Media Statement DSICA **4 November 2008**

RTD tax trial fails as both revenue and health measure

First it failed to curb binge-drinking, now a massive budget shortfall revealed in *The Australian*

Today's report in *The Australian* that the 70 per cent tax hike on Ready-to-Drink (RTD) alcohol products will only net the Federal Government an extra $350 million over four years – ***not the $3.1 billion originally claimed*** – confirms the tax trial has failed both as a revenue raiser and as a health measure.

The Distilled Spirits Industry Council of Australia (DSICA) said the article revealed a massive shortfall from the Government's estimate of $680 million per annum in extra revenue because of declining RTD sales.

"The Government will not collect the extra tax it said it would from RTD sales. It is only because of the dramatic shift from RTDs to other forms of alcohol that additional revenue will be collected over the next four years," said Stephen Riden, Informational and Research Manager for DSCIA.

"This is more evidence that this poorly designed tax trial has failed on every level. It will not deliver the windfall that the Government predicted yet will continue to cause a raft of unintended social problems as drinkers shift to other forms of alcohol," he said.

"Should this proposed legislation be presented to the Senate the bill should be recognised as inherently flawed, and rejected.

"Treasury's economic modelling was wrong. The narrow targeting of just one specific form of alcohol product was wrong. The Government now has the opportunity to go back to the drawing board and develop a comprehensive and lasting solution to problem drinking," he added.

DSICA is hopeful that the Government will now act to remove this poorly designed tax and refer the issue of alcohol excise rates to the Henry Review into taxation reform.

For further information please visit: www.alcotaxripoff.com

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