

AUSTRALIAN CHRONIC DISEASE PREVENTION ALLIANCE



Support for volumetric alcohol taxation

ACDPA Position Statement

April 2018

ACDPA strongly supports increased volumetric taxation (based on alcohol content) of all alcoholic beverages to reduce consumption, minimise alcohol-related harms and generate revenue to support public health initiatives.

Key messages

- Alcohol consumption is a major cause of harm in Australia and can increase risk of many chronic diseases, including stroke, coronary heart disease¹ and cancers of the breast, mouth, pharynx, larynx, oesophagus, liver, bowel² and stomach.³
- Alcohol use is also a major cause of acute and social harms, including road accidents, traumatic injuries, suicide, poisoning,⁴ violence and assaults.⁵
- Alcohol taxation to increase price is one of the most cost-effective and feasible interventions to reduce consumption and decrease alcohol-related harms.^{6,7} Young people and heavy drinkers are particularly responsive to changes in alcohol prices.^{8,9}
- Introducing a volumetric tax at the existing rate for spirits could reduce alcohol consumption by 24% and increase taxation revenue by more than \$3 billion.¹⁰ The price increase for a 375mL can of beer would be expected to be less than 10c.¹¹
- Around 45% of Australians support increasing alcohol taxation to pay for health, education, and the cost of treating alcohol related programs.¹²
- Alcohol taxation should be implemented as part of a comprehensive approach, including pricing reform, regulation of alcohol advertising, improved licensing systems, funded public education campaigns and mandatory labelling to increase awareness of alcohol-related health impacts.

Alcohol consumption is a major cause of harm

- One in four Australians (26%) drink alcohol at risky levels and 17% drink alcohol at levels that increase lifetime risk of harm.¹³
- On average, Australians consumed an estimated 9.7 litres of pure alcohol per person in 2015-16, equivalent to 2.1 standard drinks per person per day.¹⁴
- Alcohol use accounted for 5.1% of the total burden of disease and injury in Australia in 2011 and was the leading risk factor for those aged 0-44 years.¹⁵
- The estimated economic costs to society of alcohol-related harms were over \$14 billion in 2010,¹⁶ and approximately 5,500 deaths and 157,000 hospital admissions were attributed to alcohol consumption.¹⁷
- As outlined on the Australian Government's Eat for Health website: 'Alcohol can be harmful to your health, the more alcohol you drink, the greater the risk. Even small amounts of alcohol are associated with increased risk of some cancers. Too much alcohol may also damage the liver and brain and increase the risk of high blood pressure and heart disease. No level of drinking alcohol can be guaranteed as completely safe.'¹⁸

Alcohol is inconsistently taxed in Australia

- Alcohol products in Australia are taxed differently, at different rates:¹⁹
 - The excise tax on beer and spirits is based on alcohol volume (volumetric)
 - The Wine Equalization Tax (WET) on wine is based on product value (ad valorem)
 - Customs duties apply to beer, spirits and ready-to-drink products
 - The GST applies to all retail alcohol sales.
- Alcohol taxation in Australia has been incrementally developed, resulting in inconsistencies. For example, wines with high alcohol content are taxed at a lower rate than other alcoholic beverages with lower alcohol content.²⁰
- In 2016-17, alcohol tax collections fell by 0.7% while total tax collections grew by 5.2% and the economy grew by 5.7%. At the same time, alcohol consumption increased by 2.4%.²¹
- The development of alcohol taxation policy should acknowledge that alcohol is responsible for major harms in our community.
- Increased volumetric taxation (based on alcohol content) of **all alcoholic beverages**, as recommended by the Australian Henry Tax Review,²² could better reflect the burden of illness and injury imposed by alcohol and encourage more responsible consumption.
- While increased volumetric taxation would reduce consumption and associated harm at the population-level, the price increase for a 375mL can of beer is expected to be less than 10c.²³

Alcohol taxation is cost-effective

- The World Health Organization recommends increased alcohol taxation as a “best buy”, meaning it is one of the most cost-effective and feasible interventions to reduce the harmful use of alcohol.²⁴
- Adjustments to alcohol taxation in Australia are modelled to be highly cost-effective and even cost-saving.²⁵
 - Introducing a volumetric tax at the existing rate for spirits could reduce alcohol consumption by 24% and increase taxation revenue by more than \$3 billion.²⁶
 - Replacing the WET with a volumetric tax on wine could increase revenue by \$1.3 billion per year and reduce alcohol consumption by 1.3%.²⁷
- Around 45% of Australians support increasing alcohol taxation to pay for health, education, and the cost of treating alcohol related programs.²⁸
- Alcohol discounting can also affect pricing and encourage increased consumption. Setting a minimum price for alcohol is also likely to have a substantial impact on overall consumption levels and on drinkers at most risk of harm.²⁹

The Australian Chronic Disease Prevention Alliance (ACDPA) is an alliance of Cancer Council Australia; Diabetes Australia; National Heart Foundation of Australia; Kidney Health Australia; and Stroke Foundation. Members work together in the primary prevention of chronic disease, with emphasis on changes to the food and physical environments.

¹ AIHW 2016. Australian Burden of Disease Study: Impact and causes of illness and death in Australia 2011. Australian Burden of Disease Study series no. 3. BOD 4. AIHW: Canberra.

² IARC 2012. IARC monographs on the evaluation of carcinogenic risks to humans: Volume 100E, Personal habits and indoor combustions. IARC: Lyon.

³ WCRF 2017. Summary of global evidence on cancer prevention. WCRF: London.

⁴ AIHW 2016. Australian Burden of Disease Study: Impact and causes of illness and death in Australia 2011. Australian Burden of Disease Study series no. 3. BOD 4. AIHW: Canberra.

⁵ <https://aic.gov.au/publications/rip/rip04> Accessed Feb 2018.

⁶ WHO 2017. Tackling NCDs. 'Best buys' and other recommended interventions for the prevention and control of noncommunicable diseases. WHO: Geneva.

⁷ Vos T, Carter R, et al. 2010. Assessing Cost- Effectiveness in Prevention (ACE-Prevention) Final report. Queensland.

⁸ WHO 2011. Addressing the harmful use of alcohol: a guide to developing effective alcohol legislation. WHO: Geneva.

⁹ Wagenaar AC, Salois MJ, Komro KA. Effects of beverage alcohol price and tax levels on drinking: a meta-analysis of 1003 estimates from 112 studies. *Addiction*. 2009; 104(2):179-90.

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- ¹⁰ Byrnes JM, Cobiac LJ, et al. Cost-effectiveness of volumetric alcohol taxation in Australia. *Med J Aust* 2010 Apr 19;192(8):439-43.
- ¹¹ FARE 2017. Pre-budget submission 2018-19. FARE: Canberra.
- ¹² AIHW 2017. National Drug Strategy Household Survey 2016: detailed findings. Data tables: Chapter 9 Perceptions and policy support. AIHW: Canberra.
- ¹³ AIHW 2017. National Drug Strategy Household Survey 2016: detailed findings. Drug Statistics series no. 31. Cat. No. PHE 214. AIHW: Canberra.
- ¹⁴ <http://www.abs.gov.au/ausstats/abs@.nsf/mf/4307.0.55.001/> Accessed Feb 2018.
- ¹⁵ AIHW 2016. Australian Burden of Disease Study: Impact and causes of illness and death in Australia 2011. Australian Burden of Disease Study series no. 3. BOD 4. AIHW: Canberra.
- ¹⁶ Australian Institute of Criminology 2013. The social costs of alcohol misuse in Australia. Canberra: AIC.
- ¹⁷ Gao C, Ogeil R, and Lloyd B 2014, Alcohol's burden of disease in Australia.
- ¹⁸ <https://www.eatforhealth.gov.au/food-essentials/fat-salt-sugars-and-alcohol/alcohol> Accessed Feb 2018.
- ¹⁹ http://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/pubs/rp/rp0910/10rp11#_Toc251050694 Accessed Feb 2018.
- ²⁰ Gray D, Saggars S, Atkinson D, Sputore B, Bourbon D. Beating the grog: an evaluation of the Tennant Creek liquor licensing restrictions. *Aust N Z J Public Health* 2000 Feb;24(1):39-44.
- ²¹ SMH. <https://www.smh.com.au/business/the-economy/money-down-the-drain-how-wine-is-emptying-the-federal-budget-20180227-p4z20q.html>. Accessed Apr 2018.
- ²² http://taxreview.treasury.gov.au/content/FinalReport.aspx?doc=html/Publications/Papers/Final_Report_Part_1/index.htm Accessed Feb 2018.
- ²³ FARE 2017. Pre-budget submission 2018-19. FARE: Canberra.
- ²⁴ WHO 2017. Tackling NCDs. 'Best buys' and other recommended interventions for the prevention and control of noncommunicable diseases. WHO: Geneva.
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- ²⁶ Byrnes JM, Cobiac LJ, et al. Cost-effectiveness of volumetric alcohol taxation in Australia. *Med J Aust* 2010 Apr 19;192(8):439-43.
- ²⁷ Doran CM, Byrnes JM, et al. Estimated impacts of alternative Australian alcohol taxation structures on consumption, public health and government revenues. *Med J Aust*. 2013; 199:619-622.
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- ²⁹ Meier P, Booth A, et al. 2008. Independent Review of the Effects of Alcohol Pricing and promotion. Part A: Systematic Reviews.