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New RTD Tax Inquiry evidence on hospitalisations shows no improvements

Senate urged to 'reverse' tax and use $200m to properly tackle binge drinking

The number of underage and young drinkers admitted to Australian hospitals due to alcohol abuse has not been reduced by the 70% tax hike on Ready-to-Drink (RTD) alcohol products, according to new evidence[1] presented to a Senate Inquiry into the controversial tax trial today.

"As recommended in our January report, Access Economics has continued to review further months of data now available from hospitals. The longer data series enables more powerful statistical analyses, including seasonal adjustment and econometric testing for a structural break to be conducted on combined data to September 2008," said Ms Lynne Pezzullo, Health Economist from Access Economics, who prepared the report.

"Using a variety of econometric specifications and a longer time series, there has still been no significant impact of the RTD tax on hospital use by young people aged 12 to 24 years," she said.

"As with the last report, the data used are indeed cleaned, appropriately coded and of high quality."

The Distilled Spirits Industry Council of Australia (DSICA) – which commissioned the Access Economic analysis – has again called for the money already collected by the tax to be used for community-based alcohol harm reduction initiatives.

"The $200 million collected to date should be allocated for use in community-based alcohol harm reduction initiatives," said Stephen Riden, Research and Information Manager for DSICA.

"The Government is to be commended for its focus on preventative health and its commitment to review Australia's alcohol taxation system. But, now is not the time to approve a failed social experiment; now is the time to put the additional revenue to good use in the community," he said.

"This form of tax has been shown overseas, and now in Australia, to have no impact on binge drinking due to substitution to other forms of alcohol. Common sense must prevail."

DSICA's submission to the Senate Standing Committee on Community Affairs Inquiry argues the narrowly focused tax on spirit-based pre-mixed drinks:

- Has failed to achieve its goal of reducing binge drinking among young people
- Has instead hit reasonable consumers with a massive tax hike at a time that they can least afford it.
- Has not, nor will it, raise the amount of revenue originally forecast.
- Is consistently unpopular with the great majority of Australians.
- Was not based on sound revenue modelling or reliable health or statistical evidence.
- Is based on flawed assumptions if its purpose is to combat underage drinking.

For further information please visit www.alcotaxripoff.com or contact:

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