Alcohol and Tobacco in NSW: Consumption, Revenue and Concern

by

John Wilkinson

Briefing Paper No 7/97
Alcohol and Tobacco in NSW: Consumption, Revenue and Concern

by

John Wilkinson
## CONTENTS

Executive Summary .................................................. 3

1. Introduction .................................................. 4

2. Alcohol and Tobacco: A Brief Outline of their Production and Consumption in New South Wales ........................................... 4

3. NSW Revenue from Alcohol and Tobacco ................. 19

4. Social and Medical Concerns over Alcohol and Tobacco Consumption ... 30

5. Some Commercial and Revenue Aspects of Alcohol and Tobacco ....... 45

6. Conclusion .................................................. 53
EXECUTIVE SUMMARY

- New South Wales is a major centre of beer, wine and cigarette production in Australia (pp.4-18)
- New South Wales is likewise a major centre of alcohol and tobacco consumption in Australia (pp.9-18)
- Alcohol and tobacco have been used for centuries as source of revenue, and they still retain revenue significance in the present day (pp.19-30)
- Concerns over alcohol and (later) tobacco have been constantly raised - first, in the case of alcohol, by church groups and subsequently, in the case of both substances, by health and allied organisations (pp.30-45)
- Some dilemmas in the continuing government revenue reliance on alcohol and tobacco are discussed (pp.46-53)
- Some policy tendencies for the future are outlined (p.53)
1 INTRODUCTION

Drinking and smoking, along with gambling, tend to have been viewed as indulgences, or vices, and the revenues from these three sources have consequently come to be known as the “sin taxes”.

As was the case with gambling, so it is similarly true that alcohol and tobacco consumption are particularly significant in the case of New South Wales.

In terms of production, New South Wales, over the decades, has been the biggest market for beer in Australia, and Sydney has also been the biggest centre of tobacco manufacturing in Australia.¹

Revenue from these sources, as will be shown in the paper, has also become significant for NSW government revenue - revenue from tobacco in particular.

On the other hand, there have been many concerns raised, ever since Britain’s establishment of its colony of New South Wales, over the abusive aspects of consumption of both of these two substances. Only alcohol, at first, was the object of public concern but, in recent times, both drinking and smoking have become the subject of considerable public scrutiny.

A briefing note on gambling has already been produced by the NSW parliamentary library research service and this accompanying paper endeavours to complete a survey of these activities. It examines the growth of beer production and consumption, and tobacco production and consumption, in New South Wales. It also looks at the early, and continued, use of these two activities for their revenue potential. Finally it looks at social and medical concerns which have been raised by the consumption of these two substances.

2 ALCOHOL AND TOBACCO: A BRIEF OUTLINE OF THEIR PRODUCTION AND CONSUMPTION IN NEW SOUTH WALES

(a) Alcohol

Alcohol consumption was well established in Britain, the country which, in 1788, occupied the continent of Australia, and it is not surprising that the British settlers who began to arrive in Australia, from that time onwards, brought their habits of drinking with them. W.S. Campbell has estimated that, during the twelve years from 1788 to mid-

1800, 26,974 gallons of spirits and 8,896 gallons of wine were imported. Although chroniclers of life in Australia have tended to emphasise the tendency towards a high consumption of alcohol, which developed amongst certain members of the population, early consumption of alcohol appears to have been relatively low. Noel Butlin commented that, “Allocated as an annual average. . .this would imply very low consumption. . .three-quarters of a gallon of spirits and one-quarter of a gallon of wine per person per year.”

From 1800 onwards, alcohol imports began to significantly increase. In 1800, during the entire year, 45,000 gallons of spirits and 24,000 gallons of wine were imported. By 1811, the yearly importation of alcohol had risen to over 77,000 gallons of spirits and over 21,000 gallons of wine. Beer imports had also begun and, during the year 1815, 647 hogsheads of beer were imported into the colony.

Beer production within the colony began not long after settlement. In 1804, at Parramatta, the colonial government established a brewery - an undertaking which was later leased to a private individual. Subsequently, John Tooth, who had left England in the early 1830s, went into partnership with John Newnham and, in 1835, established a large brewery near the city. In 1875, John Toohey, a descendant of Irish emigrants, established a large brewery in Elizabeth Street. Although Toohey’s was a smaller concern than Tooth’s, the brewery that was opened in 1875 had a sizeable production capacity: 32,000 gallons (144,000 litres) a week.

Apart from these two big breweries, there were a number of smaller ones. T.A. Coghlan, statistician for the NSW colonial government, observed in 1887 that, “Brewing [is one of the] industries which have increased. . .and. . .will further develop in the future.” While in 1877 there were 38 breweries and bottlers of ale and stout in New South Wales, by 1886 their number had increased to 74. Coghlan gave the following figures for ale and stout production in the late 1880s:

---


4 ibid., pp.10-11.


8 Brewing Industry Feature in Food Australia, vol.46, no.4, April 1994, p.158.
Wine production in the colony began with the first governor, Arthur Phillip, who succeeded in growing grapes, in his garden, from vines procured at Capetown. The first export of wine, from the colony to England, was sent in 1822 by Gregory Blaxland (brother of John Blaxland, discoverer of the route across the Blue Mountains). The first of the forerunners of the Australian vineyards of the present day was established in 1828 when George Wyndham, who had left England in 1827, obtained a grant of crown land beside the Hunter River and planted six acres of vine cuttings. Henry Lindeman, after leaving Britain in the early 1840s, began planting grapes on a property near Gresford, also in the Hunter Valley and, by the late 1840s, set out to export wine back to London.

Spirits and wine consumption, and that of alcohol in general, declined sharply during the first great business slump, which struck the colony in the 1840s. Milton Lewis has commented that, “The consumption of wine in New South Wales followed the same pattern as the consumption of spirits. A marked decline in the 1840s heralded a downward trend lasting to the end of the century”.

Increased drinking of beer appears to have taken the place of the decline in the consumption of spirits and wine. Tony Dingle has provided the following sets of statistics for per capita alcohol consumption in New South Wales during the nineteenth century:

<table>
<thead>
<tr>
<th>Brewing and Bottling Concern</th>
<th>Employees</th>
<th>Quantity Produced</th>
</tr>
</thead>
<tbody>
<tr>
<td>1886</td>
<td>74</td>
<td>987</td>
</tr>
</tbody>
</table>

10,000,000 gallons


Drinking of beer expanded as the opportunity to access it increased. The principal means of availability was the public house and most became “tied” to either Tooth’s (which held the majority of such arrangements) or Toohey’s (“tying”, according to Brett Stubbs, involved the publican undertaking “to purchase from the brewer all his beer”). The number of public houses reached an all-time high just at the beginning of the next trade depression, in the 1890s:

**Publicans’ Licences in New South Wales**

<table>
<thead>
<tr>
<th>Year</th>
<th>Licence Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>1870</td>
<td>2,187</td>
</tr>
<tr>
<td>1891</td>
<td>3,441</td>
</tr>
</tbody>
</table>

Beer production in New South Wales, despite the temporary setback caused by the depression of the 1890s, surged ahead during the 1900s and 1910s. Not only did increased drinking of beer take the place of the decline in consumption of spirits and wine, but, on an overall level, as Keith Dunstan has written,

> New South Wales...was by far the biggest market for beer in Australia.

In the 1920s, Tooth’s continued to be the biggest company making beer in New South Wales - becoming even bigger when it took over Resch’s brewery in 1929. During the 1930s, Tooth’s was responsible for 80% of beer sales in NSW and was one of the largest companies in Australia. One of the reasons for Tooth’s predominance was that, during the first half of the twentieth century, it gained the freehold of over 800 public houses.

---


and had “tied” arrangements with another 200. Toohey’s gained the freehold of around 200 public houses and had “tied” arrangements with another 100.  

During the period from 1900-1920 there was, then, an even greater increase in the output of beer, however, in the 1920s, for reasons which shall be discussed later, output stabilised. The official year book of New South Wales gives statistics for the period as follows:

<table>
<thead>
<tr>
<th>Year</th>
<th>Brewery Employees</th>
<th>Quantity Produced</th>
</tr>
</thead>
<tbody>
<tr>
<td>1901</td>
<td>1,016</td>
<td>13,973,751 gallons</td>
</tr>
<tr>
<td>1911</td>
<td>912</td>
<td>19,804,540 gallons</td>
</tr>
<tr>
<td>1920-21</td>
<td>1,122</td>
<td>25,470,404 gallons</td>
</tr>
<tr>
<td>1928-29</td>
<td>1,276</td>
<td>29,420,920 gallons 19</td>
</tr>
</tbody>
</table>

One reason for the overall stabilisation in consumption of alcohol was the restrictive legislation introduced by the Carruthers government which successfully obtained passage of the *Liquor Amendment Act 1905*. Not only did the Act, as Quentin Beresford has described, extend “local option voting to parliamentary elections allowing” voters “to decide . . .whether the number of public house licences . . .should be reduced”, but it also froze the number of clubs in existence in New South Wales.  

Another reason for stabilisation, which shall also be discussed later, was the passing of a state-wide referendum, during the First World War, which brought in the closing of public houses at 6 pm.

Despite these restrictions on alcohol consumption, Tooth’s and Toohey’s continued to be very profitable. Their returns in 1925, for instance, were as follows:

18 Stubbs, op.cit., p.35.


21 Joel, op.cit., p.54.

22 Beresford, op.cit., p.235.
Wine production in New South Wales, on the other hand, declined sharply after federation of the colonies. Max Lake has explained this accordingly:

In 1866 there were 5,840 acres under grapes...in 1900, federation...dealt the most serious blow to the prosperity of the Hunter vigneron. With...customs barriers down, New South Wales experienced a sudden and overwhelming importation of South Australian wines, both table and fortified. These...wines were cheaper...As a result, in the next decade or so there were more vines pulled out in the Hunter Valley than at any time...In 1936 the vineyard acreage was down to 1,500 and in 1947 about 1,100 acres remained. 24

Once again, with the onset of business slump in the 1930s, beer production, and beer consumption, declined and, once more, with better conditions, it revived with a significant expansion during subsequent following decades.

This increase in consumption was facilitated, at least in New South Wales, by the easing of restrictions on access to drinking under the McKell and Cahill governments, in the late 1940s and mid-1950s. The McKell government, through securing passage of the Liquor Amendment Act 1946, withdrew the freeze on the number of clubs in New South Wales (introduced in the Carruthers government’s Liquor Amendment Act 1905) and increased the number of permissible registered clubs to 414. This measure, in particular, foreshadowed the coming expansion in the number of ex-service personnel, or RSL, clubs after the Second World War. 25 A year later, access to liquor in clubs was significantly widened when, in a test case before the Full Court of NSW, regarding provision of alcohol at the Royal Sydney Golf Club, a majority of the court decided that club members could legally be served with alcohol at their clubs at all times. 26

The Cahill government carried on the removal of restrictions on access to alcohol, foreshadowing the expansion of the Leagues clubs. Firstly, in October 1954, the Cahill government succeeded in obtaining passage of a bill to hold a referendum on closing hours in New South Wales. In the following month, the referendum returned a small

---

24 Max Lake, Hunter Winemakers, pp.34-35.
25 Joel, op.cit., p.79.
26 ibid., p.170.
majority in favour of 10 pm closing, and this was quickly introduced. Then, in the last month of 1954, the Cahill government obtained passage of another bill, which became the *Liquor Amendment Act 1954*, removing the limit on the number of issuable club licences. Two years later the Cahill government provided an impetus to the expansion of clubs in New South Wales when it obtained passage of the *Gaming and Betting (Poker Machines) Act 1956* which allowed clubs to install poker machines. Under the McKell and Cahill governments, the number of public houses remained constant, but the number of clubs rose significantly:

<table>
<thead>
<tr>
<th>Publicans’ Licences</th>
<th>Club Licences</th>
</tr>
</thead>
<tbody>
<tr>
<td>1946</td>
<td>2028</td>
</tr>
<tr>
<td>1947</td>
<td>2028</td>
</tr>
<tr>
<td>1948</td>
<td>2028</td>
</tr>
<tr>
<td>1954</td>
<td>2028</td>
</tr>
<tr>
<td>1956</td>
<td>2025</td>
</tr>
</tbody>
</table>

Although Tooth’s continued to hold 80% of beer sales in New South Wales (in 1950, Tooth’s produced just over 48,000,000 gallons of beer compared to Toohey’s 10,400,000 gallons), the beneficiary of Cahill’s decision was Toohey’s brewery. Peter Thoeming has written that, by 1956, there were 400,000 members of registered clubs. Keith Dunstan has remarked that, “Toohey’s made their first breakthrough [in]...New South Wales. ...in 1956. Toohey’s went on tap in all the poker machine boosted Leagues clubs.” Thoeming quotes a Toohey’s executive, Les Begley, as saying that,

The big lift for Toohey’s came with the club movement. ...We got over 40 per cent of the market eventually...

Indeed, sensing the opportunities created by the Cahill government’s drive for 10 pm closing, Toohey’s opened a new packaging plant at Auburn, in 1957.

---

27 ibid., p.123.
28 ibid., pp.124-129.
30 Stubbs, op.cit., p.43.
31 Thoeming, op.cit., p.107.
32 Dunstan, op.cit., p.173.
33 Thoeming, ibid.
34 Thoeming, op.cit., p.109.
This increase in ease of access to alcohol - facilitated by the McKell and Cahill government’s endorsement of the club movement, and their support for lengthened opening hours - enabled the breweries to dramatically increase production as the following figures show:

<table>
<thead>
<tr>
<th>Beer Produced in New South Wales</th>
</tr>
</thead>
<tbody>
<tr>
<td>1939</td>
</tr>
<tr>
<td>1955</td>
</tr>
<tr>
<td>1960</td>
</tr>
<tr>
<td>1969-70</td>
</tr>
</tbody>
</table>

A corresponding increase in consumption in alcohol consumption also occurred as indicated by the following figures for consumption of beer in Australia:

<table>
<thead>
<tr>
<th>Yearly Average Consumption of Beer in Australia per Person (est.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1886</td>
</tr>
<tr>
<td>1965-66</td>
</tr>
</tbody>
</table>

During the 1970s, the brewing companies’ production and profits increased even further. In 1971, Toohey’s Auburn brewery, according to Thoeming, “got a new high speed canning line, capable of producing more than 48,000 cans of beer an hour.” In the same year, Toohey’s profit was $3.7 million, in 1972 it reached $4.8 million. In 1973, Toohey’s began brewing operations at its Auburn plant. By the end of the 1970s, particularly through its television advertising campaign, in fiscal year 1978-1979, Toohey’s profit reached $12.5 million.

Even more opportunities for drinking were subsequently provided for by the Wran...
government which, in 1979, secured the passage of legislation allowing for Sunday opening of hotels.

After the Cahill government’s reinstating 10 pm closing, in 1954, successive governments in New South Wales sought to gain public approval for Sunday trading. Sunday closing had been instituted as early as 1826 when Darling was governor of New South Wales. The Legislative Council, which had only recently been established, passed a bill which became the *Licensed Publicans Act 1826*, forbidding a publican to, “permit. . .any drinking . . .on Sunday”. In the early 1860s, however, the Cowper government liberalised the laws relating to the consumption of alcohol through passage of the *Licensed Publicans Act 1862*: not only providing for trading until 10 pm, Monday to Saturday, but providing for limited trading on Sundays. Nearly twenty years later, however, Henry Parkes, who became premier in 1880, subsequently secured passage of the *Licensing Act 1881* which once more barred trading on Sundays. Sunday trading remained barred in New South Wales throughout the first half of the twentieth century, but following the Cahill government’s obtaining a lengthening of closing hours, in 1954, the Askin government, which gained office in 1965, decided to hold a referendum on opening of public houses on Sunday. The referendum was conducted in 1969 but 1,249,835 people voted against, while 906,276 voted in favour. Nine years later, however, in 1978, the Wran government announced that it would introduce legislation to allow for trading on Sundays. Although the Liberal and Country par ties, in opposition, advocated the holding of a referendum on the issue (which, as shall be outlined subsequently in this paper, had been the convention for matters such as this), their requests were not heeded and, in 1979, the Wran government obtained passage of the *Liquor Amendment Act 1979* which provided for Sunday trading.

Toohey’s, not long afterwards, expanded its operations further. In 1983, at its Auburn plant, according to Thoeming, “a new can filling line was commissioned with a rated capacity of 2,000 cans per minute [120,000 cans an hour] making it the fastest in the world.”

Beer consumption increased in New South Wales during the early 1980s, and then decreased in the mid-1980s, partly, as O’Donnell has remarked, because of the “severe"

---

39 7 George IV no.2, 1826, *An Act for Repealing the Laws now in Force to the Licensing and Regulating of Public Houses and for the Better Regulating the Granting of Licenses for the Sale of Ale, Beer, Wine, Spirits and other Liquors in New South Wales in Future.*

40 Beresford, op.cit., pp.93-94.


42 Lewis, op.cit., p.91.

43 Thoeming, op.cit., p.175.
increase “in . . .excise. . .in 1975 and 1978”\(^{44}\) (which shall be looked at later in this paper). From a figure of around 135 million gallons of beer produced in NSW during 1969-1970, consumption increased, and then fell, during the 1980s as follows:

<table>
<thead>
<tr>
<th>Beer Consumption in New South Wales in the 1980s</th>
</tr>
</thead>
<tbody>
<tr>
<td>1980</td>
</tr>
<tr>
<td>1985-86</td>
</tr>
</tbody>
</table>

Drinking of beer, per person, has similarly declined. Indeed, Peter Thoeming has recalled that, in 1992-1993, “New South Wales beer consumption was down, with Toohey’s especially down. . .10 per cent”.\(^ {46}\) This is indicated by the following figures:

<table>
<thead>
<tr>
<th>Yearly Average Consumption of Beer in Australia per Person (est.)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1974-75</td>
</tr>
<tr>
<td>1984-85</td>
</tr>
<tr>
<td>1990</td>
</tr>
<tr>
<td>1994</td>
</tr>
</tbody>
</table>

Retail outlets for beer in Australia were also changing. In the late 1970s the Trade Practices Commission (TPC) investigated the system of breweries having controlling interests in public houses, as in New South Wales. Eventually, in 1979, the TPC issuing a ruling ending this practice. Lloyd Hartigan, chief executive of Toohey’s in 1976, predicted, according to Thoeming, that with

the decline in tap, or bulk, beer sales, [which had] account[ed] for 60 per cent in the mid-1960s . . .packaged beer sales [would]. . .rise, [and that] liquor stores ,

---

\(^{44}\) O’Donnell, ibid.


\(^{46}\) Thoeming, op.cit., p.203.

\(^{47}\) Senate Standing Committee on Social Welfare, ibid; Dunstan, op.cit., p.147.

and big retail groups, would become strong new customers. . . 49

Wine production in New South Wales also began to expand once more - during the late 1960s. Graham Gregory wrote in 1970 that,

wine... gradually returned to boom conditions as the sixties progressed... Already there are 3,500 acres of wine grapes in the Hunter Valley... great progress [has been] made by the longer established firms, Draytons, Elliot's, Lindemans, McWilliams, Penfolds, Tullochs and Tyrrells... 50

From then on wine production in New South Wales expanded dramatically - helped by the introduction of the wine cask, in the 1970s. Peter Thoeming has noted that sales of Australian white table wine increased by over 20% during the late 1970s. 51 This expansion in production, which continued into the 1980s, is highlighted by the figures below:

<table>
<thead>
<tr>
<th>Year</th>
<th>NSW Wine Production</th>
<th>Australia Wine Production</th>
</tr>
</thead>
<tbody>
<tr>
<td>1965</td>
<td>29,113 kilolitres</td>
<td>176,000 kilolitres</td>
</tr>
<tr>
<td>1970</td>
<td>54,949 kilolitres</td>
<td>287,000 kilolitres</td>
</tr>
<tr>
<td>1975</td>
<td>74,314 kilolitres</td>
<td>361,000 kilolitres</td>
</tr>
<tr>
<td>1980</td>
<td>97,009 kilolitres</td>
<td>414,000 kilolitres</td>
</tr>
<tr>
<td>1985</td>
<td>107,368 kilolitres</td>
<td>451,000 kilolitres</td>
</tr>
</tbody>
</table>

The increase in wine drinking is illustrated by the following figures for per person consumption of wine Australia-wide:

49 Thoeming, op.cit., pp.150,160.
51 Thoeming, op.cit., pp.139,154.
Still more opportunities for drinking were provided for by the Greiner government, which gained office in 1988. A year after its election, the Greiner government secured passage of the *Liquor (Amendment) Act 1989*. According to Maher, Flaherty and Saunders, these amendments permitted hotels and bottleshops to trade between 5am and midnight on Monday to Saturday and between 10am and 10pm on Sundays without reference to the licensing authority. Application could also be made by the larger hotels which were entertainment-orientated venues to trade until 3am or, if located in ‘tourist’ areas, until 5am. . .

The amendments were particularly significant for the off-licence (or “bottleshop”) outlets for alcohol, whose hours had previously been fixed. According to Maher, Flaherty and Saunders, the proportions of alcohol sales by outlet, in New South Wales, in the early 1990s, were as follows:

| Percentage Value of Liquor Purchases in NSW 1991-1992 |
|---------------------------------|--------|
| Off-Licence Outlets (“bottleshops”) | 43%    |
| Hotels (around 1,800 in number)    | 34%    |
| Clubs (around 1,480 in number)     | 23%    |

Despite the boost to NSW beer production, provided by the McKell, Cahill, Wran and Greiner governments’ reductions on restrictions on access to alcohol, both Tooth’s and Toohey’s suffered setbacks as independent brewing concerns. In 1980, Toohey’s merged

---


55 ibid.
with Castlemaine Perkins of Brisbane. In 1981, Adelaide Steamship bought the brewing business of Tooth’s. Two years later, in 1983, Carlton and United Breweries of Melbourne bought the Tooth’s brewing business from Adelaide Steamship. In 1985, the Bond Corporation acquired effective control of Castlemaine-Toohey’s, with Toohey’s, in 1987, being renamed Bond Brewing NSW Ltd. (although the Toohey’s brand name was kept). In 1990, Lion Nathan of New Zealand gained the controlling interest in Bond Brewing NSW Ltd. from the collapsed Bond Corporation, and Toohey’s was reinstated as a state-based brewing undertaking. 

(b) Tobacco

Tobacco consumption, similarly, was well established in Britain, at the time that Phillip arrived in Australia and the practice was maintained by many of the English people that subsequently came out to New South Wales.

As in the case of beer production, it was not long before local business people became involved in the tobacco trade. Unlike beer, however, the basic ingredients could not be produced at home. Although there were a number of attempts to grow tobacco locally, these, essentially, were not fruitful - successful cultivation of tobacco not taking place until the 1930s.

A number of new arrivals to the colony did, however, establish concerns to import tobacco and process it into tobacco products. In 1862, Hugh Dixson, who had left Scotland in 1839, set up a partnership with his sons and, in 1883, they established one of the largest factories in Sydney, for the purposes of producing pipe and cigar tobacco. Another Scottish family, the Cameron’s, also established a large tobacco factory in Sydney.

The advent of cigarettes, first made by hand in England during the 1850s, further increased accessibility to smoking. During the 1880s, W.D. and H.O. Wills, in Britain, began to make cigarettes by machine. Although smaller companies, in Australia, continued to make cigarettes by hand, Wills, at its Kensington plant in Sydney, introduced machines into cigarette production in the early 1900s. By 1909, Wills had over 70% of the then Australian market for cigarettes.

During the 1950s, 1960s and 1970s production expanded even further. In New South Wales, Rothmans, also of Britain, opened a factory at Granville, in Sydney, in 1955.

---

56 Thoeming, op.cit., p.163.
57 ibid., pp.157,175,185,189,195-198.
59 ibid., pp.53-54.
60 ibid., p.75.
Wills continued in production at Kensington.

On an Australia-wide level, however, Victoria also began to emerge as a centre of tobacco manufacturing when Philip Morris of the USA established a factory in Melbourne, in 1954.  

During the 1980s and 1990s, however, production has declined somewhat. The Tobacco Institute of Australia has estimated the total quantity of cigarettes produced, throughout the whole of Australia, as follows:

<table>
<thead>
<tr>
<th>Australian Total Quantity of Cigarettes Produced</th>
</tr>
</thead>
<tbody>
<tr>
<td>1970-1971</td>
</tr>
<tr>
<td>1975-1976</td>
</tr>
<tr>
<td>1980-1981</td>
</tr>
<tr>
<td>1985-1986</td>
</tr>
<tr>
<td>1990-1991</td>
</tr>
<tr>
<td>1993-1994</td>
</tr>
</tbody>
</table>

New South Wales is significant in the overall output of tobacco products in Australia. Powell and McGovern remarked in 1986 that “NSW is the main tobacco manufacturing state in Australia. . .NSW has increased its share of the Australian industry to just over 40 per cent”.  

During the 1990s, the share of tobacco manufacturing in New South Wales appears to have increased even more. In 1997 the approximate shares of the Australian tobacco market held by Rothmans and W.D. and H.O. Wills, based in Sydney, were 33.5% and 29% respectively: 62.5% of the national market overall. Philip Morris held 37.5%.  

New South Wales’ approximate share of national cigarette production - based on having 40% in 1986 and around 60% in the mid-1990s - would seem to be as follows:

---

61 Walker, op.cit., p.75.
62 Tobacco Institute of Australia, Tobacco Industry Fact Sheet (Tobacco Institute of Australia, Sydney, 1995).
63 Powell and McGovern, ibid.
Cigarettes Produced in New South Wales (estimated)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985-1986</td>
<td>13.2 billion (640 million packets of 20)</td>
</tr>
<tr>
<td>1993-1994</td>
<td>18.9 billion (900 million packets of 20)</td>
</tr>
</tbody>
</table>

In terms of value of sales, Margaret Winstanley and her colleagues have written that,

In 1994, the cigarette market generated more than $5,400 million in sales through all types of grocery outlets (including supermarkets), far outstripping other product categories such as confectionary ($757 million), breakfast cereals ($660 million) and ice-cream (470 million).  

New South Wales' share of the value of cigarette sales, based on an approximate share of around 60%, would appear to be around $3.2 billion.

Robin Walker has estimated the annual consumption of tobacco per person in NSW, during the late 1800s, as follows:

Annual Average Consumption of Tobacco per Person in Australia

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1894</td>
<td>1.14 kilograms</td>
</tr>
</tbody>
</table>

Consumption since then has also grown reaching a peak in the early 1980s and then gradually declining, as the following figures indicate:

---


Walker, op.cit., p.34.
The average weight of a packet of 20 cigarettes is, currently, about 24 grams. On that basis, the Australian average consumption in 1990 was about 87 packets, of 20 cigarettes, each year.

On another basis, smoking of cigarettes in Australia could also be estimated by dividing the total number of cigarettes produced by the proportion of the population over 15 years. In 1993, the proportion of the Australian population over 15 was 13,829,000. In 1993-1994, according to the figures above, from the Tobacco Institute of Australia, there were 31.6 billion cigarettes sold throughout Australia or around 1.5 billion packets of 20. It could be estimated, therefore, that in 1993-1994 around 114 packets of 20 cigarettes were sold to all persons in Australia over 15.

On a simple basis, it could be said that smoking of cigarettes in Australia, on average, amounts to around 2 packets of cigarettes a week for every person over 15.

3 NSW GOVERNMENT REVENUE FROM ALCOHOL AND TOBACCO

(a) Alcohol

In the past, alcohol has been a significant source of revenue and, in Britain, the nation which moved into the Australian continent, revenue raising from this source goes back, at least, to Norman times. At that time the main source of tax was the various forms of tribute levied by the king on the estates, and the produce of those estates, held by those under him. It was King John, however, who, in Britain, first began the real introduction of customs duties and its significance then developed rapidly. B.E. J. Sabine has recalled that,

trade in the days of the early Normans was inconsiderable and largely in th e

<table>
<thead>
<tr>
<th>Year</th>
<th>Annual Average Consumption of Tobacco per Person in Australia</th>
</tr>
</thead>
<tbody>
<tr>
<td>1955</td>
<td>2.36 kilograms</td>
</tr>
<tr>
<td>1960-61</td>
<td>2.49 kilograms</td>
</tr>
<tr>
<td>1970</td>
<td>2.4 kilograms&lt;sup&gt;67&lt;/sup&gt;</td>
</tr>
<tr>
<td>1980</td>
<td>2.9 kilograms</td>
</tr>
<tr>
<td>1990</td>
<td>2.1 kilograms&lt;sup&gt;68&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

<sup>67</sup> ibid., p.84.

<sup>68</sup> Winstanley, et.al., p.24.

hands of foreigners. . .income [from this source] was equally inconsiderable. The principal import was wine and a toll was taken by the king’s officer from every ship having a cargo of ten casks or more. . .this toll dates from at least 1055. . .it was John... who. . .was to establish customs duties on all goods imported or exported at a rate of one-fifteenth in 1202. . .by . .1369. . .out of the royal revenue [of Edward III] customs averaged £48,000, clerical and lay subsidies £20,000 and £18,000 respectively, and hereditary revenues some £19,000. . .customs. . .[was] now. . .the sheet-anchor of the revenue, amounting to a third or even half of the total. . .By 1815. . .the. . .yield from customs. . .[was] still the mainstay of the national income . . . 70

Associated with revenue from customs was another tax which emerged in the 1600s - excise. This, also, quickly became a prominent source of revenue. Sabine has written that,

...in. . .1643 Parliament passed the first ordinance for levying excise. It was paid by the manufacturer on articles of domestic production and by the first buyer on imports, acting as a sort of customs surcharge. . .in 1851. . .income tax was. . .providing about 10 percent of the revenue. . .well behind customs and excise at 38 per cent and 25 per cent respectively. . . 71

Alcohol, in Britain during this period, was a key source of both customs and excise revenue. Professor Charles Bastable observed in 1892 that, “The bulk of customs revenue is made up of drink and tobacco duties, the former giving £4,800,000. . .in the year 1890-1.” 72 In the area of excise, alcohol was also very important. Bastable wrote that,

During the eighteenth century the process of building up the excise by. . .the increase of the rates on those [items] already taxed was in process. Breweries and distilleries were soon placed under charge; the malt duty was imposed (1697) and later on developed into an important tax. . .the war. . .with France [1792-1815]. . .caused fresh applications of taxation. . .[after] the return of peace. . .it became possible to carry out some moderate reforms. . .They may be said to consist in: (1) the elimination of raw materials from the list of goods liable to duty; (2) the contraction of that list to a very small number articles, and (3) the placing of the weight of internal taxation on alcoholic drinks. . .During the half century 1830-80 the malt tax was the mode in which beer and ale were taxed. . .Its large yield - £8,000,000 in 1877 - made it impossible to repeal it, but in 1880 the existing duty on beer was imposed in its place. . .The returns from the beer duty for the ten years 1881-90 have quite realised expectations. For 1889-90 the

71 ibid., pp.93,126.
Initially the financial means of supporting the colony in Australia was provided by Treasury bills but gradually the British government instituted a reliance on customs and excise as the major sources of revenue. Noel Butlin has recalled that, following the arrival of British forces in 1788,

Treasury bills drawn on Britain...had been the dominant sources of total charges raised in NSW. ...after 1820. ...NSW. ...was compelled to look to its own capabilities to fund public purposes. ...Customs and excise. ...revenue lifted sharply in 1825. ...Although the depression of the 1840s forced contraction, customs and excise during the decade to 1850 was typically the major source of public funds in the colony. 74

A large share of customs revenue came from imposts levied on imports of spirits and wine and, as beer production expanded in the colony (particularly when Tooth’s and Toohey’s began operations), a significant share of revenue was also levied from an excise on beer production (introduced in 1887). Milton Lewis has observed that, “New South Wales receipts from alcohol were, in 1860, almost 34 per cent of total revenue. In 1900 they were still almost 11 per cent of total revenue.” 75 An illustration of the colony’s reliance on revenue from alcohol is provided by the following figures:

---

75 Lewis, op.cit., p.17.
After federation of the colonies, customs and excise levying was transferred to the new Commonwealth government.

Revenue from customs and excise, as will be discussed later in this paper, is categorised as indirect taxation. Both in Britain and in Australia, however, governments were looking to new forms of revenue - which later came to be categorised as direct taxation. In 1798, Pitt, as Prime Minister in Britain, had introduced income tax as an additional means of financing the war with France. Under pressure from the wealthier sections of the population, the British government repealed the income tax in 1816. In 1842, Peel reinstated the income tax at a low rate of 7 pence in the £. The first decided use of the income tax as a means of public finance, in Britain, came in Lloyd George’s first term as Prime Minister. According to Bagwell and Mingay, in 1909 Lloyd George raised the income tax to 1s 2d in the pound - an unprecedented level in peace time. ‘This is a war budget,’ said Lloyd George, ‘it is for raising money to wage implacable warfare against poverty and squalidness.’

<table>
<thead>
<tr>
<th>Custom Receipts</th>
<th>Custom Receipts</th>
<th>Excise</th>
<th>Total NSW Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Spirits)</td>
<td>(Wine)</td>
<td>(Beer)</td>
<td></td>
</tr>
<tr>
<td>1860 £302,000</td>
<td>£28,000</td>
<td>£1,309,000 (25%)</td>
<td></td>
</tr>
<tr>
<td>1870 £320,000</td>
<td>£22,000</td>
<td>£2,103,000 (16.5%)</td>
<td></td>
</tr>
<tr>
<td>1880 £600,000</td>
<td>£41,000</td>
<td>£4,412,000 (14.7%)</td>
<td></td>
</tr>
<tr>
<td>1890 £823,000</td>
<td>£46,000</td>
<td>£120,000 £9,495,000 (9.5%)</td>
<td></td>
</tr>
</tbody>
</table>

76 ibid., pp.18-19.
Expansion of income tax then occurred very rapidly in Britain because of the enormous expenditure required during the First World War. Sabine has recalled that Reginald McKenna, Chancellor of the Exchequer,

was forced the meet the challenge of daily expenditure of the £4.5 million mark. . . The Budget (1915). . . ushered in. . . income tax. . . [of] 3s 6d in the £. . . By the end of the war income tax had changed out of all recognition. . . yield from some £34 million pre-war [rose] to nearly £585 million in 1918. 79

Derek Aldcroft has written that,

In 1913-14 five sources contributed 85% of the government’s revenue; they were income and surtax [a special tax on incomes above a certain level] (27 per cent), estate duties (16), alcohol (25), tobaco (11) and tea and sugar (6). By the middle of the 1920s these five items still produced 80 per cent of the revenue, though. . . income and surtax now provided 43 per cent of the total. . . 80

In Britain, from the 1920s onwards, the emphasis moved towards direct tax - particularly as political parties committed to social equity saw indirect tax as impacting unfairly on the poor. Sabine has commented that “the growing. . . Labour [Party] was consistently opposed to any extension of indirect taxation, basically because of its lack of discrimination between rich and poor.” 81

To finance Australia’s participation in the Great War in Europe, the Fisher government, in 1915, also introduced an income tax and a tax on undistributed company profits. 82 Douglas Copland commented in 1933 that, “Of the new Commonwealth taxes by far the most important was the income tax, which in 1917-18 was responsible for £7,400,000 out of a total tax revenue of £24,600,000, of which customs and excise accounted for £13,200,000. 83

In Australia, during the 1920s, income tax, as a source of federal government revenue, still remained behind customs and excise. Professor Findlay Shirras noted in 1936 that, “Excise duties were increased from 25th September 1918. The Commonwealth revenue from excise was £127,041 in 1914 and £11,928,000 in 1933-34, or over half that of

79 Sabine, op.cit., p.139.
81 Sabine, op.cit., p.132.
82 Julie Smith, Taxing Popularity: The Story of Taxation in Australia (Federalism Research Centre, Australian National University, Canberra, 1993), p.152.
customs (£22,327,000) out of a total Commonwealth revenue of £56,409,000.” 84

In 1930, in response to the drop in government revenue brought about the depression, a new addition to indirect tax was introduced by the then Scullin government - the sales tax, levied at a rate of 2.5% on goods at the wholesale stage of distribution. 85

It was the war in the Pacific, and the Curtin government’s need for large-scale revenue to support Australia’s involvement, which saw the dramatic rise in reliance on income tax as a source of revenue. By the last year of the following Chifley government’s term in office the proportion of federal government revenue from income tax, compared to customs and excise and sales tax, was as follows:

<table>
<thead>
<tr>
<th>Federal Government Revenue 1948-1949</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income Tax</td>
</tr>
<tr>
<td>Customs and Excise</td>
</tr>
<tr>
<td>Sales Tax</td>
</tr>
</tbody>
</table>

Present day proportions of income tax, and other direct taxes, in overall federal government tax revenues, are as follows:

<table>
<thead>
<tr>
<th>Australian Federal Government</th>
</tr>
</thead>
<tbody>
<tr>
<td>Direct Tax Revenue 1995-1996</td>
</tr>
<tr>
<td>Income Tax</td>
</tr>
<tr>
<td>Company Tax</td>
</tr>
<tr>
<td>Total From All Direct Tax Sources</td>
</tr>
</tbody>
</table>

Present day shares of indirect tax, by source, are as follows:

85 Smith, op.cit., p.51.
Alcohol and Tobacco in NSW: Consumption, Revenue and Concern

Alcohol, consequently, is not the outstanding source of revenue as it used to be. It does, however, continue to make a contribution of some significance - first as an element of federal revenues on imports, as illustrated:

<table>
<thead>
<tr>
<th>Australian Federal Government Indirect Tax Revenue 1995-1996</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales Tax</td>
</tr>
<tr>
<td>Excise Duty: Petroleum Products</td>
</tr>
<tr>
<td>Excise Duty: Alcohol and Tobacco</td>
</tr>
<tr>
<td>Customs Duty: Imports</td>
</tr>
<tr>
<td>Total from All Indirect Tax Sources</td>
</tr>
</tbody>
</table>

Excise duties on alcohol, during the 1920s and 1930s, rose to become very significant for federal government revenue. Findlay Shirras wrote in 1936 that,

In Australia, the Commonwealth excise revenue is confined to beer, spirits, tobacco, and starch, and also some direct taxes, as in the case of Great Britain, namely licences. The excise revenue in 1933-34 was 23 per cent of the Commonwealth tax revenue. In 1925-26 beer yielded more than half. . .of the Commonwealth excise revenue. Since 1917-18 the revenue from [this] item . . .has [surged]. . .

Since the Pacific War, however, as outlined above, the main emphasis in federal government revenue has shifted to income tax. Nevertheless, successive federal
governments have still looked to excise on alcohol as a means of increasing revenue. Millton Lewis has observed that,

When the Menzies Liberal-Country Party government increased the beer excise in 1956 by 2 shillings and 8 pence a gallon...the Brewing and Wine Journal [commented on the]...‘terrific imposts drawn from the public from the liquor industry’. . .The President of the South Australian Licensed Victualler’s Association...pointed out that beer excise had grown by 5,800 per cent since 1911-12 and the industry contributed 10 per cent of total federal revenue. 91

This reliance on excise duties on alcohol continued during the 1970s and 1980s. The Whitlam government, while having a commitment, as Treasurer Frank Crean declared, to a “program of social reform”, set out to finance its objectives as much by indirect as by direct taxation. Crean’s first budget, in 1973, according to Frank Crowley, sought to increase revenue by “raising the excise on cigarettes, spirits and petrol”. 92 In 1975, in its last year of office, the Whitlam government significantly increased the excise on beer. Peter Thoeming has noted that, “In the August 1975 Federal Budget, beer excise was increased by 56 per cent.” 93 Keith Dunstan has written that,

On the night of 19 August 1975, the Federal Treasurer, Mr. Hayden, on behalf of the Labour government, brought down the...budget. . .beer went up 11 cents a bottle, bringing the price to 70 cents. The federal tax went up 11 cents to 30 cents...On draught beer an 18-gallon kilderkin, which used to cost hotels $30.76 wholesale, now cost $41.92 with excise rising from $19.97 to $31.13. 94

Only three years later, the Fraser government, with John Howard as Treasurer, in the August 1978 Budget, according to Thoeming, “increased the excise on beer by 32 per cent.” During fiscal year 1978-1979, Toohey’s alone paid $158 million in excise duty. 95 In its August 1982 Budget, the Fraser government raised the excise again - by 15%. A year later the new Hawke government, with Paul Keating as Treasurer, once more increased the level of excise. 96 O’Donnell has written that, in the August 1983 Federal Budget, the beer excise...rate was [to be] increased every six months in line with the cost of living.” 97

91 Lewis, op.cit., p.39. Stubbs has written that Menzies increased the rate of excise by about 37%. Stubbs op.cit., p54.


93 Thoeming, op.cit., p.147.

94 Dunstan, op.cit., p.146.

95 Thoeming, op.cit., p.159.

96 ibid., p.174.

97 O’Donnell, ibid.
This is highlighted, over the two decades, by the figures below:

<table>
<thead>
<tr>
<th>Commonwealth Excise Duties:</th>
<th>Beer</th>
<th>Spirits</th>
</tr>
</thead>
<tbody>
<tr>
<td>1949-50</td>
<td>$66,804,000</td>
<td>$13,852,000</td>
</tr>
<tr>
<td>1959-60</td>
<td>$219,448,000</td>
<td>$17,366,000</td>
</tr>
<tr>
<td>1969-70</td>
<td>$369,937,000</td>
<td>$26,525,000</td>
</tr>
<tr>
<td>1979-80</td>
<td>$1,003,316,000</td>
<td>$100,156,000</td>
</tr>
<tr>
<td>1984-85</td>
<td>$1,176,736,000</td>
<td>$119,776,000(^{98})</td>
</tr>
<tr>
<td>1995-96</td>
<td>$829,000,000</td>
<td>$197,000,000(^{99})</td>
</tr>
</tbody>
</table>

Wine sales, during the period of the Hawke government, in the 1980s, were finally also focused on as a source of federal government revenue. Peter Walsh, Finance Minister in the Hawke government, recalled that,

The 1984 Budget did include... the 10 per cent wholesale sales tax on wine. Wine had never before been taxed, except for a brief period after the Gorton government imposed a 50 cent a litre excise in 1970, later reduced to 25 cents and later still abolished by the Whitlam government. ...in the 1986 Budget... sales tax changes... includ[ed] an increase to 20 per cent on the wholesale tax on wine... the 20 per cent wholesale sales tax levied after 1986 was still highly concessional compared with taxes on beer or spirits. \(^{100}\)

Indeed sales tax on alcohol has become a revenue source of some significance for the federal government as the following figures show:

<table>
<thead>
<tr>
<th>Australian Federal Government Sales Tax on Beer, Wine and Spirits</th>
</tr>
</thead>
<tbody>
<tr>
<td>1986-87</td>
</tr>
<tr>
<td>1989-90</td>
</tr>
<tr>
<td>1995-96</td>
</tr>
</tbody>
</table>

On a state level, licence fees for publicans were already in existence during the time that

\(^{98}\) Lewis, op.cit., pp.20-21.  
\(^{99}\) Budget Statements 1996-97, ibid.  
\(^{100}\) Peter Walsh, Confessions of a Failed Finance Minister (Random House, Sydney, 1995), pp.119,256.  
\(^{101}\) Commissioner of Taxation, op.cit., p.208.
New South Wales was a colony. The *Sydney Morning Herald* noted in 1870 that, “the licence fee brings in a good round sum, which ministers dare not curtail”.  

Although New South Wales was excluded from levying customs and excise duties on alcohol after federation, it continued to raise revenue from liquor by licences. After the election the first Labor government in New South Wales, in 1910, the new Labor Premier, James McGowen, sought to rationalise liquor legislation in the state. Two years later he secured passage of the *Liquor Act 1912* which not only became an umbrella act for liquor related activities in the state but maintained the use of liquor licences. The *Official Year Book of New South Wales 1913* noted that,

> The annual fee for a publican’s licence is regulated by the annual assessed value of the hotel. During the year 1912, an amount of £77,026 was collected on account of such licences. . .the Liquor Act provides for the issue of ‘Additional Bar’ licences to the holders of publicans’ licences, when liquor is to be sold in more than one room in the licensed premises. During the year 1912 there were 124 of these licences granted, the total amount of licence fees collected being £2,423. . .In 1912 there were 186 Spirit Merchant licences, for which the licence fees amounted to £4,720...In 1912...Clubs [at which liquor is sold]...numbered 76, for which licence fees amounting to £869 were collected. . .

By the 1980s revenue from liquor licences had become considerable and have increased even further during the 1990s:

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (million)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985-86</td>
<td>$138</td>
</tr>
<tr>
<td>1995-96</td>
<td>$285</td>
</tr>
</tbody>
</table>

**b) Tobacco**

In Britain customs revenue from tobacco developed into an important source of revenue from the 1649 onwards, when the British established Virginia. Charles Bastable
observed in 1892 that,

the English custom systems. . .expanded in the seventeenth century. . .receipts - derived from the general tax of five per cent on all imports and exports, and the duties on wine, cloth, tobacco, silk and brandy - rose. . .to nearly. . .£1,000,000 in 1688. . .by 1702 they came to £1,500,000. . .the eighteenth century. . .brought. . .further extra duties on sugar and tobacco. . .The bulk of the customs revenue is made up of drink and tobacco duties. . .the latter [providing] £9,500,000 in the year 1890-1.106

After the federation of the colonies, New South Wales ceded its right to levy excise to the new Commonwealth government. Tobacco levies were then used by the federal government - as it did with alcohol - to provide a considerable source of government revenue. Professor Findlay Shirras noted that, “In 1925-26 [excise duties on] . . .tobacco [yielded] slightly less than one-third of the Commonwealth excise revenue.” 107

In 1974, however, the Victorian state government introduced a state tobacco licence fee. Subsequently the Askin government in New South Wales in its last year in office, obtained passage of the Business Franchise Licence (Tobacco) Act 1975 which now introduced, in the area of tobacco sales, a form of state levy which had already been imposed in the area of alcohol sales for many years. Margaret Winstanley and her colleagues have written, in regard to such licences, which have now been introduced in all states, that,

The fee is a charge on both wholesalers and retailers of tobacco products, each of which must pay a set licence fee at prescribed intervals. Additionally, wholesalers must pay a dollar percentage of the wholesale value of tobacco sold.108

Initially the impost was modest but, gradually, the following Wran, Unsworth, Greiner and Fahey governments significantly increased the rate:

107 Shirras, ibid.
108 Winstanley, et.al., op.cit., p.142.
The amount of revenue collected from tobacco licence fees has likewise risen significantly:

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue</th>
</tr>
</thead>
<tbody>
<tr>
<td>1976</td>
<td>$19 million</td>
</tr>
<tr>
<td>1980</td>
<td>$42 million</td>
</tr>
<tr>
<td>1986</td>
<td>$113 million</td>
</tr>
<tr>
<td>1989</td>
<td>$204 million</td>
</tr>
<tr>
<td>1990</td>
<td>$282 million</td>
</tr>
<tr>
<td>1992</td>
<td>$388 million</td>
</tr>
<tr>
<td>1993</td>
<td>$595 million</td>
</tr>
<tr>
<td>1994</td>
<td>$633 million</td>
</tr>
<tr>
<td>1996</td>
<td>$872 million</td>
</tr>
</tbody>
</table>

4 SOCIAL CONCERN OVER ALCOHOL AND TOBACCO CONSUMPTION

(a) Alcohol: Past Scrutiny by Church Groups, 1850s-1950s

Each generation has established scrutinies of alcohol and, more recently, tobacco, as within each generation, the same problems with alcohol, and tobacco consumption,

---

109 ibid., p.144.
110 Winstanley, et.al., p.145.
111 NSW Budget 1996-97, ibid.
have re-emerged.

On a governmental level, in New South Wales, the first parliamentary inquiry into the problems of drinking was established in 1854 by the Legislative Council. In 1887 the New South Wales parliament established the Intoxicating Drink Inquiry Commission - a body which included John Toohey of Toohey’s Brewery as a representative of the brewing industry. One of the conclusions of the commission was that the “largest part of the poverty and squalor which exists in certain parts of Sydney” could be attributed to “the squandering of money upon drink”.

The prime movers in the scrutiny of alcohol, in nineteenth century New South Wales, were the Protestant Church groups - particularly the more evangelical of these. The Church of England was the largest protestant group, with around 220,000 members. Next were the Presbyterians, with around 49,000 members, and the Methodists with about 39,000 members. On an overall level, the protestant church groups, collectively, formed the largest section amongst church-goers in Sydney - Catholics formed only around 30%. In the late nineteenth century the protestant church groups particularly focused their attention on alcohol as a anti-social influence. In 1873 the Anglican Dean of Sydney, the Reverend Greenwood, declared that public houses had “swallowed up the income of families”.

Women were another section of the community who were particularly affected by the adverse effects of alcohol consumption. A stipendiary magistrate told the Intoxicating Drink Inquiry Commission that he and his fellow magistrates heard “cases every day” concerning “the drunken habits of husbands”.

Towards the end of the nineteenth century, and into the first half of the twentieth century, the protestant church groups increased their ability to organise on the alcohol issue, and were correspondingly more and more able to influence government policy. Not only was the NSW parliament’s Intoxicating Drink Inquiry Commission largely an initiative of the Protestant members of parliament, but their efforts were finally directly manifested in the policy of the Carruthers government. In his campaign for the July 1904 state election, Carruthers had made concern over alcohol a direct issue and he later described drinking and gambling as “the two great curses of the country”. Following his election, he secured passage of the Liquor Amendment Act 1905 which, as outlined above, not only set out to restrict the outlets for alcohol but, through the local option...
program, offered the public the opportunity to reduce the number of public houses.\textsuperscript{117}

Carruthers’ legislation, rather than inducing the protestant church groups to relax, only encouraged their efforts - in particular to achieve the closure of public houses at 6 pm. In the early 1860s the NSW colonial government, under Charles Cowper, as mentioned above, had obtained passage of the \textit{Licensed Publicans Act 1862} which set the hours of closure at 10 pm.\textsuperscript{118} Ever since then the protestant church groups had advocated earlier closure and the holding of a referendum in South Australia, in 1915, in which a majority of citizens voted for 6 pm closing, encouraged the protestant groups in New South Wales.\textsuperscript{119} In May 1915 a huge meeting was held at the Sydney Town Hall and, using the Great War and its associated imperatives for efficient production as further reason, the protestant church groups, led by the Anglican Archdeacon of Sydney, marched to Parliament House to present a huge petition for 6 pm closing.

Women’s groups were particularly active in the campaign with the formation, in February 1916, of the National Women’s Movement for 6 pm closing.

The ALP Premier of New South Wales, William Holman, did not endorse these goals - in fact he subsequently referred to 6 pm closure as a “superficial issue”. However, in June 1916, Holman reluctantly held a referendum on early closing: a referendum which was won overwhelmingly by the proponents of 6 pm closing (the vote was 329,582 in favour of 6 pm closing versus 169,950 in favour of 9 pm closing).\textsuperscript{120} Holman then, even more reluctantly, had to obtain passage of the \textit{Early Closing Act 1916} to enact the wishes of the electors.

Once more, rather than relaxing their efforts, the protestant church groups were encouraged even more by the victory over 6 pm closing. The introduction of nation-wide prohibition in the USA, in 1920, encouraged them further and Sir George Fuller’s Nationalist Party, which won the NSW elections of November 1921, had a section in its party policy calling for the holding of a referendum on state-wide prohibition. After his election, however, Fuller hesitated on the holding of a referendum and then announced that it would be held in 1928. The referendum was duly held, in 1928, while Thomas Bavin’s Nationalist-Country Party coalition was in government. 833,652 people voted against state-wide prohibition of alcohol while 336,771 voted in favour.\textsuperscript{121}

Women’s groups were active in the campaign, although not to the same extent as in the

\begin{itemize}
\item \textsuperscript{117} Ibid., pp.206-213.
\item \textsuperscript{118} Ibid., p.58.
\item \textsuperscript{119} Walter Phillips, ““Six o’clock Swill”: The Introduction of Early Closing of Hotel Bars in Australia” in \textit{Historical Studies}, vol.19, no.75, October 1980, p.260.
\item \textsuperscript{120} Beresford, op.cit., pp.235-251.
\item \textsuperscript{121} Ibid., p.278.
\end{itemize}
6 pm closing campaign. The Women’s Citizens organisation, the Business Women’s League and the Women’s Prohibition League, however, did campaign actively in favour of prohibition.\(^{122}\)

The 1928 referendum on total prohibition of alcohol in New South Wales was the high point of the protestant church groups’ efforts in the scrutiny of alcohol consumption.

After 1928, at least for several decades, the opportunity to consume alcohol was identified with enjoyment and - with the advent of radio, cinema, cars and aeroplanes - the era for this seemed to have arrived. The Bavin government appeared to endorse this, as soon as the referendum was over, by suspending the local option provisions.\(^{123}\) Just after the Second World War, as mentioned above, the McKell government set out to withdraw the restrictions on alcohol consumption. Not only did McKell obtain the passage of legislation paving the way for the increase in the number of registered clubs, but he also set out to lengthen the hours of opening: initiating a referendum in early 1947. Although the referendum was lost, with 1,051,260 people voting for the retention of 6 pm closing and 604,833 voting for 10 pm,\(^{124}\) it seemed that restrictions on consumption of alcohol now belonged to the past. Subsequently, in 1954, as also outlined above, Cahill’s government initiated a referendum which finally saw the public narrowly endorse lengthened hours of opening - 902,532 for 10 pm and 892,740 for retention of 6 pm.\(^{125}\)

As mentioned above, a certain amount of influence was still capable of being exercised by the church groups. The New South Wales Protestant church groups, through the NSW Temperance Alliance, played a significant part in ensuring that the Askin government held a referendum on Sunday trading - rather than just passing legislation - and they played a significant part in ensuring a “no” vote when the referendum was held in 1969.\(^{126}\)

Milton Lewis has commented that, despite the Wran government’s introduction of Sunday trading, in 1979, the Protestant church groups continued to monitor any further extension of trading hours. Lewis has written that, following its election in 1988, “the Greiner government . . . instituted a review of the liquor industry. It retreated from allowing 24-hour trading in the face of opposition from Churches”.\(^{127}\)

\((b)\) **Alcohol: Present Day Scrutiny by Health Groups and Women’s Groups**

\(^{122}\) ibid., pp.283-284.

\(^{123}\) Dillon, op.cit., p.143.

\(^{124}\) ibid., p.148.

\(^{125}\) Joel, op.cit., p.123.

\(^{126}\) Dillon, op.cit., pp.159-160.

\(^{127}\) Lewis, op.cit., p.92.
In the past then, as described above, scrutiny of alcohol tended to come from Protestant church groups and these, over the years, came to be seen by some as the enemies of enjoyment. As people came to see themselves as up to date, anti-alcohol views, and their church-going proponents, were seen as out of date.

Just when restrictions on consumption of alcohol were being completely relaxed, however, scrutiny of alcohol has resurfaced, but from different sources.

In the late 1970s warnings about the over-consumption of alcohol began to come from groups concerned with health. In 1977, during the Fraser government’s term in office, the Australian Senate’s standing committee on social welfare held an inquiry into drug problems in Australia. In its report, on the section dealing with alcohol, it declared that, “Alcohol is the major drug of abuse in Australia.” To support this claim it produced the following statistics:

Alcohol has been a major factor causing the deaths of over 30,000 Australians in the...ten years [1967-1977]. ...Deaths from cirrhosis of the liver have risen 75 per cent in the...ten years [1967-1977]. ...one-quarter of a million Australians can be classified as alcoholics. ...One million two hundred thousand Australians are affected personally or in their family situations by alcohol. ...One in every five of our hospital beds is occupied by a person suffering from the adverse effects of alcohol. ...Some 73 per cent of the men who have committed a violent crime had been drinking prior to the commission of the crime. ...as many as 10 per cent of school children between the ages of 12 and 17 get ‘very drunk’ at least once a month. ...

Amongst the recommendations made by the committee, at least two had a certain enduring significance. The first was the recommendation by the committee that “the Commonwealth Government ban the advertising of alcoholic beverages...on radio and television”. This was noteworthy because it was a call taken up by other organisations during the 1980s. The second was significant because it actually became part of government policy. This was the recommendation that “the excise imposed on beers of a low alcohol content...be 30 per cent less than that on other beers.”

A year later, in New South Wales, G. Egger and R. Champion of the Health Commission of NSW, produced a report entitled Adolescent Drug and Alcohol Use in New South...
Alcohol and Tobacco in NSW: Consumption, Revenue and Concern

Wales 1971 to 1977. One of their findings was that “alcohol use has become more widespread over the last six years amongst year 10 students”. \(^{130}\)

Acting on the recommendations of the Senate committee’s report, the Fraser government, in 1980, declared its intention to develop a health-orientated national strategy on the dangers of alcohol. This was the first time that an Australian government had issued a policy statement on alcohol abuse. However, as Lewis points out, the Fraser government’s declaration was “basically a declaration of intent”. \(^{131}\)

One small, initial, response to these concerns came from the breweries themselves in the form of their development of low alcohol beers. Peter Thoeming has written that, in New South Wales, “In April 1978, Toohey’s Lite Lager was launched. . .Lite had a[n]. . .alcohol content. . .[of] 3.3 per cent by volume.” \(^{132}\)

In other countries, concerns were also developing about the extent of alcohol abuse - particularly amongst teenagers. During the 1970s a number of states in the USA had lowered the minimum legal drinking age to 18. By the late 1970s sections of the American public had become alarmed at the consequent extent of teenage drinking. One of the policies of the Reagan administration, elected in 1980, was to reintroduce restrictions on teenage consumption of alcohol. Three years after taking office, the Reagan administration secured passage through Congress of the Federal Uniform Drinking Age Act 1984. According to Laixuthai and Chaloupka, this legislation “threatened to withhold federal highway funds if a state failed to raise its minimum legal drinking age to 21 years by October 1, 1986. By 1987, all had complied”. \(^{133}\)

By the end of November 1989, all alcoholic beverage containers manufactured, imported or bottled for sale or distribution in the United States were required to

---


\(^{131}\) Lewis, op.cit., p.180.

\(^{132}\) Thoeming, op.cit., p.158. John Harvey has observed that, “it was Swan Brewery Co. Ltd. who were first into the field . . .when, . . in late 1978 they released Swan Gold, a 3.5% alcohol beer”. See John Harvey, “Lower Alcohol Beers in Australia: An Historical Introduction” in *Food Australia*, vol.46, no.4, April 1994, p.153. Dunstan has written that the Carlton and United Breweries of Melbourne, which became the owners of Tooth’s in the early 1980s, launched “Carlton Light in 1979. Its alcohol content was 3.3 per cent”. See Dunstan, op.cit., p.193.

incorporate the following statement: Government Warning. . .Consumption of alcoholic beverages impairs your ability to drive a car or operate machinery, and may cause health problems.\textsuperscript{134}

In Australia, meanwhile, governments during the 1980s began to introduce measures to address some of the more noticeably harmful effects of drinking. In New South Wales, in 1982, the Wran government introduced Random Breath Testing.\textsuperscript{135} During the same year, as Don Dunoon has written, in New South Wales, the Drug and Alcohol Authority. . .adopt[ed] the policy - which it conveyed to the Broadcasting Tribunal - of supporting a total ban on electronic media advertising of alcohol. A number of other bodies. . .also called for a ban, among them the. . .Royal Australian College of Surgeons, and the ACT Road Safety Authority.\textsuperscript{136}

During the 1984 election, the then Prime Minister, Bob Hawke, promised, if elected, to establish a national campaign against drug abuse. In 1985 this National Campaign against Drug Abuse (NCADA) was officially launched at a special premiers’ conference on drugs. Laurayne Bowler and Teresa Lea noted in 1994 that, “Over the past six years, NCADA has provided $359 million to alcohol and other drug projects”.\textsuperscript{137} Bowler and Lea have written that, The best known element of NCADA is its public information and awareness-raising programs under the National Drug Offensive logo [in the late 1980s]. . .NCADA [launched the] ‘Cubby House’ [television] commercial, which targeted parents. . .a second major phase of the adolescent alcohol abuse program was launched in May 1991 with the theme ‘How Will You Feel Tomorrow?’ . . .in 1991, NCADA was relaunched as the National Drug Strategy. . .\textsuperscript{138}

In its August 1988 Federal Budget, the Hawke government introduced a further measure to lessen the adverse effects of alcohol. As John Harvey has explained, a system of calculating beer excise on the alcohol content exceeding 1.15% by


\textsuperscript{135} Thoeming, op.cit., p.174.

\textsuperscript{136} \textit{Alcohol Advertising on Television}, a submission in reply to the Australian Broadcasting Tribunal’s discussion paper (NSW Drug and Alcohol Authority, Sydney, 1983), p.14.


\textsuperscript{138} ibid., pp.158-169.
volume was introduced. With this system a beer of 3.0% is taxed on 3.0-1.15= 1.85% alcohol at the standard excise duty rate, while excise for one at 5.0% is levied on 3.85% alcohol. The effect of this change . . . reduced wholesale prices of reduced alcohol beers by as much as 22%.  

Progress on a general alcohol strategy, during the late 1980s, appears to have dragged. Milton Lewis has written that, 

The draft national health policy on alcohol was. . . released for public discussion by Neal Blewett [Federal Minister for Health]. . . in December 1986. . . The 1987 draft policy stated that attainment of the overall objective of ‘minimisation of the harm associated with the use of alcohol’ would require an independent strategy involving initiatives in public education and health promotion, enhanced professional training and education, access to early treatment, and control policies. This last would address availability, pricing, and advertising and marketing. . . In March 1988. . . ministers met again to consider the draft national policy. Most accepted the general position adopted in the draft policy. But Dr. Cornwall, the Minister for Health in South Australia, the leading wine-producing state, soon identified the areas of the policy - availability, pricing and advertising - which he thought were controversial. Dr. Cornwall stated that. . . ‘Alcohol. . . if used in moderation. . . is not harmful’. . . At the March 1989 meeting of the Ministerial Council on Drug Strategy, a watered down version of the draft national policy was adopted. The [new] South Australian Minister for Health [Frank Blevins] moved deletion of two sections of the draft. The other states. . . agreed. . . The ministers also rejected the idea of government supervision of advertising. . .  

In the 1990s the harmful effects of drinking, on an overall level, continues to be of concern. Professor David Hawks has remarked that, according to figures collected Australia-wide in the early 1990s, 

in 1992 hazardous and harmful consumption of alcohol was responsible for the loss of 3,660 lives and 55,450 person years of life before 70 years, at an average of 15.2 years of life lost per death. There was also a net occurrence of 71,593 hospital episodes and use of 731,169 hospital bed days caused by such consumption. . .  

New South Wales continues to have a significant proportion of these alcohol-related
deaths. A publication of the NSW Department of Health reported that, “In 1990 there were an estimated 2,384 alcohol related deaths in NSW. Of these one quarter were due to stroke occurring mostly in the 65+ age group. 13% were due to alcoholic liver cirrhosis”. 142 Another report from the NSW Department of Health, issued in the mid-1990s, states that, “In 1994, in NSW, 17 per cent of fatal road accidents involved alcohol.”143

Efforts to deal with the adverse effects of drinking likewise continue. The Drug and Alcohol Directorate of the New South Wales Department of Health has the responsibility for the implementation of the above mentioned national health policy on alcohol. The directorate undertakes activities in the following areas:

- public education and health promotion (such as the “stay in control” advertising campaign)
- professional training and education, and early intervention (such as provision of training for doctors in early identification of alcohol problems)
- research (such as surveys of secondary school students’ alcohol consumption)144

In 1994 the Fahey government sought to encourage the drinking of low alcohol beers by removing the licence fees on sales of these products. In 1996 the Carr government, in New South Wales, brought in additional measures (already introduced in other states) to deal with the issue. Amendments were made to the Liquor Act 1982 which increased the penalty for serving alcohol to people already drunk, and increased the penalty for selling alcohol to teenagers under 18.145

Under-age and teenage drinking is one particular area of drinking which continues to attract attention. A study of drug use trends in New South Wales, during the 1970s and 1980s, noted that, on the basis of surveys of drinking patterns, conducted by the Australian Bureau of Statistics, there was, between 1977 and 1985, “a significant 28% increase in consumption by male and female drinkers in the 18-24 years age group”.146

143 Chief Health Officer, The Health of the People of New South Wales (NSW Department of Health, Sydney, 1996), p.10
145 Liquor Act 1982, sections 116,125.
In 1988 the youth bureau of the federal department of employment commissioned Peat Marwick Hungerfords to undertake a report on young people and drugs. In their study, which was published as *Young Australians and Drugs*, Peat Marwick noted that, amongst the drugs abused by young people, “alcohol is the most important because it is used by a larger proportion” of teenagers.\(^{147}\) Although drinking by New South Wales secondary school students is reported to have declined during the late 1980s,\(^ {148}\) it remains an issue of concern. Alcohol as a factor in road deaths amongst young people has been particularly highlighted. The NSW Department of Health estimated that, in 1990, 50% of the alcohol related deaths amongst people under 34 years old were road accidents.\(^ {149}\) In 1991 the Greiner government introduced the NSW Proof of Age card in an effort to curb the degree of under-age drinking in the state.\(^ {150}\)

Physical violence and alcohol has also been a particular concern. According to the Drug and Alcohol Directorate of the NSW Department of Health, in its *NSW Alcohol Situation Report 1993*, “Recent research conducted by the NSW police service” estimated that “alcohol was . . . a contributing factor in 73% of all assaults”.\(^ {151}\) In late 1993, during the Keating government’s term in office, the federal department of health and human services held a national symposium on alcohol misuse and violence.\(^ {152}\) In 1996 a study produced by the NSW Bureau of Crime Statistics concluded that, on the basis of a 1995 survey by the National Drug Strategy unit in the Commonwealth Department of Health and Family Services,

eight per cent of 14-19 year olds reported that they had physically abused someone whilst affected by alcohol. . . In NSW, this translates into approximately 34,000 violent incidents where alcohol is involved - just for this age group. For those aged 20-34, the figure was four per cent, which translates to over 54,000 violent incidents involving alcohol in NSW - a total for both age groups of 91,000 incidents.\(^ {153}\)

---


\(^ {149}\) Drug and Alcohol Authority, op.cit., p.7.

\(^ {150}\) ibid., p.20.

\(^ {151}\) ibid.


In particular the study noted that, “Alcohol sales from hotels. . .explained 12.8 per cent of the variation in assault rates. . .suggesting a strong relationship between assault and hotels.”  

A related aspect of the connection between physical violence and alcohol is the part played by alcohol in domestic violence. Women’s organisations have continued to raise concerns in this regard. In 1981 the Wran government established a task force on domestic violence. The task force report noted that, “studies in the United States and Canada place the incidence of alcohol use in domestic violence at about 50% per cent for men and 20% for women.” In 1986 a Domestic Violence Advocacy Service was established in New South Wales. This service reported, in 1992, that, amongst the women seeking its advice, 25% reported that the person threatening them with violence did so “only when affected by alcohol”. Bowler and Lea have recently observed that, at the federal department of health’s 1993 national symposium on alcohol misuse and violence, the “nature of the role of alcohol in violence against women and children in the home was the subject of intense discussion”.

A trend towards drinking low-alcohol beer has given some observers, in the public health field, a perception that, not only has there been a decline in overall drinking of alcohol in Australia, but that low-alcohol beer has contributed to this. John Harvey has provided the following, total and percentage, figures for drinking of low-alcohol beer in Australia:

<table>
<thead>
<tr>
<th>Year</th>
<th>Total Beer Production</th>
<th>Light Beer Production</th>
<th>Light Beer %</th>
</tr>
</thead>
<tbody>
<tr>
<td>1985-1986</td>
<td>1.8 billion litres</td>
<td>201 million litres</td>
<td>11%</td>
</tr>
<tr>
<td>1989-1990</td>
<td>1.9 billion litres</td>
<td>318 million litres</td>
<td>17%</td>
</tr>
<tr>
<td>1991-1992</td>
<td>1.7 billion litres</td>
<td>388 million litres</td>
<td>22%</td>
</tr>
</tbody>
</table>

David Hawks and Simon Lenton have commented that,

beers having a reduced alcoholic content. . .[have] coincided with and, it must
be assumed, contributed to, a decline in the percentage of absolute alcohol drunk as beer. . .it is a reasonable assumption that the observed downturn in per capita consumption of absolute alcohol has been contributed to by the introduction of these varieties and that to some degree the reduction in alcohol-related morbidity and mortality may be similarly attributed.\textsuperscript{159}

However, Hawks and Lenton qualify their observation by noting that while low-alcohol beers seem to have “coincided with and . . . contributed to . . . a decline in the percentage of absolute alcohol drunk as beer. . . [this] trend. . . has been largely, but not wholly, compensated for by an increase in the consumption of wine.”\textsuperscript{160}

On an overall level, however, the number of people in Australia who drink is still considerable. In 1992 the Australian Bureau of Statistics (ABS) published the figures from its national health survey for 1989-1990. The survey was conducted during the twelve months from October 1989 to September 1990 and covered around 22,000 private and commercial dwellings. Amongst the men over 18 interviewed, 73.5\% had had an alcoholic drink in the week before interview. Amongst women over 18 interviewed, 51.8\% had had an alcoholic drink in the week before interview. Extending to the population as a whole, the ABS derived the following figures for drinking in Australia:

<table>
<thead>
<tr>
<th>Male Drinkers in Australia over 18</th>
<th>Female Drinkers in Australia over 18</th>
</tr>
</thead>
<tbody>
<tr>
<td>1989-90</td>
<td>4,518,000</td>
</tr>
<tr>
<td></td>
<td>3,260,000\textsuperscript{161}</td>
</tr>
</tbody>
</table>

Amongst this total number of drinkers over 18, in 1989-1990, nearly 244 litres of beer were drunk, per drinker. On the basis of cans of beer consumed, this would equal roughly 652 cans of beer per drinker over 18 in 1989-1990, or around 12 cans a week. This can be calculated on the fairly approximate basis of dividing the total amount of beer drunk collectively by the nation in 1989-1990 (1,904,000,000 litres), when the population of Australia in that year was around 17 million,\textsuperscript{162} (see the table on page 12 of this paper) by the number of drinkers, male and female, over 18.

\textsuperscript{159} David Hawks and Simon Lenton, “Harm Reduction in Australia: Has it Worked?” in the \textit{Drug and Alcohol Review}, vol.14, no.3, 1995, p.293.

\textsuperscript{160} ibid.


Concerns over tobacco consumption took longer to develop than those raised over alcohol, but when they did finally surface they gained a much greater prominence.

Questions over the possible harmful effects of tobacco consumption had been raised in the 1800s. In Sydney, in 1840, a Scottish school teacher gave a series of lectures in which he warned against the effects of tobacco. However, as Walker writes, he “was vigorously refuted by the press.”

Public concern first developed over the number of young people taking up smoking and, in 1896, Dr. Ross, a medical practitioner, first introduced a bill in the New South Wales Parliament, to restrict teenage smoking. Although unsuccessful at first, he persistently re-introduced the bill until, seven years later, Sir John See’s government secured its passage - becoming the Juvenile Smoking Suppression Act 1903. This Act, however, did not prohibit smoking in public by juveniles but simply prohibited the sale of tobacco to them. However, as Walker notes,

A number of retailers were fined but the Act was soon rendered ineffective by a judicial interpretation: it was no offence for a juvenile to act as a messenger for an adult.

Despite worries over the effects of smoking on juveniles, general opinion still held that smoking held no real concerns for adults. Robin Walker has recalled that, some thirty years later, “In the early 1930s, under the aegis of the British Empire Cancer Campaign, tobacco tar had been injected into mice and the experimenters had concluded that smoking played little or no part in the growth of cancer.” In Australia, during the 1930s, as Walker also recalls, although “the States were developing their departments of health...they showed little concern with tobacco. Smoking was not a matter for discussion in the Medical Journal of Australia, the old belief that only ‘excessive’ smoking was harmful being generally held.”

It was during the 1950s that medical warnings first began to emerge about the dangers of cigarette smoking. In 1950, Richard Doll and Austin Hill published an article in the British Medical Journal entitled “Smoking and Carcinoma of the Lung: A Preliminary Report”, which set out to establish a link between smoking and lung cancer. In 1954, in the USA, Professor Alton Ochsner produced Smoking and Cancer: A Doctor’s Report which, again, linked smoking and cancer. A year later, in Australia, Macfarlane Burnet, director of the Walter and Eliza Hall Institute in Melbourne, gave an address to the Australian and New Zealand Association for the Advancement of Science, in which he repeated the warnings about links between smoking and cancer.

---

163 Walker, op.cit., p.34.
164 ibid., p.38.
165 ibid., pp.58,72.
166 ibid., pp.72-73,142.
After these initial findings emerged, research intensified into the relationship between smoking and cancer. In 1957, in Australia, the Australian National Health and Medical Research Council called on the Federal Government to set up a body that would advise people on the risks of smoking, and it called on the States to carry out anti-smoking campaigns. Five years later, in 1962, the Royal College of Physicians, in Britain, issued a report entitled *Smoking and Health* which warned of a correlation between smoking and cancer. This was immediately endorsed, in Australia, by the Australian Medical Association and the Anti-Cancer Council of Victoria (formed, by legislation, in 1936 to promote research into cancer). Subsequently, in 1964, in the USA, the American Surgeon-General issued a report which similarly drew a link between smoking and lung cancer. Six years later the World Health Organisation, at its 23rd assembly, approved a number of anti-smoking resolutions.  

Calls for action, on the basis of these reports, increased during the late 1960s. In 1969, in Australia, the National Health and Medical Research Council recommended the placing of warnings on cigarette packets; restrictions on cigarette advertising; and a national program for alerting people to the dangers of smoking. This was soon endorsed by a meeting of both Federal and State health ministers. The McMahon government, in 1972, decided to spend $½million a year, for three years, to inform people in Australia about the health hazards of smoking. During the same year, in New South Wales, the Askin government obtained passage of the *Cigarettes (Labelling) Act 1972*, complementing similar legislation passed in the other states. In 1973, the newly elected Whitlam government went much further and secured the passage of legislation which would phase out television advertising of tobacco products. During the 1980s the Hawke government began to extend the range of restrictions on tobacco advertising and consumption. Meanwhile, in New South Wales, in 1983, the Wran government introduced a ban on tobacco advertising on state transport. In 1988, the Hawke government implemented a ban on smoking on buses and coaches registered under the Federal Interstate Registration Scheme and, a year later, obtained passage of the *Smoking and Tobacco Products Advertisements (Prohibition) Act 1989* which banned tobacco advertisements in the print media. Two years afterwards, the Greiner government, in New South Wales, obtained passage of the *Tobacco Advertising Prohibition Act 1991* which banned cigarette advertising on billboards, taxis and the like. 

---

167 ibid., pp.86-98.
168 ibid., p.111.
169 ibid., 98,105-109.
170 ibid., p.130.
171 Winstanley, et.al., p.390.
On an overall level, smoking still remains a significant contributor to ill-health in Australia. In 1995 the Senate’s Community Affairs Committee conducted an inquiry into the tobacco industry and the costs of tobacco-related illness. The committee noted, from the evidence put before it that, throughout Australia,

In 1992 there were an estimated 18,920 deaths from tobacco-related disease. This figure represented 15.3 per cent of all deaths from all causes in all age groups. . . there were an estimated 7,265 deaths due to tobacco-related cardiovascular disease, 6,644 deaths due to smoking induced cancers and 4,437 deaths from tobacco-related chronic obstructive pulmonary disease.  

Under-age and teenage smoking, in particular, has attracted the attention of a number of researchers. In 1978, Egger and Champion, in their report on adolescent drug use in New South Wales during the early to mid-1970s, remarked that “Use of . . .tobacco” had “increased significantly amongst fourth form (14-16 year old) children since 1973.” Ten years later, in their report on young Australians and drugs, Peat Marwick Hungerfords commented that “tobacco is the second most significant drug used by young people.”

In 1991 the Greiner government obtained the passage of amendments to the Public Health Act 1990 which raised the legal age, at which cigarettes could be sold to teenagers, from 16 years, previously, to 18 years. However, Bruce Andrews and his colleagues noted that in 1992, in a study of 299 shops in Sydney, 99 sold cigarettes to children aged between 12 and 13 years.

Despite the apparent continuing ease with which under-age teenagers can obtain cigarettes, there seems to be a decline in the overall number of teenagers smoking. In a survey of New South Wales secondary school students in the mid to late 1980s, Neil Donnelly and his colleagues were able to report that their results indicated “a consistent and sustained decline in the percentage of school students who smoke cigarettes”.

In New South Wales the Drug and Alcohol Directorate of the NSW Department of Health has a responsibility for the implementation of a strategy directed against the adverse effects of tobacco consumption. During the 1990s the directorate has been active in the following areas:

---

175 Peat Marwick Hungerfords, ibid.
177 Donnelly et al., p.55.
addressing the impact of tobacco advertising

increasing public awareness of the adverse effects of smoking

conducting research into the harmful effects of smoking

ensuring the obeying of the law regarding access to cigarettes

assisting smokers to stop smoking\textsuperscript{178}

Anti-smoking campaigns do seem to have had an effect over the years. Hawks and Lenton have observed that, “smokers in Australia have declined from 37.2\% of the population to 28.4\% in the period 1977 to 1990.”\textsuperscript{179} Professor Robert Sanson-Fisher and his colleagues point out, however, that the 28.4\% statistic still translates to, in 1989-1990 figures,

\[ 3,531,000 \text{ people. . .aged 18 years and over. . .} \textsuperscript{180} \]

If, in 1989-1990, there were around 1.8 billion packets of cigarettes (in packets of 20) produced throughout Australia, then each of these 3,531,000 smokers aged 18 or over could have smoked around 509 packets of cigarettes throughout the year or about 10 packets of cigarettes each week.

5 \textbf{SOME COMMERCIAL AND REVENUE ASPECTS OF ALCOHOL AND TOBACCO CONSUMPTION}

(a) \textit{The Value of Tobacco and Alcohol Manufacturing in New South Wales}

As outlined above, New South Wales has been the biggest centre of production in Australia for both tobacco and alcohol. In their study entitled \textit{The Economic Impact of the Australian Tobacco Industry}, Roy Powell and Mark McGovern wrote that, during 1983-1984,

The tobacco industry in NSW produced output valued at $1,280m [$1.2\ billion]... Direct employment was 10,949 people with a further 17,017 being indirectly employed. In output terms the largest component is manufacturing. . .In flow-on terms, manufacturing is slightly smaller than wholesale/retail. . .Manufacturing provides 47 per cent of the income and 38 per cent of the


179 Hawks and Lenton, op.cit., p.292.

industry employment, while wholesale/retail activities contribute 50 and 58 per cent respectively.\textsuperscript{181}

As outlined above, New South Wales’ share of cigarette production in Australia seems to have increased to around 60% of total national production, and the NSW share of the national total value of cigarette sales appears to amount to around $3 billion.

Brewing, also, still remains significant in New South Wales. Carlton and United Breweries, (taken over by Foster’s Brewing in 1983, itself essentially taken over by BHP Finance in 1992) accounted, in 1995, for 60% of the NSW market for beer and for 50% of the total Australian market for beer. Foster’s revenue from core business, during financial year 1994-1995, amounted to $4.4 billion on which it made an after-tax profit of $287 million.\textsuperscript{182} Lion Nathan Australia, (current owner of Toohey’s, Castlemaine and Swan), according to \textit{Jobson’s Year Book of Public Companies}, “is the largest operating division within Lion Nathan” and “contributed 76% of group earnings” of $1.69 billion in revenue and $202.1 million in after-tax profit.\textsuperscript{183}

\textbf{(b) Strategies behind Alcohol and Tobacco Taxation}

As shown above, revenue raising from alcohol and tobacco goes back hundreds of years and was relied upon consistently during Britain’s early years of settlement in Australia.

Some of the problems of raising revenue from these sources were pointed out at least a hundred years ago. Charles Bastable noted, in the case of alcohol, that

\begin{quote}
It is apparent therefore that the excise system of England, so far as it applies to commodities, is almost exclusively a tax on alcoholic drinks, and is carried out by supervision of the brewing and distilling industries, which involves a very complete control of their operations. The modern tendency to concentrate the production of both beer and spirits at a few centres makes this system less troublesome, and the heavy taxation in turn favours the larger producers. . .The whole situation is a highly artificial one; by it the State draws very large resources from the taxation of what is an instrument of luxury, in many cases one of vice.\textsuperscript{184}
\end{quote}

Keith Dunstan noted that, in Australia,

\begin{itemize}
\item \textsuperscript{181} Powell and McGovern, op.cit., chapter 4.
\item \textsuperscript{182} \textit{Jobson’s Year Book of Public Companies 1996-97} (Dun and Bradstreet, Sydney, 1996), p.227.
\item \textsuperscript{183} ibid., pp.595-596.
\item \textsuperscript{184} Bastable, op.cit., pp.462-463.
\end{itemize}
The Victorian government first introduced [its own] . . .beer duty, rated 3d a gallon, in 1892. The tax was collected ‘by obliging the brewer’ to buy beer stamps which he had to fix to every barrel before delivery or to delivery docket in the case of bottled beer. When the states federated in 1901 . . .the new federal government. . .adopted [this system]. . .Output and value of stamps had to balance every day. . .in 1956 . . .the government agreed that in future duty could be paid on the total gallonage estimated to be delivered on the following day. 185

The continued possibilities of drawing revenue from alcohol and tobacco remained in the consideration of policy makers in the twentieth century, especially since advances in quantification, in economic research, appeared to make improvements in measuring, collectively, how those who drank and smoked would respond to an increase in price. In 1927 the British economist Frank Ramsey wrote an article in the *Economic Journal* in which he focused on the continued potential of revenue raising from these sources. Michael Grossman and his colleagues noted in 1993 that, in the realm of public finance,

> The conventional view is that alcohol and cigarettes are attractive targets. . .As shown by Ramsey, under certain conditions the way to raise a fixed amount of revenue . . .is to tax inelastically demanded goods more heavily. 186

The notion of “elasticity” in economic measurement has been outlined by Terry Alchin, in the case of cigarettes, as follows:

> The basis for estimating the consumption effects of a change in excise tax rates is really an analysis of the price elasticity of demand for cigarettes. Elasticity, a measure of the degree of the responsiveness of demand . . .to change in price, is commonly defined as the percentage change in the quantity of cigarettes demanded divided by the percentage change in price which caused the demand change. Thus price elasticity of -0.5, for example, means that a 10 per cent increase . . .in price would reduce . . .the quantity of cigarettes demanded by 5 per cent. 187

An assumption that demand for alcohol and tobacco is “inelastic”, when governments continue to increase their levies from them, assumes, as Alchin observes in the case of cigarettes, that “the established older smokers will continue to smoke and pay the higher

---

185 Dunstan, op.cit., pp.82-83.


In the case of drinkers, such an assumption would rely on established drinkers continuing to drink and pay the higher tax on alcohol.

This assumption has not only been acted on in Australia - where alcohol, for instance, has, in the past, been focused on as a major source of revenue - but it has been acted on in a number of other countries. Michael Grossman and his colleagues have observed, on the course of taxes on tobacco and alcohol in the USA, particularly under the Reagan and Bush administrations, that

The federal excise tax on cigarettes was fixed at 8 cents per pack between November 1, 1951, and the end of 1982. It rose to 16 cents per pack effective January 1, 1983. The tax was increased further to 20 cents per pack effective January 1, 1991, and to 24 cents per pack effective January 1, 1992. January 1, 1991, marked the first increases in the federal excise tax rates on beer and wine since November 1, 1951. In 1990, the tax on beer doubled from 16 cents per six-pack to 32 cents, the tax on wine jumped from just over 3 cents per 750 millilitre bottle to about 21 cents.

(c) The Impact of Alcohol and Tobacco Taxes

Who bears the most, through the imposition of levies on alcohol and tobacco, has been the subject of considerable conjecture. One the one hand, as Harold Groves observed in 1939,

Consumption taxes are generally defended on the ground that they are relatively painless - ‘easy to take’, so to speak. The fact that such taxes are hidden in the prices of the goods purchased means that people are seldom conscious of them. How many people ever stopped to calculate their annual cigarette tax?

On the other hand, James Thorold Rogers, Professor of Political Economy at Oxford University, wrote in 1888 (before Lloyd George’s Budget of 1909) that,

the British Parliament has reduced taxable objects to a very few articles. It intends to distribute taxation. . .between those who earn less than £100 a year, and those who earn more than £100. . .The former are visited with the greater part of the indirect taxation, with by far the most of the excises and customs still levied. . .The latter pay the income tax, the greater part of the succession and stamp duties, the assessed taxes, and much of such customs as are paid for those luxuries of foreign origin which can be purchased only by fairly well to do

---

188 Terry Alchin, *The New 75 per cent Tobacco Tax in NSW*, working paper no. WP92/04 (Department of Economics, University of Western Sydney, Nepean, 1992), p.9.

189 Grossman, et.al., p.212.

persons. Of course, under these circumstances, the contribution of the poorer classes will and must represent a greater sacrifice on their part.  

As outlined above, those committed to social equity looked unfavourably on indirect taxation as weighing unfairly on those less well-off. Philip Snowden, the son of a weaver and the first Labour Party Treasurer in Britain - in Ramsay MacDonald’s government of 1924 - held this view. His biographer has written that, during the 1920s, Snowden “wanted to change the balance of direct and indirect taxation. . .He wanted all taxation eventually to be direct”.  

During the 1930s, Professor Henry Simons, of Chicago University, made a similar point when he commented that, “The plain fact. . .is simply that taxes like the tobacco taxes are the most effective means available for draining government revenues from the very bottom of the income scale.”  

Alan Moran has produced the following calculations for the present-day percentage amount of expenditure, by low-income groups in Australia, on alcohol and tobacco:  

---


192 In his first major financial speech in the British Parliament, in 1907, Snowden declared that “working people [are]. . .being required to pay for their own old age pensions through indirect taxation. The right way to pay for them [is]. . .by a super-tax on incomes over £2,000”. See Colin Cross, *Philip Snowden* (Barrie and Rockliff, London, 1966), pp.84-86.

Allied to the aspect of level of income is the aspect of level of education. On a general level, those on low incomes also tend to be those with less education. A report by the National Health Strategy, in 1992, commented that,

Adult males and females. . .with the least education also display higher rates of risk factors. . .men who have received low levels of education are 85% more likely to smoke, and women who have received low levels of education are 67% more likely to do so. . .men who have received low levels of education have a 30% higher alcohol risk. . .

(d) Worth of Alcohol and Tobacco Consumption to the Community and to the Government

Attempts have been made to evaluate the significance to government, and the worth to the community, of alcohol and tobacco consumption.

In 1991, David Collins and Helen Lapsley produced a study which estimated the tangible economic costs of alcohol abuse in Australia as follows:

---


On the basis of the above figures, and on the basis of the figures for Commonwealth excise duty on beer and spirits (mentioned above), it might be possible to do a rough cost-benefit analysis of the worth of a drinker in Australia - as outlined by Sanson-Fisher, for smokers, in the following part of this sub-section.

On the one hand, one could add drinkers’ total cost to government in health care ($581 million), and drinkers’ total cost to government through road accidents ($212 million), and arrive at a total cost to government of $793 million for 1988. One could then divide

---

this by the estimated total number of drinkers in Australia for 1989-90 - 7,778,000 - and we arrive a figure of around $102 in cost to government per drinker in Australia (in the form of health care and road accidents).

On the other hand if, indeed, according to the ABS figures, there were around 7,778,000 drinkers in Australia in 1989-1990 - and if, in 1984-85 the Commonwealth excise from beer was $1,176,736,000 and that from spirits was $119,776,000 - one could divide the amount of Commonwealth excise from beer and spirits in 1984-85 by the total number of drinkers in Australia in 1989-90. If one were to do this, one would arrive at a figure of around $160 per drinker provided to government in the form of excise duty in the late 1980s. The total figure, in regard to returns to government from drinkers, could be higher if one were to include the value to the federal government of the wholesale sales tax on wine, and the value to the NSW government, at least, of the revenue from its liquor licences.

The issues inherent in this were already clear - at least by the 1890s. Charles Bastable commented in 1892 that, in Britain,

   The aim of reducing the national consumption of . . . [alcoholic ] drinks is naturally postponed to that of maintaining . . . support of the public revenue. . . .197

In the area of cigarette smoking, where the states, as indicated above, derive a considerable amount of revenue, some analysts appear to argue that the same equation holds true: that people are worth more to government as smokers than as non-smokers. ACIL economics has described the main elements of the equation, and the conclusion which appears to emerge from it, accordingly:

   tobacco taxation. . . ($2.5 billion). . . [as against] more intensive use by smokers of subsidised health care ($0.4 billion). . . Thus contrary to popular belief, the level of taxation on tobacco products easily exceeds claimed health care costs by smokers on the community. . . .198

Robert Sanson-Fisher and his colleagues have recently compiled figures on the cost to government presented by smokers. They have calculated these costs accordingly:

---

197 Bastable, op.cit., p.463.
Alcohol and Tobacco in NSW: Consumption, Revenue and Concern

<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Hospital Care                               $227.73 million</td>
</tr>
<tr>
<td>Medical Care                                 $46.41 million</td>
</tr>
<tr>
<td>Pharmaceutical Care                         $60.54 million</td>
</tr>
<tr>
<td>Allied Professional Care                     $0.65 million</td>
</tr>
<tr>
<td>Nursing Home Care                            $74.26 million</td>
</tr>
<tr>
<td>Anti-Smoking Campaigns                       $9.47 million</td>
</tr>
<tr>
<td>TOTAL                                        $419.06 million</td>
</tr>
</tbody>
</table>

On the basis that there are an estimated 3,531,000 smokers aged 18 years and over, in Australia, this would suggest that the cost to government of a smoker is about $118 a year.\(^{199}\)

On the other hand, Sanson-Fisher and his colleagues state the “Economic benefits to government” are the “cigarette taxation revenue”. This they calculate accordingly:

<table>
<thead>
<tr>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax Proportion Accruing to Government                               $2.2 billion(^{200})</td>
</tr>
</tbody>
</table>

On the basis of an estimated 3,531,000 smokers in Australia this amounts to government revenue of $620 per smoker per year.\(^{201}\)

Professor Sanson-Fisher and his colleagues have recently echoed the same sentiments in regard to teenage smoking. In an article on smoking by adolescents they have written that,

It is estimated that approximately 211,000 Australian children under the legal age to purchase cigarettes consumed approximately 11.5 million packets of cigarettes in 1990. The total revenue from these sales was $35.06 million, with $5.78 million of this going directly to retailers. Manufacturers and distributors received $8.08 million and the tax revenues to the federal and state governments from these sales amounted to $8.42 million and $12.78 million respectively. These data indicate that across Australia, the average state revenue for 1990 was just over $60 per under-age smoker. This compares to an average of $0.11 per under-

---

\(^{199}\) Sanson-Fisher et.al., pp.2-3.

\(^{200}\) ibid.

\(^{201}\) ibid.
age smoker spent on anti-smoking campaigns in 1990.  

(e) Policy in the Future

Recently a consensus has been emerging between those who continue to favour taxes which appear to impact heavily on those with low incomes, and those who have reservations about such an approach. The point of consensus is that of health. Michael Grossman and his colleagues have written that, as far as the USA is concerned,

Politically, sin tax increases are increasingly acceptable, especially...for cigarettes...There is overwhelming evidence that smoking has detrimental health effects...the adverse effects of alcohol spring from overuse (cirrhosis of the liver) or misuse (drink driving crashes)...the younger age group is particularly [important]...because motor vehicle accident mortality is the leading cause of death of persons under the age of 35, and alcohol is involved in over half of these fatal accidents...The bulk of the evidence...does support higher taxes on cigarettes and alcohol.

Support for Grossman’s view comes from other researchers such as Laixuthai and Chaloupka. They conclude, in their study on youth alcohol consumption in the USA in the late 1980s, that, “increases in beer taxes will significantly reduce the frequency of youth drinking...higher taxes would also have reduced the probability of heavy drinking”.

6 CONCLUSION

Alcohol and tobacco consumption, and the approach to revenue raising associated with them, present some intricate issues.

In the area of revenue raising itself, there arises the question of on whom taxation impinges. It could be argued from the observations of a number of writers, and commentators, in the field of public finance that there is an essential split between indirect and direct taxation: indirect taxation impinges more on the less well-off, and direct taxation impinges more on the better-off. This was not only the view of observers such as James Thorold Rogers, writing in the nineteenth century, but continued to be the perception of many participants in the area in the twentieth century, including the early founders of the labour parties.

Even amongst similar groups of participants in the financial debate, however, opinions

---


204 Laixuthai and Chaloupka, op.cit., p.9.
change. Paul Keating, Treasurer during the 1980s in the ALP government led by Bob Hawke, returned to the previous approaches to taxation and, according to his biographer, “in 1983. . .advocated the idea of a broad indirect tax to replace some of the income tax.” 205

Indeed, on both sides of politics, the focus has swung back to indirect taxation. Florence Chong commented in *The Australian*, in 1993, that the Keating government “collected $9.1 billion from indirect taxes in 1991-92. . .The amount collected from this source has more than doubled since 1983-84 when Labor came to office.” 206

In New South Wales, drinking and smoking retain a definite significance. NSW has been, and appears to remain, the largest market for beer in Australia and access to drinking has been made easier and easier over the years. Sydney is also the largest centre of cigarette production in the country. Drinking, and the often accompanying activity of smoking, not only sustains the hotel industry but sustains the much larger RSL and Leagues club industry with their associated large-scale gambling activity. Drinking and smoking have also been significant past contributors to government revenue.

Today, on a state fiscal level, as the focus on indirect taxation has increased, alcohol and tobacco have returned as significant elements in state revenue. Ever since 1986, when the prices for Australian commodities fell dramatically, contributing to a crisis in federal government revenue and the Hawke’s government’s decision to cut payments to the states, New South Wales, like its counterparts in the federation, has sought out further sources of finance. Barrie Unsworth, Premier of NSW at the time of the Hawke government’s 1986 Budget, declared that, as a result of the Hawke government’s reduction in payments to the states, “We will have to review the NSW Budget and look at our expenditure and have a look at our revenue raising capacity.” 207 Increased indirect taxation - including increased taxation on alcohol and tobacco - has since become the means to make up the difference between the funding the federal government has withdrawn and the state’s continuing requirements.

A dilemma which has developed in this strategy for revenue, however, is the contradiction between the role of alcohol, and in the past tobacco, as (what some would see) a small source of pleasure in the lives of those less well off, versus the issues of health and social responsibility. These questions emerged when NSW was a colony.

---


206 Florence Chong, “Indirect Action” in *The Australian*, 16 April 1993, p.21. Deborah Mitchell has commented that, during the 1980s, in both Britain and Australia, “the bottom decile of earners have increased their share of the tax burden”. See Deborah Mitchell, *Taxation and Income Redistribution: The ‘Tax Revolt’ of the 1980s Revisited*, public policy program discussion paper no.36 (Graduate Program in Public Policy, Australian National University, Canberra, 1993), p.28.

207 See “The Budget” in the *Sydney Morning Herald*, 20 August 1986, special supplement, p.11.
through the Intoxicating Drink Inquiry Commission, and continued after federation. Charles Wade, Attorney General in the Carruthers government, declared in 1906 that gambling, for example, encouraged “idle, thriftless, reckless and selfish” characteristics amongst the citizens of his state and that “Such a class of man, in the course of time, would be the downfall of New South Wales.” Snowden, the first Labour Party Treasurer in Britain, wrote in 1909 that one “of the evils which curse our country today. . .[is] indulgence in drink”. Research in recent times not only continues to highlight the adverse effects of alcohol consumption on personal health but underlines its role in public assaults and in domestic violence.

On the surface, in regard to the adverse effects of drinking and smoking, there seems to be some progress. Drinking of low-alcohol beer has noticeably increased, and there has been some decline in the number of people smoking.

Orientating fiscal strategies on the basis of health appears to provide a resolution. Relatively high levies on alcohol and tobacco ought to both discourage unhealth consumption and materially assist the government finances.

On closer observation, however, the situation may be more involved. There would appear to be around 2½ million people who drink, and around 1 million people who smoke, in New South Wales (on the basis that about 34% of the Australian population live in NSW). It would seem to be the case that, for many, amongst this group, drinking, and to a lesser extent, smoking will remain as minor pleasures in their lives - but under an ever increasing expense. It is also true that the outlet for this minor pleasure - particularly the RSL and Leagues clubs - in turn sustains what has now become a much more significant element of NSW government revenue: gambling. In this regard it could be also be argued that governments still attract more from people through their drinking and smoking, in terms of revenue, than it costs those same governments in attending to the ill-health that people acquire from their consumption of those same two substances.

---

208 Beresford, op.cit., pp.210-211.
209 Cross, op.cit., p.94.