying the price of alcohol that is too cheap and readily available. ... Raising the price of alcohol may be an option but it is guaranteed to upset quite a number of consumers and businesses.*

*Sure, alcohol can cause problems but IMO it's not the biggest problem society has.*

The flooding of the market with wine of variable quality and usually at low or discounted prices has raised concerns regarding unfair competition among elements of the brewery and distilled spirit industries. Meanwhile many in the wine industry have also expressed disquiet and would prefer to see a reduction in overall quantity and a higher quality of wine produced to improve long term sustainability of the industry.

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*National Seniors member comment:*

*The grape growers who supply the wine industry are almost broke already; this is big business in the Sunraysia district (Victoria), Riverland (South Australia), and the MIA (NSW); elevating the price of the end product will drive many completely out of business. While I do not drink alcohol, I see no problem with those sensible enough to drink in moderation - and enjoy it.*

Worthy of note is the extreme reduction in the price of cask and bulk wine in recent decades. When combined with aggressive discounting by wholesale and retail outlets, four litre wine casks can be purchased for as little as \$2.50 per litre for a 12% alcohol by volume beverage.

It is estimated that the introduction of a common volumetric tax on alcohol content could double or quadruple the cost of some wines. The cost of heavily discounted wine could increase to \$40 or higher for a four litre cask.

National Seniors' members have expressed concern about the harmful levels of binge drinking by young people and their unfettered access to very cheap bulk wine. The draft report presents evidence for the use of price increase strategies to curb binge drinking among younger people (46)<sup>3</sup>.

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*National Seniors member comments:*

*Anyone who goes into Fortitude Valley here in Brisbane on a Friday or Saturday night will find that it's the young people "who have gone mad".*

*I would be happier if the government raised the legal drinking age to 21 as in the States. It won't stop young people from drinking but it would make it harder for them to get alcohol and in doing so, hopefully help to break the binge drinking culture in some younger people.*

Differential access of segments of the population to bulk wine as a harm reduction strategy may address harmful consumption of alcohol through binge drinking among younger people. While strategies of this type raise ethical issues, there is precedence for their use in public health and safety responses.

Mechanisms to reduce harm experienced by young people are already in place regarding purchase of alcohol and cigarettes and licensing of young and/or inexperienced drivers. Similarly, the age at which young people access bulk and/or discounted alcohol could be raised to 21. Thus sales of cask wine, multiple bottle purchases and slabs of beer would require proof of identification and regulatory monitoring.

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2. **National Seniors recommends** exploration of demand management strategies to reduce binge drinking among young people, including reducing their access to cheap bulk alcohol and monitoring the regulation of supply to underage drinkers.
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### Increased taxation or price control as a harm reduction strategy

National Seniors is well aware of the potential for consumption of alcohol to result in threats to the health and safety of individuals and other members of the public. We also recognize the need to support people who are consuming alcohol at harmful levels to reduce their consumption.

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*National Seniors member comments:*

*Excessive alcohol consumption is a leading cause of marriage breakdown, ill health, road deaths, and various crimes of passion (... thereby) providing a bonanza for courtrooms and jails and overloading our hospitals with patients. Huge increases in the cost of alcohol could see more families starving when all of the money in the pay packet is gone.*

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<sup>3</sup> Australian National Preventive Health Agency. *Exploring the Public Interest Case for a Minimum (Floor) Price for Alcohol*. Draft Report November 2012.

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*Instead of looking for another tax to apply to people, try addressing the problem. ... An increase in the price of alcohol is more likely to reduce people's ability to buy good healthy food or pay rent.*

*There is little doubt that excessive alcohol consumption is a major problem in our society. It seems to be getting progressively worse as our society's values crumble. I don't believe increasing the price will solve the problem. That will only increase hardships for families where members are addicted to alcohol and increased levels of theft. We need to change the culture as we are doing with smoking. We should be banning alcohol advertising on television and in sporting codes... just as we did with cigarettes.*

However older Australians are of the opinion that their own moderate consumption of alcohol should not be impacted through price increases because of the harmful consumption of alcohol by other segments of the population.

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*National Seniors member comments:*

*In point 4 of this paper it is stated that over the last 50 years alcohol consumption per capita has fluctuated between increase and decrease cycles and is currently decreasing. The paper also states in point 8 that the majority of Australians drink moderately. Why then the need to even consider taking drastic action to massively increase the price of alcohol?*

*It is not my fault that some people cannot handle their booze. Extra price will only mean extra tax for the government. It will not change the problem. ... some people can just not be helped and they should just let the rest of us get on with our lives. Addicts will be addicts and responsible people will look after themselves. I think it's called living? Why should I pay extra for my two glasses of wine per day because someone else can't stop before they write themselves off? Adults should not need a nanny!*

Current price differentials may have implications for the beverage chosen by moderate drinkers on low incomes as well as by those consuming alcohol at harmful levels, either through binge drinking or habitual consumption.

However care must be exercised in assuming that choice of beverage is based on price alone, as evidenced by the demand for beer being more inelastic to price increases than demand for wine or spirits (41).

The report also cites evidence (43 and 44) that harmful drinkers are less responsive to changes in price than moderate drinkers and more likely to switch between products to seek a less expensive beverage that delivers the similar amount of pure alcohol.

In contrast, young people who binge drink and moderate drinkers on low incomes are very price sensitive to increases in the price of alcohol. The AMA supports the premise that *a minimum pricing strategy is a particularly potent strategy for reducing alcohol consumption in young people* (90).

The report states that moderate drinkers may only be marginally affected by a minimum price and that the evidence for the effect of a minimum price on low-income individuals and households is limited (76 and 77).<sup>4</sup>

However National Seniors members claim that many older Australians on low incomes and who are moderate drinkers are already consuming lower priced alcohol, in particular cask or bulk purchased wine and have little capacity to shift to lower priced alternatives.

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*National Seniors member comments:*

*We buy cask wine because we cannot afford bottles. A cask lasts us a month. Get out of our lives with more taxes.*

*Once again taking away from pensioners and families who buy a cask so mum and dad can have a wine together because they can't afford to go out to dinner. They won't be able to afford a cask if \$50. Just because some people don't take control of their own lives, and drink to moderation. It's sad.*

### Responses to harmful levels of alcohol consumption

National Seniors suggests that a number of targeted demand strategies could be explored to address differential responses among harmful drinkers.

Options suggested by members included limiting the hours of operation of clubs and other licensed premises, raising the drinking age to 21, regulating supplies of alcohol to underage drinkers, and providing support to drinkers experiencing long term harm.

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*National Seniors member comments:*

*Too broad an approach to curb excessive drinking. Target those premises frequented by the excessive boozers to curb their drinking in public places instead and/or reduce opening time.*

*Close clubs and pubs earlier and stop the sale of alcohol in all other places earlier in the night. Improve the CCTV coverage in the problem areas and increase the penalty for drunken attacks. No one wants a police state but people do want to go out at night and be safe.*

*...it is about time people took control of their own lives and looked for help, there are plenty of resources available to those who need help already paid for by our taxes. Instead the majority of the population who do the right thing are penalized by raising taxes again!*

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3. **National Seniors recommends** exploration of demand management strategies to address the harmful consumption of alcohol by specific segments of the population, rather than by the blunt demand management instrument of increasing price of low price alcoholic beverages which will impact significantly on low income older Australians.
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<sup>4</sup> See reference 3

*137. And finally, consistent with the National Alcohol Strategy, the Agency strongly encourages state and territory governments to continue, or to initiate, the collection of wholesale sales data in order to enable and improve the essential research and analysis required to inform evidence-based public policy decisions.*

The current uncertainty regarding levels of alcohol consumption across Australia limits researchers' ability to interrogate population wide public health morbidity and mortality data against levels of alcohol consumption and highlights weaknesses in the targeting of harm minimization strategies.

Queensland, Western Australia and the Northern Territory currently collect alcohol sales data and the Australian Capital Territory is likely to commence collection in the next 12 months. National Seniors believes that it is essential for all States and Territories to recommence collection of alcohol sales data, as occurred prior to 1997.

National Seniors supports the extension of the collection of wholesale sales data by alcoholic beverage type to all States and Territories to improve the targeting of public health initiatives designed to address the harmful consumption of alcohol. However we also believe that current data on alcohol consumption patterns across different population groups is essential to more effectively target those groups who are consuming alcohol at harmful levels.

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4. **National Seniors recommends** that improvements in data collection of wholesale sales by beverage type are matched by targeted research into the alcohol consumption patterns of different population groups including categories related to age, region, employment status, occupation and family situation.
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## Conclusion

National Seniors does not support the introduction of a minimum price or common volumetric tax on alcohol at this time. We note that public discussion surrounding the introduction of minimum prices in other countries (most recently in the United Kingdom) has raised similar community and industry concerns to those expressed in our response.<sup>5</sup>

National Seniors prefers a focus on improved data collection to inform exploration of demand management strategies that may address the harmful consumption of alcohol across identified segments of the population and the enhancement of current public health and safety approaches.

Although not within the scope of the current draft report, recent media reports have described research that raises concerns about the patterns of alcohol consumption among sub-groups of older Australians.<sup>6 7 8</sup> Therefore it would appear timely to raise awareness among older Australians of the age related changes and health conditions that affect tolerance to alcohol and the levels of consumption that constitute moderate drinking as we age.

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**5. National Seniors recommends** that responsible drinking messages include segments advising older people of increased risks associated with drinking alcohol as people age, including reduced tolerance, interactions with medications, depression and considerations of changes to their vision and mobility.

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<sup>5</sup> James Kirkup. *Why your home tipple may cost more*. The Telegraph 29 November 2012 Media articles at:

<http://www.telegraph.co.uk/news/9706958/Why-your-home-tipple-may-cost-more.html> and <http://news.google.com.au/news/story?ncl=http://www.telegraph.co.uk/news/9704178/Alcohol-crackdown-may-end-MandS-10-dinner-deals.html&hl=en&geo=au>

<sup>6</sup> Papers presented to the *Older People, Alcohol and Other Drugs* seminar hosted by Drug Info on 5 September 2011 at: <http://www.druginfo.adf.org.au/druginfo-seminars/seminar-older-people-alcohol-and-other-drugs>  
Lubman, D and Hunter, B *Older People and alcohol and other drugs*. 2011

Rota-Bartelink, A. *Long term Problematic alcohol use and the older person*. 2011

<sup>7</sup> Wilson, K. 2012. *Calls for new drinking guidelines for older people*. Melbourne University at:

<http://www.abc.net.au/news/2012-11-21/call-for-new-drinking-guides-for-older-people/4383662>

<sup>8</sup> Wilkinson, C. et al. *An exploration of how social context and type of living arrangement are linked to alcohol consumption amongst older Australians*. November 2012. (Note this study is based on interviews with a small number of residents (42) in a Perth WA retirement village.) At: <http://www.fare.org.au/wp-content/uploads/2012/11/FARE-Final-Report-Wilkinson-et-al-20122.pdf>