



No anniversary celebration as alcopop tax fizzles

One year after its dramatic midnight introduction, the Federal Government's 70% tax hike on ready-to-drink (RTD) alcohol products has failed to curb or even reduce youth binge drinking, according to distillers and other supporters of responsible alcohol consumption.

As the controversial tax marks its one year anniversary on 27 April – despite being rejected by the Senate on 18 March – there is no evidence to support a second year of the failed social policy.

“The 70% tax hike on RTDs is a policy that has not improved with age,” said Mr Stephen Riden, Information and Research Manager for the Distilled Spirits Industry Council of Australia (DSICA).

“Just this month alone, we have seen drink-driving rates in Victoria reportedly hit a 20 year high, and Melbourne City Council hold a summit to address alcohol-related violence – all signs the narrowly focused RTD tax has failed,” he said.

While supporters of the tax may point to declining RTD sales, Mr Riden stressed a reduction in one particular alcohol category cannot be taken to equate to a reduction in dangerous or risky drinking.

“Sales of other alcohol products are higher today than a year ago. The only change has been in what people drink, not how much they drink,” he said.

“Any downturn in overall alcohol sales is far more likely due to the very sharp recession hitting middle aged and older Australians and their cutting back on discretionary spending, than any narrow tax grab. There remains no hard evidence that alcohol consumption by young people has reduced over the past 12 months.”

Mr Riden noted the only credible research* into the impact of the RTD tax on dangerous drinking among young Australians found no reduction in the level of alcohol-related hospital admissions among 12-24 year olds following the introduction of the tax.

“While the Government may seek to celebrate its RTD tax grab, it's important to note that every day \$15 million is collected from alcohol taxes. Sadly, funding for the National Binge Drinking Strategy equates to only half of one percent of this money,” he said.

“There should be no first birthday celebration for this failed social experiment yet the Government seems determined for it to see a second year.”

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* Access Economics, 2009. *Alcohol-related hospital use: analysis of newly available months of data*, 10 March.