



MEDIA RELEASE

CONSIGN WINE EQUALISATION TAX TO HISTORY

For immediate distribution

3 September 2015: As momentum gathers for change to Australia's flawed alcohol tax regime, new research has cast light on how the excise system was shaped over the last century, and a new economic analysis has proposed alcohol tax reform options that promise a fairer and more coherent way forward.

Historical and cross-cultural changes in taxation of different alcoholic beverages is the first such study to examine the Australian history of excise taxes on beer and spirits.

Funded by the Foundation for Alcohol Research and Education (FARE), the study by the Centre for Alcohol Policy Research (CAPR) examines the changes in the taxation of different alcoholic beverages between 1901 and 2012, noting that excise tax on spirits has not always been greater than on beer.

In fact, between 1921 and 1988 beer and spirits were taxed at a similar rate.

CAPR lead researcher Dr Elizabeth Manton says historically, excise tax rates have been influenced by a number of factors.

"Historically, setting excise tax on beer and spirits has been a balancing exercise with governments concerned not just with raising revenue, but also with industry protection, public health concerns and political expediency," Dr Manton said.

The CAPR research also examined how wine has been taxed in Australia and other wine producing nations, with the historical analysis finding that wine taxes are set low, primarily due to the lobbying power of small producers.

The preferential way in which wine is taxed is increasingly being challenged with industry players joining the public health sector in calling for the Wine Equalisation Tax (WET) to be abolished.

While beer and spirits are taxed according to their alcohol content, under the WET, wine is taxed according to its wholesale price.

New economic modelling published today by Acil Allen Consulting assesses the impact of replacing the WET with one of three different scenarios: a volumetric tax that is revenue neutral, a volumetric rate halfway between full strength draught beer and spirits, and a third scenario that in addition to the changes proposed in scenario two, would also tax draught beer at the existing packaged beer rate and tax cider at the existing regular beer rate.

Commissioned by FARE, *Alcohol tax reform: Economic modelling* provides valuable information on tax revenues collected, alcohol consumption, alcohol prices, the value of alcohol production and employment, under the three proposed scenarios.

FARE Chief Executive Michael Thorn says the independent economic modelling makes clear both the monetary and health benefits of moving to a fairer alcohol tax regime.

"This is a no brainer for the Commonwealth Government. By consigning the Wine Equalisation Tax to history, and by taxing wine according to its alcohol content, the government can raise much needed

