



MEDIA RELEASE

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Leading health groups call for Federal Budget to equalise alcohol taxation

APC calling for: volumetric tax, abolition of Wine Equalisation Tax & introduction of floor price

A coalition of health agencies has called on the Federal Government to tackle one of the key drivers of alcohol overconsumption—price—by reforming alcohol taxation in this year’s Federal Budget.

The Alcohol Policy Coalition (APC) is urging the Government to overhaul the incoherent tax system affecting alcohol pricing as there is strong evidence that this is one of the best ways to reduce overall consumption and alcohol-related harm.

“The current system favours high strength products and practically shouts young drinkers a six pack of cider. When alcohol-related harm is at an all-time high, it’s time to look at the levers that encourage people to drink, and we know price is a very effective one,” said Legal Policy Adviser for the APC, Sondra Davoren.

“The APC would like to see the government adopt a volumetric tax, which would tax all alcoholic beverages based on alcohol content and create a financial incentive to purchase lower alcohol products. A volumetric tax would effectively abolish the Wine Equalisation Tax, which encourages the production of cheap, bulk wine and cider, as the Tax is based on price rather than alcohol content.”

“In a climate where we are seeing a sharp increase in consumption of cider and cheap wine, particularly by high-risk drinkers, we need to ensure that the price of alcohol is related to alcohol content,” she said.

Traditional ciders (apple and pear ciders) are taxed in the same way as wine, which means that tax on a standard glass of cider (around 5% alcohol by volume) is 23cents, compared with 30cents per standard drink for full strength draught beer, which has a similar alcohol content of around 5%. By comparison, flavoured ciders attract the same high tax rate as alcopops, around 95c per standard drink.

After the alcopops tax was reintroduced in April 2008, there was a sharp drop in consumption of these products.

Even accounting for some substitution, the tax on alcopops resulted in a drop in overall alcohol consumption, particularly by young people. It is estimated that alcopop consumption dropped by seven million drinks a week, and total alcohol consumption by three million drinks a week.

“Yet because of the anomaly in the tax system that allows traditional ciders to be taxed like wine, these products are increasingly filling the gap left by alcopops. Cider consumption increased 18 per cent in the year following the introduction of the alcopops tax and continues to rise,” said Ms Davoren.

The abolition of the WET was recommended by the Henry Tax Review, but the Government has yet to take any action on the recommendation.

In addition to tax reform the APC is also calling for the Government to follow the UK example and introduce a minimum floor price for alcohol to prevent heavy discounting and to raise the price of high volume, high strength products such as cask wine, which have a particular association with alcohol related harm.

“The UK has acknowledged a national problem with alcohol, and recognised that a floor price can have an impact on decreasing problem drinking.

“Is it any surprise that we have a problem with excessive drinking, when you can buy a bottle of wine for less than a bottle of water,” said Ms Davoren.

Alcohol type	Non GST tax per std drink
Cask wine (4 litres @ \$12.95/litre)	8c
Mid strength draught beer	20c
Traditional cider	23c
Full strength draught beer	30c
Ready-to-drink	95c
Flavoured cider	95c
Spirits	95c

Alcohol consumption statistics

Alcohol consumption in Australia is high by world standards, with Australia ranked within the top 30 consuming countries in the world.ⁱ Australia's total per capita alcohol consumption has been increasing significantly over time because of a gradual increase in the alcohol content and market share of wine, and is now at one of its highest points since 1991-92.ⁱⁱ

An estimated 813 072 Australians aged 15 years and older were hospitalised for alcohol-attributable injury and disease over the 10-year period 1995–96 to 2004–05. A Victorian Drug and Alcohol Prevention Council survey of 16-24 year olds reported the incidence of extreme drinking (20 or more standard drinks in one day) increased from 26% to 42% between 2002-and 2009.

In Australia, the main causes of alcohol-related deaths are road trauma, cancer and alcoholic liver cirrhosis.ⁱⁱⁱ It is estimated that 5070 cases of cancer (or 5% of all cancers) are attributable to long-term chronic use of alcohol each year, including one in five breast cancers.

For media enquiries please contact Rebecca Cook on 0438 316 435

The Alcohol Policy Coalition is a collaboration of health agencies – Australian Drug Foundation, Cancer Council Victoria, Turning Point Alcohol and Drug Centre and VicHealth – with shared concern relating to the misuse of alcohol and its health/social impacts on the community. www.alcoholpolicycoalition.org.au

ⁱ National Preventative Health Taskforce, Australia: The Healthiest Country by 2020 – technical report 3 preventing alcohol related harm in Australia (2009), 5

ⁱⁱ Tanya Chikritzhs et al, 'Per capita alcohol consumption in Australia: will the real trend please step forward?' (2010) 193 (10) *Medical Journal of Australia* 594, 597.

ⁱⁱⁱ National Health and Medical Research Council, Australian Guidelines to Reduce Health Risks from Drinking Alcohol, (2009), 28