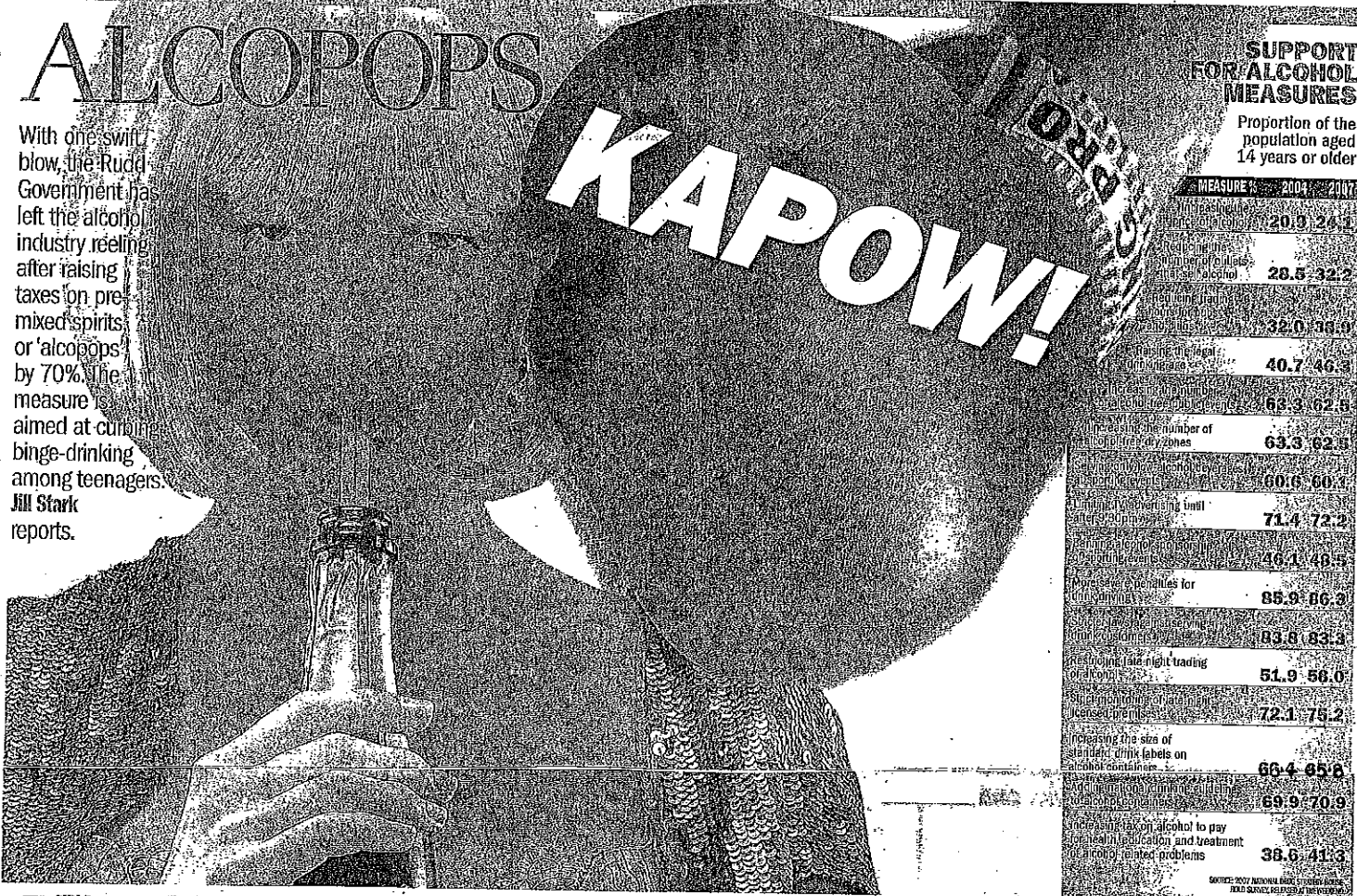


ANALYSIS & DEBATE

TEENAGE DRINKING

ALCOPOPS

With one swift blow, the Rudd Government has left the alcohol industry reeling after raising taxes on pre-mixed spirits or 'alcopops' by 70%. The measure is aimed at curbing binge-drinking among teenagers. **Jim Stark reports.**



SUPPORT FOR ALCOHOL MEASURES

Proportion of the population aged 14 years or older

MEASURE	2001	2007
Reducing the number of alcohol-licensed premises	20.0	24.1
Reducing the number of alcohol outlets	28.5	32.2
Reducing the number of alcohol outlets in residential areas	32.0	36.0
Reducing the number of alcohol outlets in public places	40.7	46.3
Reducing the number of alcohol outlets in public places in residential areas	53.3	62.5
Reducing the number of alcohol outlets in public places in residential areas in residential areas	63.3	62.5
Reducing the number of alcohol outlets in public places in residential areas in residential areas in residential areas	60.6	60.7
Reducing the number of alcohol outlets in public places in residential areas in residential areas in residential areas in residential areas	71.4	72.2
Reducing the number of alcohol outlets in public places in residential areas in residential areas in residential areas in residential areas in residential areas	46.1	48.5
Reducing the number of alcohol outlets in public places in residential areas in residential areas in residential areas in residential areas in residential areas in residential areas	85.9	86.3
Reducing the number of alcohol outlets in public places in residential areas in residential areas in residential areas in residential areas in residential areas in residential areas in residential areas	83.6	83.3
Reducing the number of alcohol outlets in public places in residential areas in residential areas in residential areas in residential areas in residential areas in residential areas in residential areas in residential areas	51.9	56.0
Reducing the number of alcohol outlets in public places in residential areas in residential areas in residential areas in residential areas in residential areas in residential areas in residential areas in residential areas in residential areas	72.1	75.2
Reducing the number of alcohol outlets in public places in residential areas in residential areas in residential areas in residential areas in residential areas in residential areas in residential areas in residential areas in residential areas in residential areas	66.4	65.6
Reducing the number of alcohol outlets in public places in residential areas in residential areas in residential areas in residential areas in residential areas in residential areas in residential areas in residential areas in residential areas in residential areas in residential areas	69.9	70.9
Reducing the number of alcohol outlets in public places in residential areas in residential areas in residential areas in residential areas in residential areas in residential areas in residential areas in residential areas in residential areas in residential areas in residential areas in residential areas	38.6	41.3

JOHN Rogerson was still in bed when the call came yesterday morning. The head of the Australian Drug Foundation quickly realised his Sunday sleep-in would have to wait. On the phone was Senator Ian MacLennan — parliamentary secretary for health in the Rudd Government. The news she delivered caught Rogerson, and the alcohol industry, by surprise. Taxes on pre-mixed spirits or 'alcopops' would be raised by 70% — effective immediately.

The devastating toll of youth alcohol abuse would be curtailed by raising the price of drinks popular with teenagers. Binge drinking and the industry accused of encouraging it, had been dealt a lethal blow. For Rogerson, the personal call from the heart of Government marked a fundamental shift in the balance of power. MacLennan's predecessor, Christopher Pyne, had held monthly meetings with the alcohol industry. But Rogerson, like many in a sector predicting a binge-drinking disaster, struggled to get an appointment.

Now they are being heard — and Australia's booze-soaked culture is being challenged at the highest level. Tough measures long called for by health experts are becoming policy. Kevin Rudd's latest bombshell comes just weeks after he announced a \$53 million strategy to tackle alcohol abuse. The message to the industry is clear — the party's over. "We've been waiting a long time for this. It's the start of redressing the balance and making some significant inroads to changing the culture in our community and reducing

the harm caused by alcohol misuse," says Rogerson. The shock decision to raise taxes on alcopops — announced at midnight on Saturday — closes a loophole opened by the Howard government when GST was introduced in 2000. The taxation system for pre-mixed spirits was changed to attract a lower rate than more potent standard spirits. Thus, tax on a 5% strength can of bourbon and cola would mirror that on a can of beer of similar potency. It seemed a logical and just system.

But the industry was quick to exploit the loophole. The market was flooded with "super-strength" 7% and 9% products, containing two or three standard drinks in one can or bottle. With low taxes keeping prices down, the drinks attracted those on limited budgets, quickly becoming the staple of choice for a generation of young drinkers.

In four years the number of female drinkers aged 15 to 17 consuming ready-to-drink beverages (RTDs) shot from 14% to 60%. And those who drank them were most at risk of

alcohol-related harm. In 2004 among 14 to 19-year-olds who drank at dangerous levels, 76% of girls and 74% of boys preferred alcopops over any other drink.

The industry maintains that 80% of the RTD market is young men over 25 who drink spirits-based cola drinks. But an alcohol marketing insider recently confessed to *The Age* that companies were deliberately making stronger, sweetened drinks to appeal to young people who "like to get drunk faster."

In the past four years alone there has been a 36% increase in sales of RTDs — a boom that those in the industry fear will now come to an abrupt halt. As the tax on a litre of pure alcohol jumps from \$39 a litre to \$67, the consumer can expect to pay up to \$130 more per bottle or can.

The new volumetric system — where spirits-based products are taxed according to alcoholic volume — means super-strength products could become too expensive for most drinkers. Indeed, just weeks ago three major brewers sniffed the wind, scrapping

products with more than 7% alcohol, in a decision seen by many as a defensive move to fend off a government crackdown.

But Health Minister Nicola Roxon is not afraid to take on an industry that donates more than \$7 million a year to political parties and contributes 2.5% of Australia's gross domestic product.

Roxon told *The Age* the Howard Government's decision to change taxation on pre-mixed spirits was a "mistake" that led to a rise in dangerous youth binge drinking. For Roxon, the business interests of the industry are "not really a factor" when it comes to health policy decisions.

"Of course they're stakeholders, and their views will be listened to in the same way that we'll look at the views that other people put forward in the community, but I really don't think that ultimately that's a key consideration for doing something where there's clear evidence that we might be able to protect young people," she said.

For those who see the first-hand effects of

alcohol abuse, the Government's new focus on "evidence-based policy" is a welcome change. When Christopher Pyne was responsible for drug and alcohol issues he consistently denied that alcohol caused more harm than illicit drugs, despite overwhelming evidence to the contrary, including a death rate of three to one.

But will raising the cost of one range of alcoholic products really reduce youth binge drinking?

According to the Distilled Spirits Industry Council, it is a policy destined to fail. "All this tax is going to do is return teenagers to what they drank before 2000, which is beer and wine and wine-based mixed drinks," says spokesman Stephen Riden.

The \$2 billion expected to be raised annually by the tax hike will be poured back into preventive health. But spirits producers say they are an easy target for a Government trying to raise revenue amid an economic downturn. "If they wanted to raise money for health prevention why not go for a tax that

applies across all forms of alcohol below 10%, but that wouldn't have been nearly as politically popular because it would not have touched the hot button of youth binge drinking," says Riden.

A sharp rise in alcohol-related violence has raised public concern about binge drinking and new figures released yesterday show there is growing support for tough policies to change the culture. The National Drug Household survey showed one in three Australians want a reduction in licensed venues while one in four backed a price hike for alcohol. But the toughest policies — those proven to be the most effective — could be political suicide. Applying a volumetric tax to all alcohol products would increase the price of potent cask wine, popular with problem drinkers, but could also decimate the winemaking industry.

Daryl Smeaton, chief executive of the Alcohol Education and Rehabilitation Foundation, fears the Government won't take that risk. "More than 65% of MPs have a wineyard in their electorate. A volumetric tax on wine would have a major economic impact on those growers and I'm sure that would be taken very seriously by government."

Roxon says there are no immediate plans to introduce a volumetric tax across the board, but those in the alcohol and drugs sector are "quite optimistic." For Roxon, any measure that will stop young people drinking themselves to an early grave will be considered. "When you've got nearly 20,000 kids, girls 16 and under, who are drinking every single week, then this is a huge problem, but if we act now we may be able to turn it around."



41 don't think business interests are a factor when we're making a decision about health outcomes . . . that's not ultimately a key consideration for doing something where there's clear evidence that we might be able to protect young people. **Row's Roxon, Federal Health Minister**

4 If they wanted to raise money for health prevention, why not go for a tax that applies across all forms of alcohol below 10%? But that wouldn't have been nearly as politically popular because it would not have touched the hot button of youth binge drinking. **Stephen Riden, Distilled Spirits Industry Council of Australia**

4 They are publicly recognising that alcohol is our biggest drug problem, which is something the previous government never did. We've never heard a prime minister talking about alcohol in this way — it's a fundamental shift in policy ground. **Daryl Smeaton, Alcohol Education and Rehabilitation Foundation**