

Taxes the Answer to Alcohol Abuse - 17 Oct 2009

Professor Margaret Hamilton - 17 October 2009



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How we tackle the problems associated with consumption of our favourite drug – alcohol - is a real challenge for the country. In my experience, everyone regards himself or herself as something of an expert on this topic.

Most of us consume alcohol, yet few of us believe that we ever contribute to alcohol-related problems. It's those "other people", especially the young, who are usually held responsible. Yet evidence suggests that all drinkers, even moderate drinkers, contribute to the harms associated with alcohol.

We cannot deal with the problem of young people's drinking without taking responsibility for, and dealing with, the consequences of our own desire for alcohol and how all of us drink. We must accept that alcohol is a potent drug that many of us use because it can help us relax, socialise and celebrate. But it can also adversely change our mood, our thinking and potentially, our behaviour.

For this reason it must be regulated, and we must accept that we will all need to pay for the privilege of drinking.

The overwhelming acceptance of alcohol as a part of everyday life contributes to its ready availability, comparative low price and the expectation that some think of as a right to consume.

As an extension of this, culturally it seems that it has become OK to get drunk. It is these episodes of drunkenness that especially contribute to the harm associated with alcohol consumption.

The harms are wide-ranging and include aggression, fights and assaults in both public and private places. It can make our public spaces and public gatherings - be it at parties, clubs, pubs or big events - unsafe and unattractive. None of us likes the fear that drunkenness creates.

To change course we must be willing to accept and support effective interventions. Reducing the downside of alcohol use will continue to allow us to benefit from the pleasure of responsible use. An examination of the recommendations of the National Preventative Health Taskforce reveals its determination to achieve this.

It has sensibly focused on total population approaches; those that international research show to be the most effective ways of preventing harm, and not those that are the most popular or politically easy. The Taskforce is to be congratulated for taking a clear evidence-grounded approach. This includes using the most effective lever: price. Whether we like it or not, we all respond to pricing more readily than to educational messages and advice about what we should do. The hip pocket is a stronger lever than chalk and talk.

The Taskforce focused on three areas: a rationalised taxation and excise system, minimum alcohol pricing, and redirecting a proportion of revenue from alcohol taxation towards prevention programs.

The logic of relating taxation to alcohol content is consistent with the pricing policies of most consumer goods. Research broadly shows that as the price of an alcohol product increases, demand decreases.

This results in at least one of three outcomes. Fewer people will consume alcohol, less alcohol will be consumed or people will choose a substitute alcohol product. Quite simply, all three of these outcomes can help to reduce the harms associated with alcohol consumption.

Reviews from over 100 studies of the impact of price on alcohol consumption consistently find this relationship and suggest that an increase in price of 10 per cent reduces total consumption by around 5 per cent on average.

In addition, studies show that price increases reduce problems due to alcohol, including binge drinking and a variety of alcohol-related harm.

Opponents to increasing the price of some alcohol products repeatedly suggest that this is unfair on those who are less well-off.

While it is likely that low-income groups will be more sensitive to price changes, there is mixed evidence on how regressive alcohol taxation is. However, even if alcohol taxes impact more on disadvantaged sub-groups, it is these very groups who are more likely to experience more alcohol-related harm, either through their own use, or the behaviours of others.

Increased taxes may actually reduce some inequalities through more substantial health improvements within these groups. Price changes are not intended to threaten "the right to drink", but rather, to promote the right to health and safety.

Additionally, changes in alcohol pricing need to be seen in the context of other supporting measures recommended by the Taskforce.

We have our own past Australian example of the evaluation of a mix of measures with the Northern Territory's Living With Alcohol program, where a levy of 5 cents per standard drink on the sale of alcohol products with more than 3 per cent alcohol was used to fund a range of additional alcohol prevention measures.

Evaluations found that combining alcohol taxes with comprehensive programs and services were associated with significant declines in alcohol related harm.

It is hoped that the Henry taxation review will address alcohol taxation and combine with the Taskforce recommendations to propel us in to a better future with a safer approach to alcohol.

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