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### **Abstract**

The Australian Government increased the tax on ready-to-drink (RTD) alcohol beverages in 2008, in order to address concerns about increasing alcohol consumption among young people. This decision resulted in significant debate and discussion in the media, and in academic circles. The aim of the current study was to examine media coverage of the debate – and particularly the arguments posed in favour of and against the tax – now that we have objective evidence of its impact. We find that business owners and industry groups were vocal in the media, raising a number of arguments in opposition to the tax; and that this opposition dominated media coverage, potentially misleading consumers as to the rationale for, and effectiveness of, the „alcopop tax“.

### **Keywords**

light, tax, its, alcopops, coverage, media, evidence, analysing, saving, raising, revenue, lives, effects

### **Disciplines**

Arts and Humanities | Life Sciences | Medicine and Health Sciences | Social and Behavioral Sciences

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# **Saving lives or raising revenue: Analysing media coverage of the alcopops tax in light of the evidence on its effects**

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Keywords; alcohol, pricing, media, social responsibility.

## **Abstract**

The Australian Government increased the tax on ready-to-drink (RTD) alcohol beverages in 2008, in order to address concerns about increasing alcohol consumption among young people. This decision resulted in significant debate and discussion in the media, and in academic circles. The aim of the current study was to examine media coverage of the debate – and particularly the arguments posed in favour of and against the tax – now that we have objective evidence of its impact. We find that business owners and industry groups were vocal in the media, raising a number of arguments in opposition to the tax; and that this opposition dominated media coverage, potentially misleading consumers as to the rationale for, and effectiveness of, the ‘alcopop tax’.

## **Introduction**

A loophole in the Australian tax policy on alcohol in 2000 resulted in a 40% tax discount for alcopops (RTDs) which was passed onto consumers (Shakeshaft, Doran & Byrnes, 2009). The consumption of RTDs tripled from 1999 to 2007 and this category is considered to have been a major contributor in the overall increase in the Australian alcohol market over this time period (Shakeshaft, Doran & Byrnes, 2009). The Australian Government introduced a policy increasing the tax on ready-to-drink (RTD) alcohol beverages in 2008, in order to reduce the harms associated with the high levels of consumption of this drink favoured by young Australians. This move was particularly controversial given its apparent stealth – the government introduced the tax at midnight on April 26<sup>th</sup> 2008, with no prior warning or discussion. The tax was subsequently blocked in the Senate, with considerable debate about what should be done with the tax collected to that point, and then re-introduced into the Senate in 2009 and passed in August of that year.

The government’s decision to introduce the ‘alcopop tax’ resulted in significant debate and discussion in the media, and in academic circles – with some arguing that the tax was at best ineffective and at worst counter-productive to addressing Australia’s alcohol problem (e.g., Previte and Fry, 2009). The aim of the current study was to examine media coverage of the debate – and particularly the arguments posed in favour of and against the tax – now that we have objective evidence of its impact.

## **Literature review**

The 2007 National Drug Strategy Household Survey (Australian Institute of Health and Welfare, 2008) found that the three most common drinks reported by females aged 17 and under were bottled RTDs, canned RTDs and bottled spirits: almost four times as many as selected bottled wine, and more than five times as many as selected regular-strength beer, low-alcohol beer and cask wine. Among boys of the same age, RTDs, bottled spirits and

regular-strength beer were the most common, and selected by three to four times as many respondents as bottled and cask wine. Preference for RTDs is lower in older age groups, with bottled RTDs a 'usual drink' for 47.3% of females and 26.4% of males aged 20–29; and canned RTDs for 37.1% of females and 47.6% of males aged 20–29; with both types down to less than 11% of males and females aged 40+. While these products were initially positioned as predominantly brightly coloured, sweet-tasting drinks targeted at female drinkers, and are often still described in the literature as 'highly-sweetened' drinks that are fruit or milk based, the market in Australia is dominated by bourbon and whisky-based RTD products, with many containing more than two standard drinks per serve (Jones and Barrie, 2011).

Price is an important determinant of levels of alcohol consumption; substantial literature supports the use of increased tax (and therefore increased pricing) of alcohol as an intervention to curb drinking and reduce mortality, disease and associated health-care costs (Chikritzhs *et al.*, 2009; Purshouse *et al.*, 2010; Wagenaar, Maldonado-Moline and Wagenaar, 2009; Wagenaar, Salois and Komro, 2009; WHO, 2009). Alcohol-related disease mortality reduced sharply and was sustained following increases in alcohol tax in Alaska on two occasions almost 20 years apart (in 1983 and 2002). A systematic review conducted by Wagenaar, Salois & Komro (2009) supported the price elasticity of alcohol, that is, the extent to which price changes result in consumption changes (Byrnes, Cobiac and Doran, 2010). The meta-analysis showed an inverse relationship between alcohol consumption and prices (including tax increases), supporting increasing prices as an effective measure of reducing drinking (Wagenaar, Solias and Komro, 2009). Similar results have been found in England where general price increases in alcohol also resulted in decreased consumption and positive impacts on health and health-care costs (Purshouse *et al.*, 2010). Drinking levels of young adults in particular were influenced by price increases, including those attributed to tax increases (Grossman, Chaloupka and Saffer, 1994; Purshouse *et al.*, 2010). The literature also supports the effectiveness of price reduction as a means of reducing alcohol-related disease and injury in Australia (Cobiac *et al.*, 2009; Doran, Hall and Shakeshaft, 2010).

## **Method**

We conducted a search of the Factiva database for all articles related to the 'alcohol tax' published between April 2008 (the introduction of the tax) and January 2010. The search included all Australian newspapers indexed in Factiva, using the search terms alcohol, RTD, ready-to-drink, pre-mix. Articles were included if they were from an Australian newspaper; they were excluded if they were from a New Zealand paper, or were not related to the alcohol tax (e.g., reports in the business section on company events, new product launches etc). A total of 1,045 articles were included in the analysis. Articles were coded for source (newspaper, date); location (e.g., general news, opinion, business etc); position (against the tax, supportive of the tax, neutral); spokesperson(s) and their justification for their position.

## **Results**

### **The Effect of the Alcohol Tax**

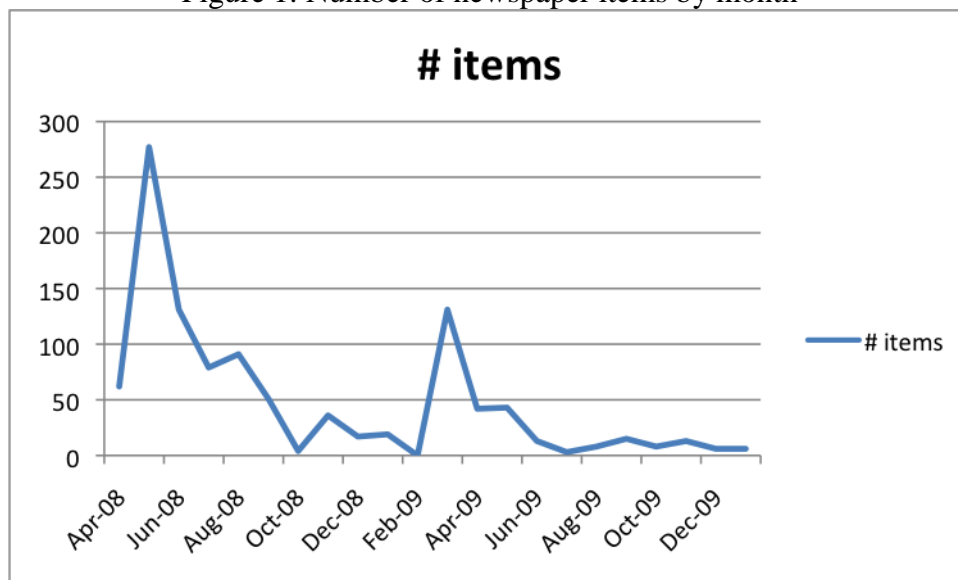
Before reporting on the data, it is important to note that the policy change resulted in a drop of 30% in apparent consumption of RTDs (ABS, 2010). This indicates a reversal of the trend evident since their introduction in Australia; all previous data has revealed an annual increase

in RTD apparent consumption (ABS, 2010). Opponents of the tax on RTDS, or the ‘alcopops tax’ had criticized the introduction suggesting that young people would simply change to buying straight spirits and mixing their own drinks. Whilst an increase in apparent consumption of spirits was evident, this rise was comparatively small and did not compensate for the reduction in RTD sales. Following the introduction of the alcopops tax, overall alcohol use in Australia dropped by 2% per head (Hall and Chikritzhs, 2011).

### The Physical and Ideological Position of the Debate

News coverage of the alcopops tax peaked in May-June 2008, immediately after the introduction of the tax (277 articles in May and 131 in June) and again in March 2009 when the Bill was reintroduced into Senate (131 articles) (see Figure 1). The majority of articles were located in the *general news* section of the newspapers ( $n = 714$ ; 68.3%), followed by the *opinion* section ( $n = 137$ ; 13.1%) and features ( $n = 107$ ; 10.2%); with a smaller number in the finance ( $n=28$ ), business (27), editorial (11) and other sections.

Figure 1: Number of newspaper items by month



All articles were classified depending on the position in relation to the argument of the alcopop tax. The most common position was against the tax (41.1%). This was followed by articles considered neutral (22.1%), which included political parties stating their positions on the tax. Only 143 of the 1045 articles (13.7%) clearly supported the alcopops tax. The number of articles each newspaper published about the alcopop tax varied, as did the range of views expressed regarding its introduction. The number of articles against the introduction of the tax ranged from 1 to 51. The *Australian* published the highest number of items against the introduction ( $n = 51$ ), although it should be noted that they published the highest number of articles overall (and thus the highest number of ‘neutral’ and second highest number of ‘support’ items). The *Age* ( $n = 15$ ) had the most articles supporting the tax; although none of the papers published a majority of articles that supported the introduction.

Of the 809 articles that were written by, or directly quoted, a ‘spokesperson’, the most prominent voices were politicians ( $n=211$ ), business owners (144), experts (143 – this included ‘experts’ from medical, legal and commercial fields), members of the general public (126), and representatives of industry groups (94). Only 24 items quoted comments from

research groups. Those supportive of the tax included medical experts and government spokespeople; and the arguments presented in support of the tax were predominantly focused on the health risks and social problems associated with excessive alcohol consumption.

"The recent announcement regarding the use of taxation to address binge drinking is very much welcomed as the first step to ensuring the whole alcohol taxation is fair and balanced," Dr Herron says in the letter. "Utilising the taxation system is one of the most effective measures we have for reducing alcohol-related harm and problems for both individuals and communities." (*Former Liberal minister blindsides Nelson on alcopop tax*, Sunday Age, 18 May 2008)

"It's especially encouraging to see the drop in sales of vodka-based spirits, which we know are often targeted at young women," Ms Roxon said. "With almost 20,000 girls aged 15 and younger having a weekly drinking habit, it was time to act." (*Pre-mixed down, but spirits up*, Herald Sun, 29 May 2008).

Those opposed to the tax argued that the reason behind the introduction was also frequently cited as either a form of revenue raising (18.9%) or as a political tool (13.9%). Spokespeople who were most likely to be against the introduction of the tax were the general public or consumer, industry and company Board representatives, employees and industry business owners. The industry representatives primarily relied on two pieces of 'evidence' to support their opposition to the tax: that drinkers would (or had) simply changed the type of alcohol they consumed rather than reduced their drinking; and that young people were not the group most at risk of harm from alcohol consumption.

"One hotel owner, who declined to be named, said the tax had encouraged drinkers aged 18-27 years to drink more. "Young people have switched to larger bottles because it's cheaper," he said. "But the alcohol content is always going to be higher when you mix your own." (*Law lifts drinking*, Preston Leader, 16 July 2008).

"Thirsty Camel bottle shops chairman Rick Munday said the Federal Government's strategy had failed. 'Now they can pour as much as they want, and its (sic) unregulated. (With) a pre-mixed drink you know how much alcohol is in there," he said" (*Alcopop tax fails: shops*, Geelong Advertiser, 12 July 2008)

"Research by the South Australian Department of Health has found that people aged 50-69 are significantly more likely to be at risk of short-term harm from alcohol than those in other age groups. It says people aged 40-49 years are more likely to be at risk of long-term harm, with people in the 16-19 age group... significantly less likely to be at risk." (*Alcopops tax tested by drink risk reality*, The Australian, 9 July 2008)

## Discussion

The introduction of the 'alcopops tax' in 2008 increased tax rates on alcopops to be in line with other spirits (from \$39.96 to \$66.67). The subsequent drop in alcopops consumption suggests price elasticity of alcohol in Australia is similar to that found overseas, and that the inverse relationship between price and consumption exists here (Byrnes *et al.*, 2010).

It has been argued by some that the focus on price as a means of reducing alcohol consumption ignores the fact that alcohol-related harm is a social problem and that it negates the inclusion of stakeholders in working towards a solution (Previte and Fry 2009). We agree that the alcohol problem in Australia is complex and multi-faceted, and requires a complex range of strategies at the community and societal level. However, we would argue that

governments are unlikely to introduce the ideal suite of measures in one step – and that any strategy which is shown to be efficacious in reducing alcohol-related harm is an important step on the path to changing our culture of excessive consumption.

So why start with price? The most recent comprehensive review of the effectiveness and cost-effectiveness of interventions to reduce alcohol-related harms, consistent with previous reviews, concluded that the most effective strategies are: increasing the price and reducing the availability of alcohol; banning alcohol advertising; drink-driving interventions; and individual interventions with at-risk drinkers (Anderson *et al.*, 2009; Babor *et al.*, 2010). In Australia, the National Preventative Health Taskforce reported that governments could achieve more than 10 times the health gain by reallocating (without increasing) their current investments in programmes to reduce alcohol-related harms (Doran *et al.*, 2010). The interventions identified as comprising the optimal packaged approach (in order of cost-effectiveness) were volumetric taxation, advertising bans, increasing the minimum drinking age to 21 years, brief interventions in primary care, licensing controls, drink-driving mass media campaigns and random breath testing (Doran *et al.*, 2010).

Given decades of evidence that increasing the price of alcohol reduces consumption (and that reducing the price increases consumption) particularly among those groups most vulnerable to harm, the finding that the alcopops tax reduced overall alcohol consumption in Australia should not come as a surprise. What is surprising is that many media outlets and members of the general public believe that the alcopop tax ‘didn’t work’. A quick straw poll of people in your street or office will show that the majority believe that all the price increase on alcopops achieved was a shift in young people’s drinking patterns to ‘more dangerous’ alcohol products. Why do people believe this, in spite of the evidence to the contrary? We would argue it is because the alcohol industry, and its associated industries, was extremely effective in co-opting the debate and telling a convincing story to the general public that monopolised the media coverage and misled the public. This is consistent with the response to other (proposed) strategies to reduce alcohol-related harm. The alcohol industry demonstrates a consistent ability to bring on board other ‘stakeholder’ groups, and engage them in parallel protests to support the industry’s objectives. For example, in Australia, sporting associations have been powerful spokespeople in the industry’s campaign to maintain alcohol sponsorship of sport (Jones, 2010) despite increasing evidence of the harms associated with promoting a link between alcohol and sport (Kelly *et al.*, 2010; O’Brien *et al.*, 2010; O’Brien *et al.*, 2011).

We note an interesting parallel between the debate on the alcohol tax and the debate on penalties for speeding and other dangerous driving behaviors. That is, the debate between those who believe these interventions are designed purely to raise revenue (with limited public health and safety benefit) and those who believe these interventions are designed to encourage behavior change for the benefit of individuals and the community (with revenue raised a side effect of an evidence-based behavior change strategy).

The International Centre for Alcohol Policy (ICAP) advises its members that their CSR activities should “contribute to a wider development of alcohol policies, promote responsible drinking patterns, and target alcohol misuse” (ICAP, 2010). Given the alcohol industry’s consistent assertions that, as an industry, they are committed to being a part of the solution, it would seem appropriate that they not oppose strategies shown to be effective in reducing alcohol-related harm.

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