



Foundation for Alcohol  
Research & Education

**Media Release**

## **PUT ALCOHOL TAX REFORMS BACK ON TABLE TO PLUG REVENUE HOLE**

**1 May 2013:** The Gillard Government has been urged to increase alcohol taxes in this year's budget in order to reduce increasing alcohol-related harms and help offset the rising cost of health care.

Australia's leading alcohol research and education body, says simple alcohol tax reform measures would deliver \$1.5 billion each year to a Government facing 'urgent and grave' budget decisions, and can no longer be ignored.

Foundation for Alcohol Research and Education (FARE) Chief Executive, Michael Thorn says if the government wishes to avoid the appearance of a desperate and ill-considered grab for cash, then it should demonstrate the resolve to implement tax measures that would benefit all Australians.

"On Monday Prime Minister Gillard said she was committed to having every reasonable option on the table. There is one obvious solution sitting right in front of her. Abolish the Wine Equalisation Tax (WET). It's a simple fix that would replace an inefficient and inequitable tax, deliver a \$1.5 billion windfall every year, and in turn, reduce the harms of alcohol abuse across the country," Mr Thorn said.

Alcohol misuse results in a devastating toll, responsible each year for over 3,500 deaths and 100,000 alcohol-related hospitalisations. A further 70,000 Australians are victims of alcohol-related assault, and of these, 24,000 people are victims of alcohol-related domestic violence.

Michael Thorn says that toll could be reduced by simply replacing the WET with a volumetric tax rate, a measure recommended by eight separate government reviews.

"Tax changes should benefit all Australians. Not simply by raising revenue, but by changing behaviours in a positive way. Abolishing the WET would address the current flawed system that floods the market with cheap wine and sees wine being sold for less than the cost of bottled water. That measure alone would help change our drinking culture and reduce the burden of alcohol-related harms on the Australian community," Mr Thorn said.

Last October, a benefit cost analysis of alcohol taxation reform conducted by Marsden Jacob Associates (MJA), [\*Bingeing, collateral damage and the benefits and costs of taxing alcohol rationally\*](#), demonstrated substantial net benefits for the whole Australian community.

The rigorous and comprehensive analysis provided further evidence of the heavy price Australians pay as a result of alcohol consumption, finding that an overwhelming majority of Australians (85 per cent) will be better off from the modeled changes to alcohol taxation, with the remaining 15 per cent hazardous and harmful drinkers absorbing most of the cost.

FARE is calling on the Government to replace the WET with a volumetric excise set at \$29.05 per litre of pure alcohol, the current draught beer rate.

Such a measure would see the price of \$20 bottle of wine largely unchanged, while a \$15 cask of wine would increase by approximately \$12.35.

Mr Thorn says Prime Minister Gillard has raised the alarm over an expected \$12 billion hole in revenue, but by ignoring much needed alcohol tax reform she is ignoring a much bigger problem.

“Alcohol harms cost our nation \$36 billion dollars each and every year. That’s a staggering burden that is borne by each and every Australian. Today Prime Minister Gillard has the opportunity to both reduce that toll, and raise significant revenue to address her revenue shortfall,” Mr Thorn said.

[FARE 2013-2014 Pre-Budget submission](#)

**Michael Thorn is available for interview.**

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**Foundation for Alcohol Research and Education (FARE)** is an independent, charitable organisation working to prevent the harmful use of alcohol in Australia. Since 2001, FARE has invested over \$115 million in research and community projects to minimise the impact of alcohol misuse on Australians. Through its national grants program and commissioned research, FARE has established itself as a leading voice on alcohol and other drugs issues. FARE works with community groups, all levels of government, police, emergency workers, research institutions and the private sector to address alcohol-related problems. For further information visit FARE’s website: [www.fare.org.au](http://www.fare.org.au)