

Winemakers slam wine tax 'study'

The Winemakers' Federation of Australia has slammed a Monash University study into the impact of increasing wine taxation on at-risk consumers.

"The study is poor in its method and its outcomes are not credible," Federation Chief Executive Paul Evans said.

"The study calls for a minimum floor price on alcohol – a notion already discredited by the former Australian National Preventative Health Agency – or an increase in wine taxes and it claims these will reduce consumption by at-risk or heavy drinkers," he said.

"But the study has two critical failings.

1. "Cross price elasticities of demand between alcohol categories (eg beer, wine, spirits) are not included in its modelling of what happens when taxes are raised. The report therefore has very little credibility in predicting what the subsequent consumption behaviour will be. For example, if you increase the price of lower-cost wine, how much will budget beer sales increase? The report cannot answer this.
2. "The study also assumes a 100% seamless pass-on of any increase in wine tax to the consumer. This is a nonsense assumption. Given the retail liquor duopoly that exists in Australia, it's more likely any increases in wine tax will have to be absorbed by the wine producer who is already doing it tough.

"Unfortunately the report has been used by the public health lobby to whip up media stories demanding an increase in wine taxes based on deeply flawed and narrow thinking.

"The claims by the public health lobby ignores the fact that ABS data confirms Australia is moving towards a more moderate drinking culture and Australians are no longer among the world's heaviest consumers. We are making important headway.

"A tax increase on wine is only going to punish the vast majority of responsible wine consumers and hurt winemakers. The impact on heavy drinkers will be negligible because they will simply move their poor consumption behaviors on to alternate alcohol types or to illicit drugs.

"The Australian wine industry is already among the highest taxed in the world today. The case for increasing wine taxes has not been made by either this Monash study or demands from Cancer Council Victoria.

"The Winemakers' Federation of Australia will continue to strongly advocate for differential tax rates for wine, beer and spirits which reflects the significant differences that exist between the wine other alcohol sectors.

"Wine should and must continue to be taxed within the existing WET legislative framework and not an excise-based approach as is the case for beer and spirits. The Federation does not have a policy on how the WET tax should be calculated."

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