



The Royal Australasian
College of Physicians

RACP urges Government to lead a nationally-consistent alcohol tax reform

Media Release

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The Royal Australasian College of Physicians (RACP) is calling for Federal Budget discussions on tax reform to broaden, with a more appropriate tax on wine estimated to generate an additional \$1.3 billion in revenue per yearⁱ.

The RACP is advocating replacing the Wine Equalisation Tax (WET) with a volumetric excise rate equal to the current rate for low strength beer. The proposal has already been recommended by no less than nine separate government reviewsⁱⁱ.

Abolishing WET is one of 15 budget recommendations RACP has made as part of its federal budget submission. RACP is also calling for:

- A proportion of the increased alcohol tax raised to be used to fund improved access to alcohol treatment services; necessary to break the deteriorating cycle inherent with addiction and substance abuse issues.
- A clear, funded strategy for preventive health, with a nationally, coordinated and long-term approach, which encourages implementation and innovation at a local level.

RACP President Laureate Professor Nick Talley said it's time for a new approach to reduce alcohol-related harms and its associated costs, especially to young people in Australia.

"The impact alcohol is having on both individuals and society is hugely significant, with alcohol consumption being a causal factor in more than 200 disease and injury conditions.ⁱⁱⁱ"

Professor Talley described the WET as a distorted feature of Australia's taxation system that must be removed.

"Governments should be having robust discussions, without the influence of alcohol companies, about how alcohol can be taxed more appropriately," said Professor Talley.

"The annual cost of alcohol related harm is estimated to be as high as \$36 billion^{iv}. There is currently a huge gap to what is being taxed and what the social costs actually are.

"Given the budget squeeze Australia is currently experiencing and debate regarding GST, negative gearing and capital gains tax, now is the time for a fairer alcohol tax to be considered.

"A proportion of the funds from increased alcohol tax revenues should also be used for alcohol treatment services and harm prevention programs."

According to last year's Government tax white paper, the taxation generated from sales of alcohol in Australia was approximately \$6 billion a year (net of WET rebates)^y.

For more information about the RACP Federal Budget 2016 – 2017 submission, click [here](#).

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About The Royal Australasian College of Physicians (RACP): The RACP trains, educates and advocates on behalf of more than 15,000 physicians and 7,500 trainee physicians across Australia and New Zealand.

The College represents a broad range of medical specialties including general medicine, paediatrics and child health, cardiology, respiratory medicine, neurology, oncology, public health medicine, occupational and environmental medicine, palliative medicine, sexual health medicine, rehabilitation medicine, geriatric medicine and addiction medicine. Beyond the drive for medical excellence, the RACP is committed to developing health and social policies which bring vital improvements to the wellbeing of patients.

The College offers 60 training pathways. These lead to the award of one of seven qualifications that align with 45 specialist titles recognised by the Medical Board of Australia or allow for registration in nine vocational scopes with the Medical Council of New Zealand.

i Doran C. et al. Estimated impacts of alternative Australian alcohol taxation structures on consumption, public health and government revenues. *Med J Aust* 2013;199(9):619–622.

ii These reviews are: 1995 Committee of Inquiry into the Wine Grape and Wine Industry; 2003 House of Representatives Standing Committee on Family and Community Affairs Inquiry into Substance Abuse; 2006 Victorian Inquiry into Strategies to Reduce Harmful Alcohol Consumption; 2009 Australia's Future Tax System (Henry Review); 2009 National Preventative Health Taskforce Report on Preventing Alcohol Related Harms; 2010 Victorian Inquiry into Strategies to Reduce Assaults in Public Places; 2011 WA Education and Health Standing Committee Inquiry Into Alcohol; 2012 Australian National Preventive Health Agency (ANPHA), Exploring the Public Interest Case for a Minimum (Floor) Price for Alcohol, Draft Report; and the 2012 ANPHA Exploring the Public Interest Case for a Minimum (Floor) Price for Alcohol, Final Report.

iii World Health Organization. Alcohol. Fact sheet; 2015, <http://www.who.int/mediacentre/factsheets/fs349/en/>.

iv This estimate combines Collins D, Lapsley H 2008. The costs of tobacco, alcohol and illicit drug abuse to Australian society in 2004–2005. Canberra: Commonwealth of Australia; and Laslett A-M et al. 2010. The range and magnitude of alcohol's harm to others. Melbourne: AER Centre for Alcohol Policy Research and Turning Point Alcohol and Drug Centre, Eastern Health. Note however, that it may involve an element of double counting.

v Australian Government. The Treasury. Tax white paper 2015, p. 160.