



National Alliance for Action on Alcohol

## Alcohol Tax Forum

### COMMUNIQUÉ

28 September 2011

The Australian Medical Association hosted an Alcohol Tax Forum in Canberra today on behalf of the National Alliance for Action on Alcohol (NAAA). Leading public health and not-for profit organisations and experts, and Federal Members of Parliament attended the forum to discuss reforms that are needed in Australia's system of alcohol taxation to reduce the significant harms that can result from excess alcohol consumption. The Forum's outcomes, outlined in this Communiqué, propose reform priorities for consideration ahead of the Government's Tax Forum to be held on 4-5 October 2011. The NAAA Alcohol Tax Forum notes that:

- Alcohol related harms in Australia are significant. Every week, on average, 60 Australians die and a further 1,500 are hospitalised as a result of alcohol. Alcohol is also a significant contributor to crime and violence as well as chronic diseases including cancer and there is growing community concern about drinking patterns among young people. This is at a cost of \$36 billion annually, including loss of productivity, healthcare, crime and child protection costs.
- Alcohol pricing policies have been shown to be an effective lever for moderating consumption. Taxing alcohol products according to the alcohol they contain (volumetric alcohol taxation) is well recognised to be one of the most cost effective ways to reduce alcohol related harms.
- The current alcohol taxation system does not consistently tax products according to their volume of alcohol or their potential to cause harm. Wine, cider and other fruit based products are the only alcohol products that are not taxed according to their volume of pure alcohol.
- The *Australia's Future Tax System* review (Henry review) and the Preventative Health Taskforce have both proposed changes to the tax system recommending alcohol be taxed by volume of alcohol.
- The Wine Equalisation Tax (WET) and Wine Equalisation Tax Rebate (WET rebate) are contributing to the oversupply of wine in Australia, encouraging the production of cheap wine and acting as a disincentive to wine industry restructuring.
- Two of Australia's major wine producers have now publicly supported the abolition of the WET to be replaced with a volumetric tax for these reasons.
- There are concerns in Aboriginal and Torres Strait Islander communities about the harms caused by alcohol where rates of alcohol dependence and harmful alcohol use are eight times higher than among other Australians.

***The NAAA Alcohol Tax Forum agreed that:***

- 1. Alcohol taxation reform is urgently needed to address alcohol-related harms in Australia and to fully meet the economic spill-over costs that result from these harms.**
- 2. Different alcoholic beverage types should be taxed according to their alcohol content to take account of their differing potential to cause harm.**
- 3. Alcohol taxation reform should begin by targeting the most incoherent part of the taxation system, the WET and WET rebate, because the WET and WET rebate are contributing to the over production of cheap wine and provide incentives for the alcohol industry to diversify into and expand the cider market.**
- 4. Alcohol taxation reform can generate extra revenue which should be used to prevent harmful alcohol use, address alcohol-related harms and support the restructuring of the wine industry.**
- 5. More needs to be done to support Aboriginal and Torres Strait Islander communities to counteract the adverse effects of alcohol.**

The NAAA Alcohol Tax Forum noted that the Australian National Preventive Health Agency has been tasked by the Government to examine the minimum pricing of alcohol and this must not delay the reform of alcohol taxation.

The NAAA Alcohol Tax Forum calls on the Treasurer to initiate a process to address the reform of alcohol taxes commencing with the Government's Tax Forum in October.

This Communiqué has been endorsed by participants at the NAAA Alcohol Tax Forum.