



AHA Position

The current system of alcohol taxation, specifically the differential excise rates for draught (keg) beer, encourages consumption of lower-alcohol products, helps to support employment in the hospitality industry and should be maintained. The AHA calls on the Federal Government to:

- Maintain the existing differential excise rate for keg beer as it is critical to the viability of the hospitality industry and its ability to provide a safe, regulated drinking environment.
 - Maintain the current differential excise rate for lower-alcohol beer to encourage more responsible consumption by consumers.
 - Ignore calls from anti-alcohol activists to tackle alcohol misuse through taxation changes or a minimum (floor) price. Both are inefficient and inequitable method of addressing alcohol-related harm which would impact on moderate and responsible drinkers and fail to either deter harmful drinkers or encourage responsible drinking behaviour.
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Background

Alcohol is currently taxed in several different ways according to the type of beverage (i.e. beer, wine or spirits). Draught beer is also taxed differently to packaged beer. Traditional ciders are taxed as wine products while sweetened ciders pay the higher spirits tax rate.

Anti-alcohol activists have campaigned for increases to alcohol taxation in the form of a volumetric system or the introduction of a minimum (floor) price to apply to each alcoholic drink. A volumetric alcohol tax would hit the vast majority of Australian consumers hardest as the price of draught beer and lower-priced wines (up to \$20 per bottle) would be subject to significant price increases while premium wines and imported spirits would become cheaper.

A volumetric tax would cause the price of beer in hotels to increase, impacting revenues and putting the industry's ability to remain a major employer at risk. It also carries the risk of driving further alcohol consumption away from regulated licensed venues and towards packaged alcohol consumed in unregulated environments.

Despite paying a lower rate of excise, draught beer actually contributes more tax per standard drink than packaged beer due to its higher unit price and GST component (see attached analysis). The keg differential offsets the additional costs to business of serving keg beer, including maintaining a safe, regulated environment, staff wages and training, glassware, security, equipment such as beer refrigeration and dispensing equipment, and power and utilities charges.

Research has shown demand for alcohol amongst at-risk groups to be relatively inelastic; meaning an increase in price would not necessarily bring about a drop in risky drinking levels.

For the same reasons it opposes volumetric alcohol tax, the AHA also opposes the introduction of a minimum (floor) price for alcohol. Policies designed to reduce alcohol misuse must be targeted towards the people who misuse alcohol rather than at the majority of people who consume alcohol responsibly.



Although keg beer attracts a lower excise rate, the total amount of tax paid on a serving on keg beer is more than the total amount of tax paid on an equivalent serving of packaged beer. Figures* below compare the tax paid on a 425mL (schooner) serving:



<p>425 ml On-premise Full strength Keg Beer <i>(Based on \$4.80 – approx.)</i></p>	<p>425 ml On-premise Full strength Packaged Beer <i>(Based on retail price of \$40 per carton made up of 425 ml bottles)</i></p>
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\$0.49	<u>Excise</u>	\$0.70
\$0.44	<u>GST</u>	\$0.19
<u>\$0.93</u>	<u>Total Tax</u>	<u>\$0.89</u>

** Note: Excise is included in the wholesale price paid by the retailer. Prices and analysis based on current excise rates in Australia, including CPI adjustments as February 1, 2013.*