



FOUR BILLION REASONS TO FIX WINE TAX

23 March 2015: A flaw in current alcohol taxation arrangements is costing Australians billions of dollars, at a time when the government is ripping hundreds of millions of dollars out of the alcohol and other drug sector.

To close the loophole, the Foundation for Alcohol Research and Education (FARE) is calling for long overdue, widely supported and simple tax change that would reduce the nation's growing chronic disease burden and also deliver the Treasurer a four billion dollar windfall over the next four years.

FARE's Pre-Budget Submission to Treasury includes a recommendation to replace the current Wine Equalisation Tax (WET) with a volumetric alcohol tax, a change that would generate \$3.4 billion over four years and see wine taxed according to its alcohol content.

FARE is also calling for the abolishment of the WET rebate which would deliver a further \$1.3 billion in savings to the Commonwealth Government each year.

FARE Chief Executive Michael Thorn says the simple tax system fix raises much needed revenue, and is supported by the public health sector, leading economists and large segments of the alcohol industry.

"Replacing the WET and abolishing the WET rebate is not just a billion dollar win for Government; it's a win for taxpayers, a win for the premium wine industry and a big win for the health of the nation. Here's a gift-wrapped budget measure that delivers considerable savings while at the same time reducing alcohol harms that cost this nation \$36 billion dollars every year," Mr Thorn said.

Nine separate Government reviews have recommended reforming the WET, most recently the Henry Review in 2009.

Currently, wine is taxed at 29 per cent of its wholesale price, an arrangement that has encouraged the production of large volumes of cheap wine and more recently, the production of cheap spirit imitation products.

Mr Thorn says that for years, the WET has effectively flooded the market with cheap wine.

“Wine can be purchased for as little as 33 cents per standard drink. Now we are seeing a similar rush to produce cheap wine-based products marketed as spirits in order to take advantage of this tax loophole. This is a problem because we know for a fact that cheap alcohol results in higher consumption levels including heavier drinking and underage drinking,” Mr Thorn said.

In contrast to the large budget savings, FARE’s Pre-Budget Submission proposes a very modest expenditure in prevention, early intervention and treatment programs starting with restoring funding to the alcohol and other drug sector, which will have more than half a billion dollars taken out of it over the next four years.

“Alcohol misuse results in 5,500 deaths and 157,000 hospitalisations in Australia each year. It makes no sense that the Government is subsidising the alcohol industry with favourable tax arrangements while at the same time ripping money out of alcohol and drug treatment services,” Mr Thorn said.

Mr Thorn (@MichaelTThorn) is available for interview.

Media Contact:

Jeremy Henderson **0425 559 710**

The **Foundation for Alcohol Research and Education (FARE)** is an independent, not-for-profit organisation working to stop the harm caused by alcohol. Alcohol harm in Australia is significant. Over 5,500 lives are lost every year and more than 157,000 people are hospitalised making alcohol one of our nation’s greatest preventative health challenges.

For over a decade, FARE has been working with communities, governments, health professionals and police across the country to stop alcohol harms by supporting world-leading research, raising public awareness and advocating for changes to alcohol policy. In that time FARE has helped more than 750 communities and organisations, and backed over 1,400 projects around Australia.