

# Pre-budget submission 2016-17

## Submission to Treasury



February 2016

**fare**



## About the Foundation for Alcohol Research and Education

The Foundation for Alcohol Research and Education (FARE) is an independent, not-for-profit organisation working to stop the harm caused by alcohol.

Alcohol harm in Australia is significant. More than 5,500 lives are lost every year and more than 157,000 people are hospitalised making alcohol one of our nation's greatest preventative health challenges.

For over a decade, FARE has been working with communities, governments, health professionals and police across the country to stop alcohol harms by supporting world-leading research, raising public awareness and advocating for changes to alcohol policy.

In that time FARE has helped more than 750 communities and organisations, and backed over 1,400 projects around Australia.

FARE is guided by the World Health Organization's (2010) *Global Strategy to Reduce the Harmful Use of Alcohol* for stopping alcohol harms through population-based strategies, problem directed policies, and direct interventions.

If you would like to contribute to FARE's important work, call us on (02) 6122 8600 or email [info@fare.org.au](mailto:info@fare.org.au).

## Contents

|  |    |
|--|----|
| FARE'S 2016 tax proposal .....   | 4  |
| List of recommendations .....  | 5  |
| Introduction .....   | 6  |
| Alcohol tax in Australia .....   | 6  |
| Reform the alcohol taxation system beginning with the WET .....                          | 9  |
| Abolish the WET Rebate .....   | 9  |
| Increase corrective taxes on alcohol by increasing the excise rate .....                 | 11 |
| Review the annual inflator .....   | 11 |
| The impact of increasing alcohol taxation .....  | 11 |
| Using the additional revenue .....   | 14 |
| Reduce the incidence of Fetal Alcohol Spectrum Disorders .....                           | 14 |
| Conduct strong public awareness alcohol harm prevention campaigns .....                  | 16 |
| Introduce a structured health screening and brief intervention program for alcohol ..... | 17 |
| References .....   | 19 |
| Appendix A: Alcohol tax reform model results .....                                       | 22 |
| Scenario 1 results .....   | 22 |
| Scenario 2 results .....   | 25 |
| Taxation summary – all scenarios .....   | 28 |
| Alcohol consumption summary – all scenarios .....  | 28 |
| Appendix B: National FASD Clinic and Clinical Network Plan .....                         | 29 |
| Purpose .....  | 29 |
| Overview of FASD activities .....  | 29 |
| Proposal .....   | 29 |
| Project budget .....   | 32 |

## FARE'S 2016 tax proposal

- 1. Introduce tax reform to bring wine and cider in line with other alcohol products, and apply a ten per cent increase to all alcohol excise, to raise \$2.9 billion annually and achieve a 9.4 per cent reduction in alcohol consumption.**
- 2. Index alcohol excise rates to average weekly ordinary time earnings, rather than the Consumer Price Index, to ensure that the cost of alcohol does not reduce relative to personal income.**
- 3. Invest the additional revenue in Australia's health system, including boosting preventive health programs that will reduce the growing burden of chronic disease in Australia.**

The Australian Government faces an enormous challenge to repair the national budget. However, Government action has failed to match its rhetoric in meeting this challenge and the expectations of the community. To an extent, the Government has allowed prejudice about tax to blind it in adopting a balanced approach between the need for revenue raising and spending cuts to fix the budget.

Government revenue collections are at historically low levels in contrast to expenditure as a proportion of gross domestic product (GDP). As such, there is a strong case to identify new sources of revenue to help bring the budget deficit back under control. Reforming the alcohol taxation system and increasing corrective taxes on alcohol is one way to achieve this. Such reform will not only benefit the budget, it will also result in significant health and wellbeing benefits by reducing high levels of consumption and subsequent harm caused by alcohol.

Australians recognise that the costs of harmful alcohol consumption extend beyond damage to the individual, but to society more broadly. The majority (51 per cent) support increasing the tax on alcohol.<sup>1</sup> This follows a significant increase in support over the past two years, from 47 per cent in 2014.<sup>2,3</sup> At the same time, the proportion of Australians that do not support increasing the tax on alcohol has reduced significantly, from 41 per cent in 2014<sup>4</sup> to 35 per cent in 2016.<sup>5</sup>

The current reluctance to genuinely examine additional revenue raising options, including increasing alcohol taxation, puts at risk Australia's ability to properly finance its health and education systems. It is time to acknowledge that increased taxes on harmful products such as alcohol and tobacco, directed towards supporting hospitals and public health, is strongly supported by the community.

This submission outlines the case for reform of the alcohol taxation system. This begins with reform of the Wine Equalisation Tax (WET), to replace this with a volumetric tax rate based on the alcohol content of wine. An increase in the excise of all products should then be applied by a minimum of ten per cent. According to independent economic modelling, this approach will see an additional \$2.9 billion in revenue generated per year.

## List of recommendations

The Foundation for Alcohol Research and Education (FARE) makes the following recommendations to The Treasury for the 2016-17 Australian Government Budget.

### Budget savings

1. That the Australian Government reform the alcohol taxation system by replacing the Wine Equalisation Tax (WET) with a volumetric tax rate. This rate should be transitioned to a differentiated rate that is based on the alcohol content of wine.
2. That the Australian Government increase the excise rates on all alcohol products by a minimum of ten per cent.
3. That the Australian Government index alcohol excise rates to average weekly ordinary time earnings, rather than the Consumer Price Index, to ensure that the cost of alcohol does not reduce relative to personal income.

### Budget expenditure

4. That the Australian Government use a proportion of the revenue collected from reforming the alcohol taxation system to address the range of harms caused by alcohol.
5. That the Australian Government fund the establishment of a National Fetal Alcohol Spectrum Disorders (FASD) Clinical Network of \$3.1 million over three years to ensure a standardisation of approaches to Fetal Alcohol Spectrum Disorder assessment, diagnosis, and data collection across Australia.
6. That the Australian Government renew the current funding amount in the Commonwealth Action Plan on *Responding to the impact of Fetal Alcohol Spectrum Disorders in Australia*, and ensure that this includes funding for the peak parent and carer body the National Organisation for Fetal Alcohol Spectrum Disorders (NOFASD) Australia.
7. That the Australian Government invest \$80 million over four years in a comprehensive nationwide alcohol harm reduction public awareness campaign.
8. That the Australian Government establish a \$10 million national public awareness campaign over four years to raise awareness about the risks of drinking alcohol during pregnancy.
9. That the Australian Government fund and implement a national primary healthcare brief intervention and screening program to raise awareness of the other guidelines in the *Australian Guidelines to Reduce Health Risks from Drinking Alcohol 2009*.

## Introduction

The Foundation for Alcohol Research and Education (FARE) welcomes the opportunity to provide a pre-budget submission for the 2016-17 Australian Government Budget. FARE's submission outlines areas where immediate action can be taken to achieve budget savings and increase revenue, as well as areas where modest investment can result in significant benefits to the community.

The harm of alcohol and its associated costs are significant. Each day, 15 Australians die and 430 are hospitalised because of alcohol.<sup>6</sup> These figures understate the significant impact that some individuals' alcohol use has on others, including violence on our streets and in our homes, vandalism, road traffic accidents, child maltreatment and neglect, and lost productivity in the workplace.<sup>7</sup>

The burden on all levels of government of responding to these harms is substantial. This includes the cost of alcohol treatment services, hospitalisations, emergency department presentations, policing, paramedic services, justice services (courts and corrections), child protection, and family and domestic violence services. These services are variously provided directly by governments or by their agents in the not-for-profit sector at considerable cost to taxpayers. Arguably, these costs are in excess of gross alcohol tax collections by governments.

This submission seeks to outline practical steps that the Government can make to reduce the social and economic burden of alcohol consumption in Australia. Recommendations are provided regarding a reform of the alcohol tax system, to deliver equitable outcomes while reducing harmful consumption and increasing government revenue. These recommendations are based on sound analysis, and may be incorporated into the existing fiscal infrastructure.

The Australian Government needs to urgently identify new sources of revenue to help bring the budget deficit back into control. Reforming the alcohol taxation system and increasing taxes on alcohol would result in both increased revenue and a reduction in alcohol consumption that would improve the health and wellbeing of all Australians.

## Alcohol tax in Australia

Among alcohol harm prevention policies, alcohol taxation has been demonstrated to be the most effective policy mechanism, with the widest breadth of research and implementation across a range of countries.<sup>8</sup> The analysis found that alcohol taxation is effective because it not only reduces consumption and related harms, but also provides revenue to offset the direct financial burdens on government services.<sup>9</sup> A key element of alcohol taxation policies is its ability to target heavy drinkers.<sup>10</sup>

The total costs and benefits of alcohol to society comprise both those to the individual (that is, the private costs and benefits to the drinker as a result of their decision to drink) and those to the public (the costs and benefits to others due to that person's drinking).<sup>11</sup> The significant costs associated with harmful alcohol consumption are spread across the Australian community through the taxation and welfare systems and via the cross-subsidies in Australia's medical and other insurance systems.<sup>12</sup>

Consumer preferences on whether to drink alcohol and/or how much and how frequently, determine the extent to which individuals pay for the consumption of others or benefit from current arrangements. This represents a real opportunity cost for non-drinkers and moderate drinkers who subsidise the cost of alcohol-related harms caused by the drinking of others. For many, these preferences are influenced by the cost of alcohol.

In order to reduce the burden of alcohol, reforming the alcohol taxation system must be a priority, with a proportion of revenue being allocated to addressing the social costs of alcohol in Australia. Avenues to use this revenue include addressing the high levels of alcohol-related family violence, and reducing the incidence of Fetal Alcohol Spectrum Disorders (FASD) which result from prenatal alcohol exposure. Also developing public awareness, through campaigns similar to those for tobacco, can assist to combat alcohol harms. Additionally, implementing a broader brief intervention and screening program for alcohol in primary healthcare settings will raise awareness of the content of the National Health and Medical Research Council's *Australian Guidelines to Reduce Health Risks from Drinking Alcohol 2009*.

Corrective taxes can be used to change behaviours, prevent harms and reduce social costs to the community. Governments across the world use a variety of sumptuary taxes to alter behaviours particularly around tobacco consumption but more recently products such as sugar, with Mexico introducing a tax on carbonated drinks (sodas) and other sugary drinks.<sup>13</sup>

Changes to alcohol taxation have been demonstrated to influence consumption and harms among specific high-risk populations including young people and heavy drinkers.<sup>14</sup> Alcohol taxation can also be used as an effective means for 'directing' consumers to beverages with lower alcohol content, which have a corresponding relationship with lower levels of alcohol-related harm (such as low or mid-strength beer). The public health rationale for adopting a differentiated approach to alcohol taxation, rather than a straight volumetric tax is to ensure that changes in taxation do not result in the affordability of alcohol products increasing, which would result in increased consumption and harms.

An example of tax rates being applied for public health reasons was first seen with the introduction of different tax rates to beer. In 1984, the tax rate to low-strength beer was lowered with the aim to encourage consumers to change products to a less harmful product and to reduce the incidence of road traffic accidents.<sup>15</sup> In 1988, changes were again made to tax rates on beer so that these products were taxed in the same way as spirits, on the basis of volume of alcohol. This change resulted in beer being taxed significantly less than spirits for the first time.<sup>16</sup>

Public health considerations were given to both these changes on the basis that the use of excise tax would effect a change in consumption towards a perceived less harmful product. As a result of the changes to the tax rates of beer, low alcohol beer increased its sales significantly and captured approximately 20 per cent of the total Australian beer market.<sup>17</sup> XXXX Gold, a low-strength beer, is now Australia's biggest selling beer brand.

## The current alcohol taxation system

The current alcohol taxation system is illogical, incoherent and does not adequately recognise the extent and cost of alcohol-related harms in the Australian community. The alcohol taxation system is a complex arrangement with different levels of tax applied depending on the type of product, their volume of alcohol, the way in which alcohol is packaged, the value of the product and, in the case of wine, the size of the producer.

Beer and spirits are subject to excise duty, which is a volumetric tax based on the alcohol content of the product. The rate is adjusted twice annually in line with changes to the Consumer Price Index (CPI). The excise for beer is imposed at eight different rates according to the volume of alcohol (light, mid-strength or full-strength), the type of packaging (draught or brewed) and whether the product was brewed for commercial or non-commercial purposes. These rates currently range from \$2.88 to \$47.85 per litre of pure alcohol, with the first 1.15 per cent of alcohol in beer tax-free.<sup>18</sup>

Spirits attract a higher rate of tax in light of their alcohol content, which can be up to 40 per cent alcohol content per volume, and their lower costs of production. The current tax rate for spirits is \$81.05 per litre of pure alcohol.<sup>19</sup>

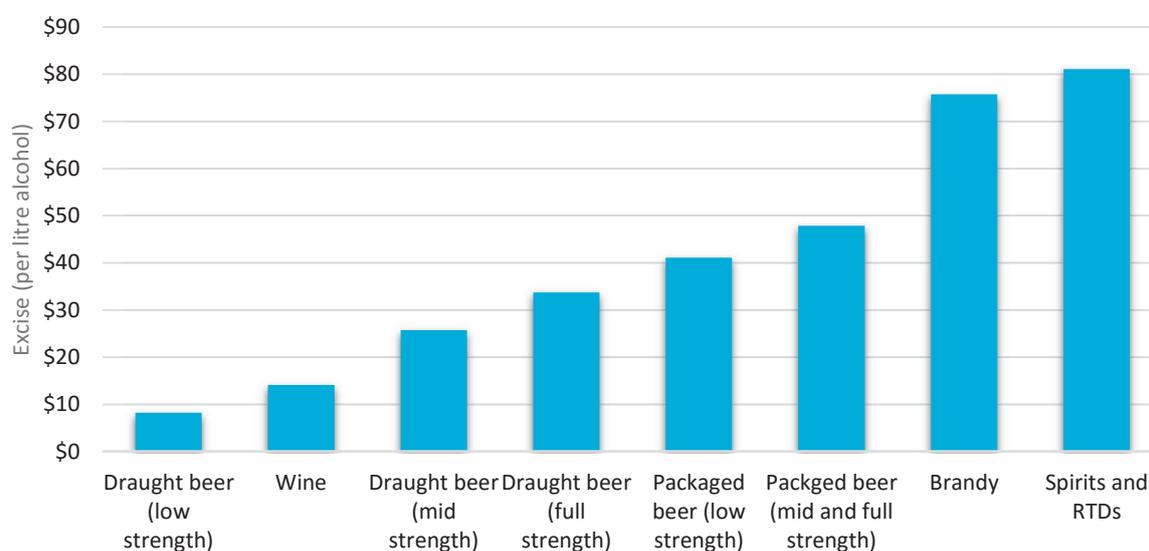
Brandy and *Other excisable beverages* (which does not include beer, brandy or wine) are also subject to excise duty. The rate for brandy (a spirit distilled from grape wine) is \$75.70 per litre of alcohol and the rate for *Other excisable beverages* (which exceed ten per cent by volume of alcohol) is the same as for spirits, at \$81.05 per litre of alcohol.<sup>20</sup>

### The Wine Equalisation Tax (WET)

The taxation system applied to wine is different to approaches used for beer and spirits. Wine is subject to the Wine Equalisation Tax (WET), which is a tax based on the value of the wine rather than its volume. The WET was introduced on 1 July 2000, with the Goods and Services Tax (GST) as part of *A New Tax System*, in order to maintain wine prices and revenue collection from wine sales following the abolition of the 41 per cent wholesale sales tax that had operated previously. The WET therefore ‘equalised’ the price of wine to prices at prevailing levels.<sup>21</sup>

The WET applies not only to wine made from grapes, but also to other fruit and vegetable based alcoholic products with greater than 1.15 per cent alcohol by volume (ABV), including cider and mead.<sup>a</sup> The tax is paid by wine producers, wholesalers and importers at 29 per cent of the last wholesale sale, which usually occurs between the wholesaler and the retailer.<sup>22</sup> Figure 1 below highlights the different excise rates applied to products by category by pure litre of alcohol.

**Figure 1. Excise rates by alcohol product class**



Source: Excise rates are current from the Australian Tax Office (ATO) from 1 February 2016. The excise rate for wine was calculated from modelling by the Allen Consulting Group <sup>b</sup>

<sup>a</sup> Note that flavoured and coloured ciders are usually subject to excise rather than the WET, and attract the same excise rate that applies to ready-to-drink products (RTDs).

<sup>b</sup> Note that the excise rate for WET products of \$14.08 is the amount calculated by the Allen Consulting Group for the report *Alcohol taxation reform – economic modelling*. A rate of \$14.08 would maintain revenue neutrality in 2015.

## Reform the alcohol taxation system beginning with the WET

The application of the WET favours some products over others, creating price signals that drive consumers towards lower cost, higher alcohol content products. The WET is applied regardless of the amount of alcohol in the product or harms associated with its consumption.

This creates a situation where the WET favours the creation of large volumes of cheap wine, cider and imitation spirits over other alcohol products. This situation does not benefit the wine industry, as it does little to support small producers. It also does not meet community expectations that governments should work to reduce alcohol harms rather than encourage them through taxation policies. The WET also means that the Australian Government foregoes significant revenue, which could be collected by taxing wine using the same volumetric alcohol taxation system which is applied to other alcoholic beverages in Australia.

Government reviews have consistently recommended that the WET be overhauled and a volumetric tax be applied to wine. Indeed, ten government reviews have concluded that the alcohol taxation system should be overhauled.<sup>c</sup> In 2009, the Henry Review determined that reforming the WET was a matter of urgency for the Australian Government.<sup>23</sup>

Moreover, there is substantial support from the alcohol industry for reforming the WET. Support for reforming the WET is shared by the Distilled Spirits Industry Council of Australia,<sup>24</sup> Brewers Association<sup>25</sup> and two major wine producers comprising 22 per cent of Australian wine production<sup>26</sup>: Treasury Wine Estates<sup>27</sup> and Premium Wine Brands (Pernod Ricard)<sup>28</sup>.

### Abolish the WET Rebate

In addition to the WET, the Government remits \$333 million to Australian and New Zealand wine producers each year through the WET Rebate.<sup>29</sup> The WET Rebate subsidy, introduced in 2004, entitles wine producers to a rebate on producer's assessable deals, up to a maximum of \$500,000 each financial year. The WET Rebate applies to all products subject to the WET,<sup>30</sup> and can be claimed by producers for up to \$1.7 million in domestic wholesale wine sales. In 2005, the WET Rebate was extended to New Zealand wine producers to satisfy bilateral trade agreements. Since this time, New Zealand wine imports into Australia have grown by 139 per cent.<sup>31</sup>

Through excise and customs duty receipts on alcohol the Australian Government collected \$6 billion in revenue in 2014-15.<sup>32</sup> This was collected from beer (\$2.3 billion), spirits (\$2.0 billion),<sup>33</sup> wine and

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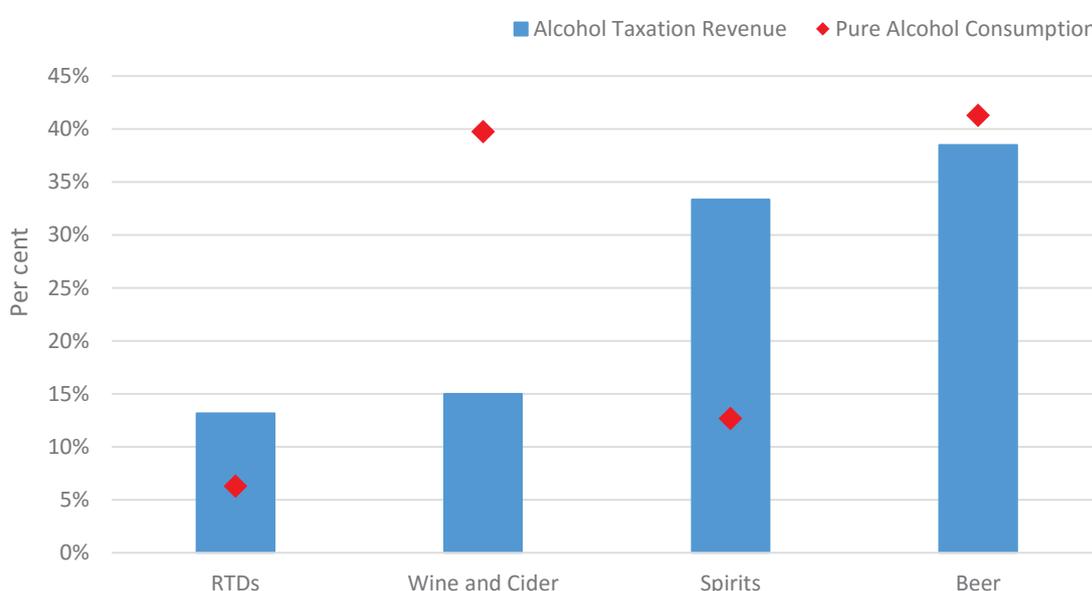
<sup>c</sup> Reviews that have recommended a volumetric tax be applied to wine include:

- the 1995 Committee of inquiry into the wine grape and wine industry
- the 2003 House of Representatives Standing Committee on Family and Community Affairs inquiry into substance abuse
- the 2006 Victorian inquiry into strategies to reduce harmful alcohol consumption
- the 2009 Australia's future tax system (Henry Review)
- the 2009 National Preventative Health Taskforce report on *Preventing alcohol related harms*
- the 2010 Victorian inquiry into strategies to reduce assaults in public places
- the 2011 WA Education and Health Standing Committee inquiry into alcohol
- the 2012 Australian National Preventive Health Agency *Exploring the public interest case for a minimum (floor) price for alcohol, draft report*
- the 2012 Australian National Preventive Health Agency *Exploring the public interest case for a minimum (floor) price for alcohol, final report*
- the 2014 House of Representatives report on the *Inquiry into the harmful use of alcohol in Aboriginal and Torres Strait Islander communities*.

cider (\$0.8 billion) and other alcoholic beverages, which primarily includes ready-to-drink beverages (\$0.9 billion).<sup>d</sup> This equates to 38.5 per cent, 33.3 per cent, 15.0 per cent and 13.2 per cent of alcohol tax revenue, respectively. As demonstrated in Figure 2, tax revenue from wine and cider is highly disproportionate to the quantity of alcohol consumed, relative to other product classes. Despite representing similar rates of consumption per capita, tax revenue from wine and cider (\$0.8 billion) was approximately one third of that generated from beer (\$2.3 billion).

The continued policy intentions of the WET Rebate are unclear. The Rebate was originally introduced to support small wine producers in rural and remote areas who were disadvantaged by the WET. Unfortunately, this has not been successful as 90 per cent of wine production is sourced from 24 wine companies in Australia.<sup>34</sup> The WET rebate props up unviable producers who would otherwise not be able to compete in the market and discourages consolidation.<sup>35</sup>

**Figure 2. Alcohol consumption versus revenue by product class**



Sources:

Parliamentary Budget Office (2015). *Alcohol taxation in Australia: Report no. 03/2015*. Parliament of Australia.

Australian Bureau of Statistics (2015). *Apparent consumption of alcohol, Australia, 2013-14*. ABS Cat. No. 4307.0.55.001.

New Zealand producers who import to Australia have access to the WET rebate and New Zealand imports have grown by 139 per cent since the WET rebate was extended to New Zealand in 2005.

The WET Rebate costs the Australian Government \$333 million annually (2013-14). Its removal would have paid for the entire *National Drug Strategy* in 2013-14, which was \$258.8 million. Indeed, this would have meant an additional \$74.2 million could have been available for the provision of alcohol and drug treatment services. This could pay for a significant number of treatment episodes which have increased by six per cent since 2011-12.<sup>36</sup> Abolishing the WET rebate is also supported by much of the alcohol industry.<sup>37</sup>

<sup>d</sup> Other alcoholic beverages are those not exceeding ten per cent by volume of alcohol (excluding beer, brandy and wine).

## Increase corrective taxes on alcohol by increasing the excise rate

Since 1983, the rate of excise on alcohol indexed in line with CPI twice yearly. The intention of this policy was to ensure that alcohol taxation kept pace with growth inflation.<sup>38</sup> In recent years, members of the alcohol industry have called for a freeze on excise increases to provide ‘relief’ to particular industries. Frequently, these calls are due to the disparity between taxation system applied to beers and spirits and that which is applied to wine.<sup>39</sup> However, alcohol excise is viewed as an efficient and equitable way of raising revenue, as acknowledged in the recent Australian Government Tax Review, which states that “where the social cost per unit of alcohol can be reasonably estimated, tax might be used as an instrument to incorporate the costs imposed on others into the price of alcohol, and therefore to reduce consumption to a socially optimal level”.<sup>40</sup>

## Review the annual inflator

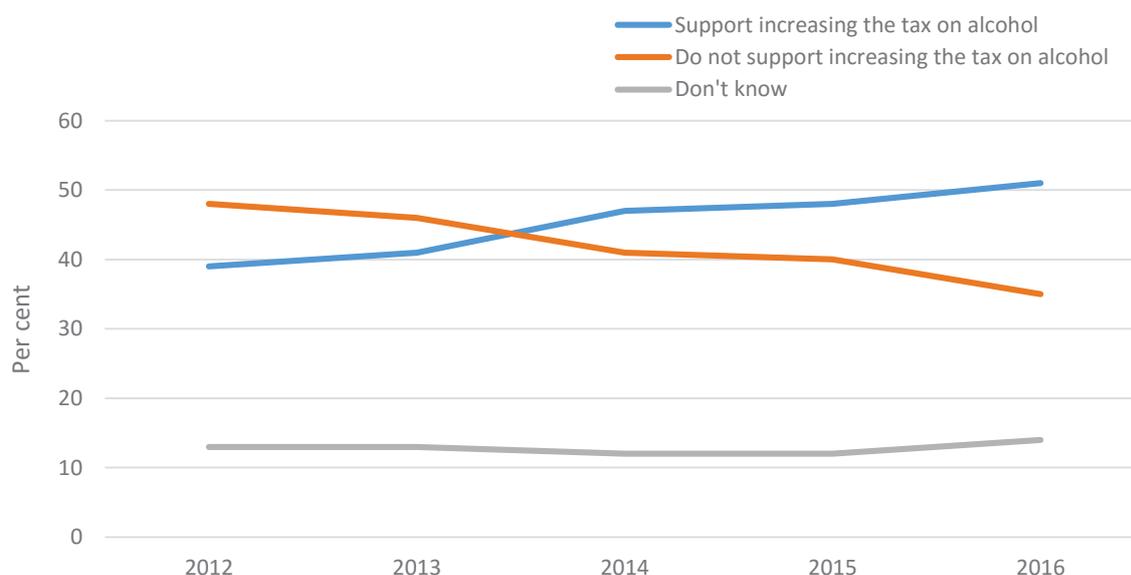
Like alcohol, tobacco is a product that has substantial social costs. To ensure that tobacco products do not become more affordable over time, its excise is indexed to average weekly ordinary time earnings. Australia is the only country in the world to index tobacco using such a measure.<sup>41</sup> In recognition of the considerable harm caused by alcohol, consideration should be given to applying this measure to alcohol excise to ensure that the cost of alcohol does not reduce relative to average weekly earnings.

It would be appropriate that a proportion of revenue collected through excise be used to address the social costs of alcohol harms. There are many examples across the world of tax allocations being used to fund particular purposes, such as payroll tax and health insurance in Germany and national insurance contributions in the United Kingdom. The World Health Organization notes allocating a proportion of tax to social causes can increase consumer confidence, as accountability, trust and transparency in the Government improves and taxpayers feel informed regarding how revenue is being spent.<sup>42</sup>

## The impact of increasing alcohol taxation

There has been growing support for increasing tax on alcohol in Australia. Australians recognise that the costs of harmful alcohol consumption extend beyond damage to the individual, but to society more broadly. Independent polling conducted by Galaxy Research revealed that the majority (51 per cent) of Australian now support increasing alcohol tax, while the proportion that do not support increasing the tax has reduced to 35 per cent (see Figure 3).<sup>43</sup>

**Figure 3. Support for increasing tax on alcohol, 2012 to 2016**



Source: Foundation for Alcohol Research and Education. Annual alcohol poll Results, 2012 to 2016.

To understand the impact of the recommended reform of the alcohol tax system, ACIL Allen Consulting was commissioned by FARE to model several scenarios, which built on modelling conducted by ACIL Allen in 2015. Modelling was undertaken to examine revenue and consumption outcomes of such changes.

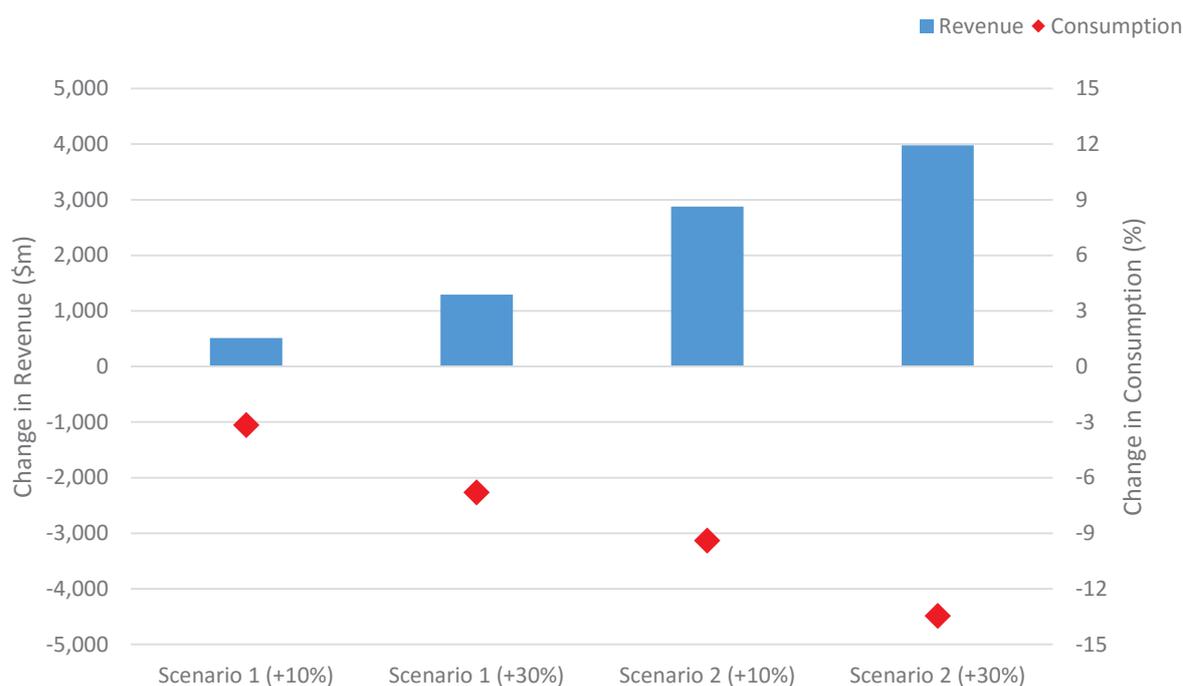
One scenario (Scenario 1) assumed that the existing wine tax system is changed to a volumetric tax at a rate that is revenue neutral (previously estimated to be \$14.08/LAL in 2015 terms) and, as per beer, the first 1.15 per cent of alcohol content is excise free.

Another scenario (Scenario 2) assumed that the existing wine tax system was changed to a volumetric tax at a rate halfway between full-strength draught beer and spirits (\$56.46/LAL), and that the first 1.15 per cent of alcohol content is excise free.

Each model also assumed the abolition of the related WET Rebate and applied the same excise rate used for regular packaged beer to cider.

Two variations of each scenario were tested, incorporating an increase in excise rates on all alcohol of ten per cent or 30 per cent. Key results from each model are provided in Figure 4.

**Figure 4. Alcohol tax reform modelled scenario outcomes**



Source: Model prepared by ACIL Allen Consulting, 2015.

The model indicates that the most modest scenario (Scenario 1), would result in an increase in revenue of \$511.06 million and a decrease in consumption of 5.9 million litres of alcohol (or 3.2 per cent). Scenario 2, which incorporates a volumetric excise fairly placed halfway between full-strength draft beer and spirits, suggests that \$2.9 billion dollars of additional tax revenue would be achieved, and alcohol consumption would reduce by 9.4 per cent. More detail regarding the model is provided in Appendix A.

It is clear from this modelling that a small increase in the excise will provide a substantial increase in revenue while reducing alcohol consumption.

The reduction in consumption offers clear benefits to the community, with research demonstrating that volumetric taxation is effective in reducing alcohol consumption and consequent harms among targeted groups. Policies that increase the price of alcohol lead to a reduction in the proportion of young people who are heavy drinkers, a reduction in underage drinking, and a reduction in per occasion 'binge drinking'.<sup>44</sup> Recent research in the United States looked at the impact of increasing alcohol taxes on risky consumption levels and found that raising the price of alcohol through taxes was effective in reducing binge drinking. Specifically, the research found that a one per cent increase in price due to taxation resulted in a 1.4 per cent reduction in binge drinking (defined as drinking at or above levels associated with intoxication) by adults.<sup>45</sup> This research builds on the evidence for the effectiveness of increasing the price of alcohol through taxes in reducing not just overall consumption but high-risk consumption.<sup>46,47</sup>

## Recommendations:

1. That the Australian Government reform the alcohol taxation system by replacing the Wine Equalisation Tax (WET) with a volumetric tax rate. This rate should be transitioned to a differentiated rate that is based on the alcohol content of wine.
2. That the Australian Government increase the excise rates on all alcohol products by a minimum of ten per cent.
3. That the Australian Government index alcohol excise rates to average weekly ordinary time earnings, rather than the Consumer Price Index, to ensure that the cost of alcohol does not reduce relative to personal income.
4. That the Australian Government use a proportion of the revenue collected from reforming the alcohol taxation system to address the range of harms caused by alcohol.

## Using the additional revenue

The costs of alcohol misuse to the Australian community are substantial. In Australia, there were more than 5,500 deaths and 157,000 hospitalisations attributed to alcohol in 2010.<sup>48</sup>

The additional revenue generated through changes from excise and alcohol taxation should be used to fund the following areas:

- reduce the incidence of Fetal Alcohol Spectrum Disorders
- conduct strong public awareness alcohol harm prevention campaigns
- introduce a structured health screening and brief intervention programs for alcohol.

The return of investment into these areas will result in savings to the health system by ameliorating needs for later stage crisis support or treatment. Investment in prevention is a sound financial decision. The funding for these budget expenditure items can be achieved through the revenue raised from reforming the alcohol taxation system in Australia.

## Reduce the incidence of Fetal Alcohol Spectrum Disorders

In August 2014, the Australian Government released its Commonwealth Action Plan on *Responding to the impact of Fetal Alcohol Spectrum Disorders in Australia*. The plan runs from 2013-14 until 2016-17, which means it is due to expire in July 2017. It is important that the Australian Government continue to fund responses to Fetal Alcohol Spectrum Disorders and build on the work that has been undertaken to date.

Fetal Alcohol Spectrum Disorders (FASD) are permanent developmental disabilities that result from prenatal alcohol exposure before birth. Neurological damage are the primary disabilities associated with FASD and manifest in a variety of conditions, including cognitive deficits, impaired memory, speech and language difficulties, social and emotional delays. Like other disabilities, early diagnosis and appropriate early intervention can avert individuals from going on to develop secondary disabilities such as poor school performance, conflict with the criminal justice system, unemployment, homelessness, and alcohol and other drug misuse.

The Government plan focuses on primary prevention to ensure the community is aware of risks of consuming alcohol during pregnancy, secondary prevention targeting women with alcohol

dependency, diagnosis and management, targeted measures for Aboriginal and Torres Strait Islander communities, and national coordination.

Through the plan, the Government has funded some excellent initiatives including *Women Want to Know*, a FARE campaign targeted at health professionals to ensure they provide information about alcohol consumption to women who are pregnant or planning pregnancy. Another worthwhile program is the New Directions *Mothers and babies services* program, which aims to increase access to child and maternal healthcare for Aboriginal and Torres Strait Islander families.

However, the plan has limited funding for those caring for people with FASD and this is a significant oversight. Due to neurological damage caused by alcohol before birth, people with FASD need care and support throughout their life. Unfortunately, the only nationally dedicated parent and carer body, the National Organisation for Fetal Alcohol Spectrum Disorders (NOFASD) Australia has uncertain funding after June 2016. This needs to be urgently rectified. NOFASD Australia provides support for individuals and families, including advocating on their behalf and a range of education and training packages to child protection workers, social workers and other allied health professionals on FASD.

Additionally, in Australia people with FASD and their families and carers have difficulty in accessing disability support and diagnostic services. FASD is excluded from the eligibility criteria of the National Disability Insurance Scheme and, even if recognised through functional assessment processes, many are precluded due to lacking an official FASD diagnosis. Unfortunately, there are only three diagnostic clinics (Sydney, Gold Coast and regional Western Australia), and limited specialists with expertise to make diagnoses. The three clinics that do exist all operate part-time and only see children of limited age ranges. None provide ongoing management or early intervention programs for the condition.

FARE, alongside paediatrician and FASD expert Dr James Fitzpatrick, are attempting to establish a National FASD Clinical Network which will ensure the standardisation of approaches to FASD assessment, diagnosis, and data collection across Australia. FARE has submitted a proposal to Minister for Rural Health Senator the Hon Fiona Nash outlining the need for the National FASD Clinical Network and for the creation of additional FASD clinics to urgently increase diagnostic capacity. A detailed proposal for the National FASD Clinical Network is at Appendix B.

### Recommendations:

5. That the Australian Government fund the establishment of a National Fetal Alcohol Spectrum Disorders (FASD) Clinical Network of \$3.1 million over three years to ensure a standardisation of approaches to Fetal Alcohol Spectrum Disorder assessment, diagnosis, and data collection across Australia.
6. That the Australian Government renew the current funding amount in the Commonwealth Action Plan on *Responding to the impact of Fetal Alcohol Spectrum Disorders in Australia*, and ensure that this includes funding for the peak parent and carer body the National Organisation for Fetal Alcohol Spectrum Disorders (NOFASD) Australia.

## Conduct strong public awareness alcohol harm prevention campaigns

In Australia and internationally, social marketing campaigns have been effectively used to raise awareness of public health issues such as the harms associated with tobacco use and risks associated with drink driving. However, alcohol-related social marketing campaigns in Australia, with the exception of those relating to drink driving, have been ineffective and had little impact. There has been no national public awareness campaign targeted at reducing alcohol-related harm since Labor's 2008 *Don't turn a night out into a nightmare* campaign.

Strong public awareness campaigns play an important role in increasing knowledge of the harm related to alcohol consumption and boost public confidence about the need for interventions such as restrictions on the physical and economic availability of alcohol. Public education campaigns can increase awareness of health harms and, when implemented as part of a comprehensive campaign, can lead to behaviour change. Social marketing involves the use of marketing methods to "design and implement programs to promote socially beneficial behaviour change".<sup>49</sup> These campaigns are more successful when well-funded, repetitive, and ongoing.<sup>50</sup>

For a social marketing campaign to be effective it must be multi-faceted and use a range of media to promote its key messages. This includes broadcast media, digital media, and signage in and around licensed venues. The campaign should also be reinforced with more formal messaging in other settings, such as school-based educational programs. It is also essential that a social marketing campaign has a clear target and message. The campaign rationale must clearly identify the target audience and the behaviour change sought. Understanding the target audience includes securing information about their knowledge, attitudes and current behaviours relevant to the social marketing campaign's objective.<sup>51</sup>

Internationally, other countries have been more active in educating their populations about alcohol harms. This includes England which invested in two national campaigns in 2008-09 and 2010. The first campaign, *Know your limits*, aimed to inform consumers about the number of standard drinks in a variety of alcohol products. It consisted of television and radio advertisements as well as resources for consumers and health professionals such as online unit calculators and a dedicated website. This was a precursor to *Alcohol Effects*, the follow-up campaign which demonstrated how alcohol affects the organs in the body. This was again supported through television and radio advertisements as well as toolkit for health professionals and consumer resources.<sup>52</sup> Awareness of the links between alcohol and mouth cancer by the general population increased from five per cent to 24 per cent after the *Alcohol Effects* campaign.<sup>53</sup>

There is also great opportunity for the Government to strengthen its efforts in regards to preventing harms associated with alcohol and pregnancy. The *Women Want to Know* campaign, first launched by the Minister for Rural Health Senator the Hon Fiona Nash in July 2014, received renewed funding in July 2015 to continue to promote the project resources and training to health professionals. Feedback from health professionals, and evidence published subsequent to the audit and literature review which informed the development of *Women Want to Know*, have highlighted the importance of a national consumer facing campaign regarding maternal alcohol consumption.<sup>54</sup>

Such a campaign, adapted from the existing *Women Want to Know* resources, would promote Guideline 4a and 4b of the National Health and Medical Research Council's *Australian Guidelines to Reduce Health Risks from Drinking Alcohol 2009* to Australian women and encourage them to discuss alcohol consumption during pregnancy with their health professional.

Research shows that awareness of the Australian drinking guidelines remains low, particularly around alcohol consumption and pregnancy. This lack of awareness results in one in five Australian women continuing to drink alcohol after becoming aware of their pregnancy,<sup>55</sup> despite there being no known safe level of alcohol consumption during pregnancy.

The 2014 *National Statement on Health Literacy* by the Australian Commission on Safety and Quality in Health Care highlights the critical importance of health literacy in reducing poor health outcomes and subsequent healthcare costs.<sup>56</sup> Funding a consumer facing campaign would build on the educational groundwork laid by *Women Want to Know* among health professionals, and empower women to discontinue drinking alcohol during pregnancy by providing consumers with up to date, consistent and evidence-based information that they can both understand and trust.

## Recommendations

7. That the Australian Government invest \$80 million over four years in a comprehensive nationwide alcohol harm reduction public awareness campaign.
8. That the Australian Government establish a \$10 million national public awareness campaign over four years to raise awareness about the risks of drinking alcohol during pregnancy.

## Introduce a structured health screening and brief intervention program for alcohol

In 2009, the National Health and Medical Research Council updated the *Australian Guidelines to Reduce Health Risks from Drinking Alcohol 2009* (Alcohol Guidelines). Substantial changes were made to the advice being provided in the Alcohol Guidelines, reflecting the move to a model based on the risk of disease or injury due to alcohol and changes in available evidence on risk of harms.

Despite the changes to the Alcohol Guidelines, minimal action has been taken to raise awareness of them. As a result, only five per cent of Australians can accurately name the Alcohol Guidelines<sup>57</sup> and only 33 per cent of health professionals are familiar with their content.<sup>58</sup>

Health professionals have a key role in raising awareness of the risks associated with alcohol consumption. When consumers visit a health professional this provides a 'window of opportunity' to discuss a variety of health issues and provide information relevant to the individual. This approach, known as screening and brief intervention, consists of 'screening' individuals to determine if they are at risk of harm due to lifestyle factors (such as smoking, alcohol consumption, diet and lack of physical activity) and a 'brief intervention' which is the provision of information to the individual about ways to reduce the risks associated with their current behaviours. The brief intervention may involve goal setting, discussion of relapse prevention and problem solving.<sup>59</sup>

Screening and brief interventions are an effective, evidence-based approach that can reduce harm and prevent further harm from occurring. Screening can identify whether a person's alcohol consumption is placing them or others at risk and identify individuals who may be developing alcohol-related problems and issues. Screening and brief interventions have been shown to reduce the quantity of alcohol consumed per week by individuals and have been proven effective in different settings such as general practice and emergency departments as well as across different age groups.<sup>60</sup>

The introduction of a screening and brief intervention program for alcohol in primary healthcare settings recognises the need for health professionals to speak to all Australians about their alcohol consumption. Resources to support health professionals should be developed since a lack of resources is often cited as a barrier by health practitioners.<sup>61,62</sup>

Funding is needed to work with health professionals to develop resources and training to support them to implement screening and brief interventions for alcohol. The program should build upon the approach taken for the *Women Want to Know* program, which involved extensive consultation and collaboration with leading health professional associations from across Australia. The program would also include a strategic communications strategy to ensure the materials are not only developed, but are also taken up by health professionals. The funding required for the program is estimated to be \$900,000 over four years and would include funding for a project manager, resource development, program promotion and pre and post evaluation surveys.

### **Recommendations:**

9. That the Australian Government fund and implement a national primary healthcare brief intervention and screening program to raise awareness of the other guidelines in the *Australian Guidelines to Reduce Health Risks from Drinking Alcohol 2009*.

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# Appendix A: Alcohol tax reform model results

## Scenarios

This briefing note builds on the scenarios modelled by ACIL Allen for FARE in July 2015. Two sensitivities to each of the previous Scenario 1 and Scenario 2 have been modelled:

### Scenario 1

It is assumed that the existing wine tax system is changed to a volumetric tax at a rate that is revenue neutral (previously estimated to be \$14.08/LAL in 2015 terms). As per beer, the first 1.15% of alcohol content is excise free and there is no WET rebate. From this situation, it has been assumed that:

- Scenario 1 (+10%) – All alcohol excise rates are increased by +10% with cider assumed to move to the same excise rate as regular packaged beer.
- Scenario 1 (+30%) – All alcohol excise rates are increased by +30% with cider assumed to move to the same excise rate as regular packaged beer.

### Scenario 2

Scenario 2 models results from changing the existing wine and cider tax system to a volumetric tax at a tax rate of \$56.46 (half way between full strength draught beer rate and spirits rate). As per beer, the first 1.15% of alcohol content is excise free and there is no WET rebate. From this situation, it has been assumed that:

- Scenario 2 (+10%) – All alcohol excise rates are increased by +10%.
- Scenario 2 (+30%) – All alcohol excise rates are increased by +30%.

The results presented in the following sections for all scenarios are presented as the impacts relative to the current alcohol taxation regime.

## Scenario 1 results

**Table 1. Impact of scenario 1 (+10%) (change relative to current taxation regime)**

| SCENARIO 1 (+10%)             |                     |                    |               |                   |                    |                 |
|-------------------------------|---------------------|--------------------|---------------|-------------------|--------------------|-----------------|
|                               | RETAIL VALUE<br>\$m | TAX REVENUE<br>\$m | LAL<br>'000 L | PRICE<br>% change | Litres<br>% change | LAL<br>% change |
| <b>WET-free wineries</b>      |                     |                    |               |                   |                    |                 |
| Non-premium cask wine         | 0                   | 0                  | 0             | 0                 | 0                  | 0               |
| Premium cask wine             | -6.77               | 1.81               | -186.18       | 29.48             | -52.09             | -52.09          |
| \$7 bottle wine – small       | -11.69              | 5.65               | -359.04       | 28.89             | -43.01             | -43.01          |
| \$7-\$15 bottle wine – small  | -59.41              | 10.76              | -754.23       | 14.11             | -39.70             | -39.70          |
| \$15-\$20 bottle wine – small | -98.17              | 9.02               | -661.69       | 7.51              | -34.22             | -34.22          |
| \$20-\$30 bottle wine – small | -29.83              | 10.68              | -173.76       | 5.60              | -15.46             | -15.46          |
| >\$30 bottle wine – small     | -1.28               | 0.37               | -4.11         | 3.09              | -10.54             | -10.54          |

| <b>WET-payable wineries</b> |               |               |                  |             |              |              |
|-----------------------------|---------------|---------------|------------------|-------------|--------------|--------------|
| Non-premium cask wine       | 126.97        | 161.54        | -2,061.03        | 45.80       | -11.68       | -11.68       |
| Premium cask wine           | 38.29         | 48.49         | -289.87          | 15.32       | -4.01        | -4.01        |
| \$7 bottle wine             | 36.91         | 49.41         | -316.39          | 13.11       | -3.92        | -3.92        |
| \$7-\$15 bottle wine        | 39.84         | 7.41          | 429.71           | -0.23       | 3.17         | 3.17         |
| \$15-\$20 bottle wine       | 64.33         | -51.03        | 848.24           | -5.75       | 11.39        | 11.39        |
| \$20-\$30 bottle wine       | 15.46         | -35.94        | 264.64           | -8.40       | 12.35        | 12.35        |
| >\$30 bottle wine           | -0.72         | -41.76        | 125.80           | -12.01      | 13.44        | 13.44        |
| <b>Imported wines</b>       |               |               |                  |             |              |              |
| Non-premium cask wine       | 10.38         | 11.43         | -55.12           | 44.01       | -4.88        | -4.88        |
| Premium cask wine           | 1.41          | 1.26          | 4.28             | 14.06       | 2.55         | 2.55         |
| \$7 bottle wine             | 0.88          | 0.89          | -0.15            | 12.02       | -0.11        | -0.11        |
| \$7-\$15 bottle wine        | 7.08          | 0.67          | 86.12            | -1.27       | 7.60         | 7.60         |
| \$15-\$20 bottle wine       | 21.63         | -20.36        | 315.15           | -5.42       | 9.85         | 9.85         |
| \$20-\$30 bottle wine       | 3.84          | -6.64         | 55.73            | -9.56       | 15.26        | 15.26        |
| >\$30 bottle wine           | 1.79          | -36.25        | 121.19           | -13.31      | 16.00        | 16.00        |
| <b>Packaged beer</b>        |               |               |                  |             |              |              |
| Beer – light                | 6.45          | 5.21          | 14.24            | 1.74        | 0.73         | 0.73         |
| Beer – mid                  | 14.25         | 26.25         | -148.04          | 2.90        | -1.53        | -1.53        |
| Beer – regular              | 36.33         | 110.09        | -1,078.02        | 3.43        | -2.53        | -2.53        |
| Beer – premium              | 13.91         | 19.73         | -48.51           | 2.55        | -0.85        | -0.85        |
| <b>Draught beer</b>         |               |               |                  |             |              |              |
| Keg beer – light            | 7.57          | 1.02          | 19.90            | 0.25        | 3.75         | 3.75         |
| Keg beer – mid              | 20.49         | 6.26          | 57.16            | 0.69        | 2.84         | 2.84         |
| Keg beer – regular          | 107.11        | 50.17         | 278.45           | 1.07        | 2.07         | 2.07         |
| Keg beer – premium          | 19.83         | 6.93          | 41.38            | 0.80        | 2.63         | 2.63         |
| <b>Spirits &amp; RTDs</b>   |               |               |                  |             |              |              |
| Spirits                     | -11.96        | 63.73         | -1,411.47        | 5.97        | -5.97        | -5.97        |
| RTD – light                 | 5.81          | 18.20         | -133.62          | 4.67        | -3.63        | -3.63        |
| RTD – dark                  | 11.62         | 39.14         | -306.44          | 4.75        | -3.76        | -3.76        |
| <b>Cider</b>                |               |               |                  |             |              |              |
| Cider                       | -32.72        | 36.91         | -580.37          | 9.97        | -13.77       | -13.77       |
| <b>TOTAL</b>                | <b>359.60</b> | <b>511.06</b> | <b>-5,906.04</b> | <b>3.90</b> | <b>-2.33</b> | <b>-3.16</b> |

**Table 2. Impact of scenario 1 (+30%) (change relative to current taxation regime)**

| SCENARIO 1 (+30%)             |                     |                    |               |                   |                    |                 |
|-------------------------------|---------------------|--------------------|---------------|-------------------|--------------------|-----------------|
|                               | RETAIL VALUE<br>\$m | TAX REVENUE<br>\$m | LAL<br>'000 L | PRICE<br>% change | Litres<br>% change | LAL<br>% change |
| <b>WET-free wineries</b>      |                     |                    |               |                   |                    |                 |
| Non-premium cask wine         | 0                   | 0                  | 0             | 0                 | 0                  | 0               |
| Premium cask wine             | -6.19               | 2.32               | -184.75       | 35.06             | -51.69             | -51.69          |
| \$7 bottle wine – small       | -10.51              | 6.94               | -360.65       | 34.07             | -43.20             | -43.20          |
| \$7-\$15 bottle wine – small  | -56.75              | 13.89              | -756.97       | 16.71             | -39.84             | -39.84          |
| \$15-\$20 bottle wine – small | -94.22              | 12.71              | -657.27       | 8.93              | -33.99             | -33.99          |
| \$20-\$30 bottle wine – small | -26.96              | 13.42              | -171.05       | 6.51              | -15.22             | -15.22          |
| >\$30 bottle wine – small     | -1.09               | 0.49               | -3.84         | 3.55              | -9.85              | -9.85           |
| <b>WET-payable wineries</b>   |                     |                    |               |                   |                    |                 |
| Non-premium cask wine         | 154.85              | 196.88             | -2,474.81     | 57.12             | -14.02             | -14.02          |
| Premium cask wine             | 48.48               | 64.63              | -439.32       | 20.89             | -6.08              | -6.08           |
| \$7 bottle wine               | 46.25               | 66.91              | -505.76       | 18.29             | -6.27              | -6.27           |
| \$7-\$15 bottle wine          | 54.63               | 41.00              | 218.63        | 2.37              | 1.61               | 1.61            |
| \$15-\$20 bottle wine         | 79.09               | -29.04             | 814.12        | -4.33             | 10.93              | 10.93           |
| \$20-\$30 bottle wine         | 20.93               | -29.29             | 264.14        | -7.46             | 12.33              | 12.33           |
| >\$30 bottle wine             | 3.84                | -38.52             | 132.23        | -11.52            | 14.12              | 14.12           |
| <b>Imported wines</b>         |                     |                    |               |                   |                    |                 |
| Non-premium cask wine         | 12.35               | 13.93              | -81.14        | 55.13             | -7.19              | -7.19           |
| Premium cask wine             | 1.66                | 1.66               | 0.69          | 19.55             | 0.41               | 0.41            |
| \$7 bottle wine               | 1.04                | 1.21               | -3.68         | 17.16             | -2.61              | -2.61           |
| \$7-\$15 bottle wine          | 8.23                | 3.56               | 66.08         | 1.34              | 5.83               | 5.83            |
| \$15-\$20 bottle wine         | 28.10               | -10.99             | 302.20        | -4.01             | 9.45               | 9.45            |
| \$20-\$30 bottle wine         | 4.78                | -5.48              | 55.60         | -8.63             | 15.22              | 15.22           |
| >\$30 bottle wine             | 5.53                | -33.57             | 126.68        | -12.84            | 16.72              | 16.72           |
| <b>Packaged beer</b>          |                     |                    |               |                   |                    |                 |
| Beer – light                  | 15.66               | 14.72              | 16.01         | 5.17              | 0.83               | 0.83            |
| Beer – mid                    | 27.99               | 70.76              | -540.64       | 8.69              | -5.59              | -5.59           |
| Beer – regular                | 50.36               | 288.91             | -3,532.83     | 10.28             | -8.30              | -8.30           |
| Beer – premium                | 30.08               | 54.04              | -211.08       | 7.62              | -3.71              | -3.71           |

| <b>Draught beer</b>       |               |                 |                   |             |              |              |
|---------------------------|---------------|-----------------|-------------------|-------------|--------------|--------------|
| Keg beer – light          | 20.30         | 2.85            | 53.07             | 0.70        | 9.99         | 9.99         |
| Keg beer – mid            | 53.72         | 18.06           | 144.06            | 2.01        | 7.17         | 7.17         |
| Keg beer – regular        | 274.40        | 144.30          | 645.60            | 3.16        | 4.80         | 4.80         |
| Keg beer – premium        | 51.69         | 19.99           | 102.37            | 2.33        | 6.50         | 6.50         |
| <b>Spirits &amp; RTDs</b> |               |                 |                   |             |              |              |
| Spirits                   | -36.51        | 166.79          | -3,817.57         | 17.95       | -16.14       | -16.14       |
| RTD – light               | 15.22         | 50.19           | -379.73           | 14.05       | -10.30       | -10.30       |
| RTD – dark                | 30.24         | 107.68          | -867.84           | 14.27       | -10.65       | -10.65       |
| <b>Cider</b>              |               |                 |                   |             |              |              |
| Cider                     | -18.58        | 60.78           | -654.39           | 14.90       | -15.53       | -15.53       |
| <b>TOTAL</b>              | <b>788.60</b> | <b>1,291.74</b> | <b>-12,701.85</b> | <b>9.28</b> | <b>-5.52</b> | <b>-6.79</b> |

## Scenario 2 results

**Table 3. Impact of scenario 2 (+10%) (change relative to current taxation regime)**

|                               | SCENARIO 2 (+10%)   |                    |               |                   |                    |                 |
|-------------------------------|---------------------|--------------------|---------------|-------------------|--------------------|-----------------|
|                               | RETAIL VALUE<br>\$m | TAX REVENUE<br>\$m | LAL<br>'000 L | PRICE<br>% change | Litres<br>% change | LAL<br>% change |
| <b>WET-free wineries</b>      |                     |                    |               |                   |                    |                 |
| Non-premium cask wine         | 0                   | 0                  | 0             | 0                 | 0                  | 0               |
| Premium cask wine             | 2.16                | 10.23              | -178.82       | 124.40            | -50.03             | -50.03          |
| \$7 bottle wine – small       | 6.33                | 25.23              | -395.92       | 117.56            | -47.43             | -47.43          |
| \$7-\$15 bottle wine – small  | -14.80              | 60.07              | -807.25       | 60.37             | -42.49             | -42.49          |
| \$15-\$20 bottle wine – small | -29.58              | 71.17              | -619.56       | 34.17             | -32.04             | -32.04          |
| \$20-\$30 bottle wine – small | 22.56               | 57.05              | -145.24       | 24.16             | -12.92             | -12.92          |
| >\$30 bottle wine – small     | 2.07                | 2.35               | -0.52         | 14.09             | -1.34              | -1.34           |
| <b>WET-payable wineries</b>   |                     |                    |               |                   |                    |                 |
| Non-premium cask wine         | 533.38              | 629.29             | -6,021.43     | 235.22            | -34.11             | -34.11          |
| Premium cask wine             | 198.80              | 264.95             | -1,879.48     | 110.19            | -26.00             | -26.00          |
| \$7 bottle wine               | 188.15              | 278.01             | -2,288.72     | 101.38            | -28.39             | -28.39          |
| \$7-\$15 bottle wine          | 311.98              | 477.33             | -2,112.25     | 45.70             | -15.59             | -15.59          |
| \$15-\$20 bottle wine         | 328.68              | 291.02             | 298.09        | 20.63             | 4.00               | 4.00            |
| \$20-\$30 bottle wine         | 116.71              | 72.72              | 233.34        | 10.02             | 10.89              | 10.89           |
| >\$30 bottle wine             | 81.80               | 15.02              | 207.35        | -1.05             | 22.15              | 22.15           |

| <b>Imported wines</b>     |                 |                 |                   |              |              |              |
|---------------------------|-----------------|-----------------|-------------------|--------------|--------------|--------------|
| Non-premium cask wine     | 39.24           | 45.06           | -308.31           | 229.78       | -27.31       | -27.31       |
| Premium cask wine         | 5.56            | 6.81            | -32.67            | 107.25       | -19.46       | -19.46       |
| \$7 bottle wine           | 3.58            | 5.04            | -36.07            | 99.51        | -25.66       | -25.66       |
| \$7-\$15 bottle wine      | 29.59           | 41.10           | -144.84           | 44.51        | -12.78       | -12.78       |
| \$15-\$20 bottle wine     | 138.56          | 126.74          | 109.98            | 20.79        | 3.44         | 3.44         |
| \$20-\$30 bottle wine     | 21.32           | 12.36           | 50.01             | 8.66         | 13.69        | 13.69        |
| >\$30 bottle wine         | 69.61           | 10.88           | 191.69            | -2.72        | 25.30        | 25.30        |
| <b>Packaged beer</b>      |                 |                 |                   |              |              |              |
| Beer – light              | 5.97            | 5.29            | 19.18             | 1.30         | 0.99         | 0.99         |
| Beer – mid                | 11.57           | 26.40           | -136.42           | 2.53         | -1.41        | -1.41        |
| Beer – regular            | 23.87           | 109.96          | -1,051.82         | 3.08         | -2.47        | -2.47        |
| Beer – premium            | 12.00           | 19.92           | -39.42            | 2.15         | -0.69        | -0.69        |
| <b>Draught beer</b>       |                 |                 |                   |              |              |              |
| Keg beer – light          | 7.38            | 1.01            | 22.25             | -0.27        | 4.19         | 4.19         |
| Keg beer – mid            | 19.76           | 6.34            | 64.91             | 0.19         | 3.23         | 3.23         |
| Keg beer – regular        | 102.12          | 50.94           | 323.80            | 0.60         | 2.41         | 2.41         |
| Keg beer – premium        | 19.08           | 7.02            | 47.23             | 0.31         | 3.00         | 3.00         |
| <b>Spirits &amp; RTDs</b> |                 |                 |                   |              |              |              |
| Spirits                   | -39.19          | 49.52           | -1,545.20         | 5.74         | -6.53        | -6.53        |
| RTD – light               | 0.85            | 16.33           | -149.82           | 4.37         | -4.07        | -4.07        |
| RTD – dark                | 0.76            | 34.96           | -342.85           | 4.45         | -4.21        | -4.21        |
| <b>Cider</b>              |                 |                 |                   |              |              |              |
| Cider                     | -63.24          | 48.42           | -920.89           | 15.16        | -21.85       | -21.85       |
| <b>TOTAL</b>              | <b>2,156.62</b> | <b>2,878.54</b> | <b>-17,589.64</b> | <b>15.60</b> | <b>-5.80</b> | <b>-9.40</b> |

**Table 4. Impact of scenario 2 (+30%) (change relative to current taxation regime)**

|                               | SCENARIO 2 (+30%)   |                    |               |                   |                    |                 |
|-------------------------------|---------------------|--------------------|---------------|-------------------|--------------------|-----------------|
|                               | RETAIL VALUE<br>\$m | TAX REVENUE<br>\$m | LAL<br>'000 L | PRICE<br>% change | Litres<br>% change | LAL<br>% change |
| <b>WET-free wineries</b>      |                     |                    |               |                   |                    |                 |
| Non-premium cask wine         | 0                   | 0                  | 0             | 0                 | 0                  | 0               |
| Premium cask wine             | 4.07                | 12.16              | -179.84       | 147.19            | -50.31             | -50.31          |
| \$7 bottle wine – small       | 10.00               | 29.38              | -405.97       | 138.87            | -48.63             | -48.63          |
| \$7-\$15 bottle wine – small  | -5.36               | 71.07              | -822.59       | 71.40             | -43.30             | -43.30          |
| \$15-\$20 bottle wine – small | -14.81              | 86.09              | -617.42       | 40.42             | -31.93             | -31.93          |
| \$20-\$30 bottle wine – small | 33.60               | 68.19              | -143.17       | 28.44             | -12.74             | -12.74          |
| >\$30 bottle wine – small     | 2.77                | 2.85               | 0.12          | 16.52             | 0.29               | 0.29            |
| <b>WET-payable wineries</b>   |                     |                    |               |                   |                    |                 |
| Non-premium cask wine         | 615.33              | 719.24             | -6,559.87     | 281.05            | -37.16             | -37.16          |
| Premium cask wine             | 231.80              | 306.49             | -2,119.14     | 133.10            | -29.31             | -29.31          |
| \$7 bottle wine               | 219.19              | 320.61             | -2,576.47     | 122.66            | -31.95             | -31.95          |
| \$7-\$15 bottle wine          | 368.58              | 569.80             | -2,554.69     | 56.71             | -18.86             | -18.86          |
| \$15-\$20 bottle wine         | 382.57              | 365.99             | 162.71        | 26.86             | 2.18               | 2.18            |
| \$20-\$30 bottle wine         | 137.59              | 97.84              | 217.94        | 14.31             | 10.17              | 10.17           |
| >\$30 bottle wine             | 99.10               | 29.13              | 220.27        | 1.41              | 23.53              | 23.53           |
| <b>Imported wines</b>         |                     |                    |               |                   |                    |                 |
| Non-premium cask wine         | 45.06               | 51.60              | -344.16       | 274.69            | -30.49             | -30.49          |
| Premium cask wine             | 6.42                | 7.90               | -38.28        | 129.70            | -22.80             | -22.80          |
| \$7 bottle wine               | 4.14                | 5.81               | -41.24        | 120.57            | -29.34             | -29.34          |
| \$7-\$15 bottle wine          | 34.35               | 49.05              | -183.88       | 55.46             | -16.22             | -16.22          |
| \$15-\$20 bottle wine         | 162.39              | 159.17             | 56.66         | 26.99             | 1.77               | 1.77            |
| \$20-\$30 bottle wine         | 24.91               | 16.74              | 47.17         | 12.92             | 12.91              | 12.91           |
| >\$30 bottle wine             | 83.79               | 22.60              | 202.66        | -0.31             | 26.75              | 26.75           |
| <b>Packaged beer</b>          |                     |                    |               |                   |                    |                 |
| Beer – light                  | 15.06               | 14.82              | 21.26         | 4.66              | 1.10               | 1.10            |
| Beer – mid                    | 24.69               | 70.84              | -531.23       | 8.25              | -5.49              | -5.49           |
| Beer – regular                | 35.15               | 288.07             | -3,520.75     | 9.88              | -8.28              | -8.28           |
| Beer – premium                | 27.70               | 54.21              | -202.77       | 7.16              | -3.57              | -3.57           |
| <b>Draught beer</b>           |                     |                    |               |                   |                    |                 |
| Keg beer – light              | 20.08               | 2.85               | 55.97         | 0.09              | 10.54              | 10.54           |
| Keg beer – mid                | 52.84               | 18.18              | 153.27        | 1.44              | 7.63               | 7.63            |

|                           |                 |                 |                   |              |              |               |
|---------------------------|-----------------|-----------------|-------------------|--------------|--------------|---------------|
| Keg beer – regular        | 268.26          | 145.40          | 697.60            | 2.60         | 5.19         | 5.19          |
| Keg beer – premium        | 50.77           | 20.13           | 109.26            | 1.76         | 6.94         | 6.94          |
| <b>Spirits &amp; RTDs</b> |                 |                 |                   |              |              |               |
| Spirits                   | -68.35          | 148.67          | -3,964.42         | 17.69        | -16.76       | -16.76        |
| RTD – light               | 9.27            | 47.68           | -398.75           | 13.70        | -10.82       | -10.82        |
| RTD – dark                | 17.24           | 102.09          | -910.43           | 13.93        | -11.18       | -11.18        |
| <b>Cider</b>              |                 |                 |                   |              |              |               |
| Cider                     | -53.97          | 71.67           | -1,030.98         | 21.08        | -24.46       | -24.46        |
| <b>TOTAL</b>              | <b>2,844.27</b> | <b>3,976.31</b> | <b>-25,201.17</b> | <b>23.12</b> | <b>-9.25</b> | <b>-13.46</b> |

## Taxation summary – all scenarios

**Table 5. Projected change in alcohol taxation revenues (including GST) under each scenario**

|                  | Scenario 1 (+10%) | Scenario 1 (+30%) | Scenario 2 (+10%) | Scenario 2 (+30%) |
|------------------|-------------------|-------------------|-------------------|-------------------|
|                  | A\$m              | A\$m              | A\$m              | A\$m              |
| Wine             | 127.41            | 292.66            | 2,502.43          | 2,991.71          |
| Beer             | 225.66            | 613.63            | 226.88            | 614.50            |
| Spirits and RTDs | 121.07            | 324.67            | 100.81            | 298.44            |
| Cider            | 36.91             | 60.78             | 48.42             | 71.67             |
| <b>TOTAL</b>     | <b>511.06</b>     | <b>1,291.74</b>   | <b>2,878.54</b>   | <b>3,976.31</b>   |

## Alcohol consumption summary – all scenarios

**Table 6. Projected change in alcohol consumption under each scenario (in LAL)**

|                  | Scenario 1 (+10%) | Scenario 1 (+30%) | Scenario 2 (+10%) | Scenario 2 (+30%) |
|------------------|-------------------|-------------------|-------------------|-------------------|
|                  | '000 LAL          | '000 LAL          | '000 LAL          | '000 LAL          |
| Wine             | -2,611            | -3,659            | -13,881           | -15,679           |
| Beer             | -863              | -3,323            | -750              | -3,217            |
| Spirits and RTDs | -1,852            | -5,065            | -2,038            | -5,274            |
| Cider            | -580              | -654              | -921              | -1,031            |
| <b>TOTAL</b>     | <b>-5,906</b>     | <b>-12,702</b>    | <b>-17,590</b>    | <b>-25,201</b>    |
|                  | %                 | %                 | %                 | %                 |
| Wine             | -3.72             | -5.22             | -19.80            | -22.37            |
| Beer             | -1.12             | -4.29             | -0.97             | -4.16             |
| Spirits and RTDs | -5.22             | -14.28            | -5.74             | -14.86            |
| Cider            | -13.77            | -15.53            | -21.85            | -24.46            |
| <b>TOTAL</b>     | <b>-3.16</b>      | <b>-6.79</b>      | <b>-9.40</b>      | <b>-13.46</b>     |

# Appendix B: National FASD Clinic and Clinical Network Plan

## Purpose

The purpose of this proposal is to establish a National Fetal Alcohol Spectrum Disorders (FASD) Clinic and Clinical Network across Australia.

## Overview of FASD activities

Government policy in responding to FASD is at a critical junction in Australia. Researchers and passionate individuals have worked tirelessly to raise awareness of FASD at local and national levels. The success of these efforts resulted in an Inquiry by the House of Representatives Social Policy and Legal Affairs into FASD in 2012.

The Foundation for Alcohol Research and Education (FARE) played a pivotal role during the Inquiry, and in responding to FASD, by coordinating the development of *The Australian FASD Action Plan 2013-2016* (Action Plan) which was released in September 2012. The Action Plan describes the actions required to reduce the number of people born with FASD and support those affected. FARE worked with 33 key researchers, clinicians and parent and carers groups to develop the plan which is a fully costed roadmap for action.

In 2013, the Labor Government released the *Commonwealth Action Plan to reduce the Impact of FASD*. This was re-released by the incoming Liberal Government in August 2014. As part of this plan, five priority areas have been identified and a Technical Network was established to oversee its implementation.

There have also been a number of research projects taking place across Australia over the last few years. One of the most comprehensive has been the Lililwan project in the Fitzroy Valley in Western Australia. As part of the Lililwan project, all children born in 2002 and 2003 were assessed by a specialist multidisciplinary team that travelled to the community. This project found high rates of alcohol consumption among pregnant women and high rates of FASD. The Telethon Kids Institute and Sydney University, funded by the Australian Government, are currently coordinating a national pilot of the Australian FASD Diagnostic tool and this work is expected to be completed by the end of the year.

Nevertheless, across Australia the prevalence of FASD remains unknown. This is due in part to the lack of diagnostic opportunities, lack of standardised diagnostic screening and collection of data, as well as a lack of awareness about the issue. Fundamental to improving outcomes for FASD is improving diagnostic capacity, including funding clinics and training health professionals in how to diagnose FASD. This proposal addresses these issues.

## Proposal

### Creation of National FASD Clinical Network

Currently in Australia there are limited opportunities for a child to receive a diagnostic assessment for a Fetal Alcohol Spectrum Disorder (FASD). There are three operational diagnostic clinic models, one located at The Children's Hospital at Westmead in Sydney, New South Wales, one at the Community

Child Health Service in the Gold Coast, Queensland, and the PATCHES Paediatrics rural and remote FASD clinic model in the Kimberley and Pilbara regions of Western Australia.

However, across Australia there are a growing number of clinicians who undertaking FASD diagnosis or trying to establish diagnostic services in their area. Funding for these clinicians is extremely limited and there is no national coordination of the services, the diagnostic tool used, or training on FASD diagnosis. This has resulted in a situation where different clinicians are using different diagnostic systems and criteria.

The creation of a National FASD Clinical Network will ensure standardisation of approaches to FASD assessment, diagnosis, data collection and management, and post-diagnosis interventions across Australia, as well as use of the Australian Diagnostic instrument. It will also allow information sharing between clinical teams to ensure consistency.

To this end, the Telethon Kids Institute has taken initial steps to establish a network and have called the first meeting of clinical representatives in October 2015. It is envisaged that a senior representative from each clinical team/service would attend clinical network meetings (held by teleconference). The Network would aim to achieve the following:

- Provide collegiate support in establishing and expanding FASD diagnostic services.
- Create and maintain a database of all clinicians undertaking FASD diagnosis.
- Develop a standardised, defined set of protocols for FASD screening, referral, assessment, diagnosis, data management, therapy and reporting.
- Maintain a database of FASD diagnosis and outcomes, and make this information available for use by researchers and those working on service delivery improvement.
- Work towards the development of an accredited FASD diagnostic training program.

It has been identified that there are currently over 30 specialists who could join the network initially and once established, this number would increase over time.

It is planned that the National Coordinator and administrative officer for the network would:

- Establish the processes and databases for the network.
- Provide the secretariat role for the network and coordination of teleconference meetings and minutes.
- Maintain databases and ensure the completeness of data entered.
- Prepare reports and briefs for the Network based on the data obtained.

It is also proposed that the FASD Clinical Network hold clinical forums once each year (starting in year two) to engage a wider audience of clinicians and allied health professionals to update on professional standards for FASD in Australia.

### **Establishment of FASD Diagnostic clinics in different settings across Australia**

As proposed in *The Australian Fetal Alcohol Spectrum Disorders Action Plan 2013-2016* improving the diagnostic rates and diagnostic capacity for FASD would result in those affected receiving greater support and assistance. Obtaining a diagnosis for FASD early in one's life is crucial to improving that individual's life. A diagnosis allows for an understanding of the specific deficits that an individual has and identification of the appropriate healthcare, education, and service needs of the individual and families/carers.

When the primary disabilities of FASD are undiagnosed or misunderstood, this can result in the person with FASD developing secondary disabilities such as mental health issues, alcohol and drug problems, disrupted school experiences and inappropriate sexual behaviours. Early diagnosis and intervention can help to minimise these secondary disabilities. Therefore, building Australia's capacity to diagnose FASD is essential.

FASD diagnosis is determined through a multidisciplinary approach undertaken by a range of health professionals including: paediatricians, clinical or neuro psychologists, occupational therapists, speech and language therapists, physiotherapists, and social workers.

There are different models of how a clinic can operate, and FARE's FASD Plan present four options. Two models are currently being used by the existing services and Australia needs to test a range of diagnostic clinic models to deliver services in metropolitan cities; rural centres and in remote regions. There are different issues in access to health services in metropolitan, rural and regional areas.

The two existing metropolitan clinics receive some support from state governments. The clinic at The Children's Hospital at Westmead has been awarded \$300,000 per year for four years from the New South Wales Government. The Gold Coast clinic is funded through existing resources within the Community Child Health Service. Neither of these clinics operate on a full-time basis. A third metropolitan clinic at the University of Western Australia has received \$200,000 per year for two years and will respond mainly to justice system referrals.

Dr James Fitzpatrick from PATCHES Paediatrics (Paediatric Child Health and Education Services) has established FASD clinics in remote communities in Western Australia including Broome, Derby, Fitzroy Valley, Port Hedland and Karratha, and in metropolitan Perth. PATCHES is based on a mainstream funding model, through the Rural Health Outreach Funding (RHOF), Medicare Benefits Scheme and Disability Services funding for therapy follow-up. These clinics operate on a fly-in-fly-out model that is supported by local care coordinators and Aboriginal Therapists. This model has the potential to be scaled to additional remote, regional and metropolitan sites across Australia, and the bulk of funding for this model can be accessed through mainstream funding mechanisms.

Alongside these clinics, it is proposed that a rural diagnostic clinic be established in Shepparton, Victoria. There are currently no services for FASD diagnosis in Victoria and this would be the first rural FASD diagnostic clinic in Australia. The clinic would be based at Goulburn Valley Health in Shepparton and take children from across the Goulburn Valley region.

It is proposed that the clinic will link with existing obstetric and paediatric services (including pre-conception, pregnancy, postnatal and infancy clinical areas), existing child development services, and provide training opportunities through the Rural Health Academic School, Melbourne Medical School, Melbourne University.

Different clinical models for FASD diagnosis are required in Australia and the diagnostic capacity needs to be urgently increased. Australian Government funding to these four clinics would see the testing of clinic models in metropolitan, rural, regional and remote areas of Australia. These models could be then replicated across Australia.

## Project budget

Funding: \$3.1 million over three years would allow for the creation of the National FASD Clinical Network and the establishment and continuation of FASD diagnostic clinics across Australia. Commitments of Australian Government funding are needed to ensure that the existing clinics continue to operate and are able to expand their coverage.

### Indicative budget

| Item   | Year 1             | Year 2             | Year 3             | Commonwealth Funds (total) |
|--|--------------------|--------------------|--------------------|----------------------------|
| <b>Creation of National FASD Clinical Network</b>  |                    |                    |                    |                            |
| Clinical Network coordinator (FTE 0.6)   | \$69,308           | \$73,467           | \$73,467           | \$216,242                  |
| Administrative officer (FTE 0.4)   | \$31,906           | \$33,830           | \$33,830           | \$99,566                   |
| Salary on costs  | \$20,243           | \$21,460           | \$21,460           | \$63,163                   |
| Development of databases and maintenance   | \$10,000           | \$10,000           | \$10,000           | \$30,000                   |
| Clinical forum to exchange information and expertise   | -                  | \$70,000           | \$70,000           | \$140,000                  |
| <b>Total</b>   | <b>\$131,457</b>   | <b>\$208,757</b>   | <b>\$208,757</b>   | <b>\$548,971</b>           |
| <b>Establishment of FASD Diagnostic clinic Goulburn</b>  |                    |                    |                    |                            |
| Personnel Salaries include:  | \$139,436          | \$141,360          | \$141,360          | \$422,156                  |
| <i>General paediatrician (0.1FTE)</i>  | \$32,530           | \$32,530           | \$32,530           | \$97,590                   |
| <i>Developmental paediatrician (0.125 FTE)</i>   | \$41,000           | \$41,000           | \$41,000           | \$123,000                  |
| <i>Clinical Psychologist (0.1FTE)</i>  | \$12,000           | \$12,000           | \$12,000           | \$36,000                   |
| <i>Speech Pathologist (0.1FTE)</i>   | \$11,000           | \$11,000           | \$11,000           | \$33,000                   |
| <i>Social Worker (0.1 FTE)</i>   | \$11,000           | \$11,000           | \$11,000           | \$33,000                   |
| <i>Administrative officer (FTE 0.4)</i>  | \$31,906           | \$33,830           | \$33,830           | \$99,566                   |
| Support for Rural Clinical Student placements  | \$27,767           | \$46,600           | \$49,458           | \$123,825                  |
| Assets: Equipment / Capital (Psychological and developmental assessment tools, 3D FASD facial camera and photographic analysis software) | \$20,000           |                    |                    | \$20,000                   |
| Administration / Overheads   | \$40,000           | \$50,000           | \$50,000           | \$140,000                  |
| Evaluation   |                    | \$11,688           | \$12,039           | \$23,727                   |
| <b>Total</b>   | <b>\$227,203</b>   | <b>\$249,648</b>   | <b>\$252,857</b>   | <b>\$729,708</b>           |
| <b>Funding for existing FASD diagnostic clinics</b>  |                    |                    |                    |                            |
| Supplementary funding for Westmead clinic  | \$125,000          | \$125,000          | \$125,000          | \$375,000                  |
| Supplementary funding for Gold Coast clinic  | \$180,000          | \$180,000          | \$180,000          | \$540,000                  |
| Funding for PATCHES remote clinics in Western Australia (Kimberley and Pilbara)  | \$350,000          | \$300,000          | \$300,000          | \$950,000                  |
| <b>Total</b>   | <b>\$655,000</b>   | <b>\$605,000</b>   | <b>\$605,000</b>   | <b>\$1,865,000</b>         |
| <b>Overall total (excluding GST)</b>   | <b>\$1,013,660</b> | <b>\$1,063,405</b> | <b>\$1,066,614</b> | <b>\$3,143,679</b>         |

