



7 June 2024

The Treasurer  
Hon Jim Chalmers MP  
Parliament House  
Canberra ACT 2600

Via email: [jim.chalmers.mp@aph.gov.au](mailto:jim.chalmers.mp@aph.gov.au)

Dear Treasurer,

### **Supporting hospitality jobs by cutting draught beer and spirits taxes**

I am writing to propose an amendment to the way liquor is taxed in premises such as pubs, bars, and clubs.

#### **The issue**

As you know, the tax on liquor increases each six months and is damaging Australia's vibrant hospitality sector and unfairly punishing responsible Australian consumers. The cost of a drink in a pub, club or restaurant is increasing due to a range of input cost such food, as energy, insurance, and interest on finance. But the most significant and crushing of those input costs is excise. For example:

- Australia now unfortunately has the third highest taxes on spirits and beer in the world.
- The excise on a \$60.00 bottle of Bundaberg Rum is nearly \$38.00

Consumers are awake to this hidden tax and are demanding relief so that a visit to a pub does not become out of reach for everyday Australians.

#### **Proposal**

Any beverage poured into a glass creates a job. Therefore, we propose:

- A 40% discount on the excise rates currently paid for spirits and beer sold "on premise" in licensed venues such as pubs, bars, and clubs. The discount would only apply to spirits and beer that are dispensed through a container that is connected to a pressurised or pump delivery system, or a specialised system that is unique to the on-premise environment and approved by the ATO.
- The discount would not apply to any excisable liquor sold "off premise."

#### **Budget impact**

We note between 15-20% of all alcohol is sold in premise, and the remaining 80-85% is sold off premise in places such as bottle shops and online. Therefore, our proposal to only reduce the tax on premise minimises the impact on the budget. In regards to the impact on the Commonwealth budget for 2024/25, we note:

- The budget estimate for excise collected is \$2,760m for beer and \$5,340 for spirit-based products – a total of \$8,100m.

- Our modelling on the budget impact is \$91m for beer. While the impact for spirits is more difficult to determine, the budget impact for spirits would be estimated to cost approximately \$78 million if 30% of all spirits sold on premise were dispensed using a specialised, pressurised or pump delivery system. The impact to the budget of the 40% discount on both spirits and beer would therefore be around \$169m, or 2% of spirits and beer excise collected.

### **Responsible consumption**

In regards to responsible consumption, we note:

- Alcohol consumption in Australia peaked at 13.1 litres of pure alcohol per person in 1974-75. Since then, consumption had fallen by 25 per cent to 9.51 litres per capita in 2017-18 (ABS, Apparent Consumption of Alcohol, 2017-2018).
- The percentage of Australians drinking at risky levels has also declined. The percentage of people drinking at risky levels over a sustained 12-month period fell from 20.8 per cent to 16.8 per cent between 2007 and 2019 (AIHW, National Drug Strategy Household Survey 2019).

### **Economic contribution**

Pubs and clubs make an enormous economic and social contribution to our economy. We note:

- There are 6,670 pubs and taverns and over 6,000 clubs across Australia — with over 90 per cent of these businesses and clubs employing 20 persons or fewer.
- The Australian Hotels Association (AHA) represents more than 5,500 hotels and resorts across the state and territories.
- Significantly, more than 3,200 of these hotels and resorts are in regional Australia — servicing both local residents and tourists.
- The accommodation and food service sector employs nearly 900,000 full and part-time and casual positions across Australia during normal business conditions.

### **Sustainability**

Importantly, incentivising the use of bespoke dispensing systems and re-usable packaging formats will increase the sustainability credentials of Australian hotels and contribute to the decarbonisation of the Australian economy. This proposal will substantially reduce the number of glass bottles used, which reduces costs and is a win for the environment.

Thank you for your consideration of this proposal. Please call any time with questions.

Yours faithfully,



**STEPHEN FERGUSON**  
NATIONAL CEO