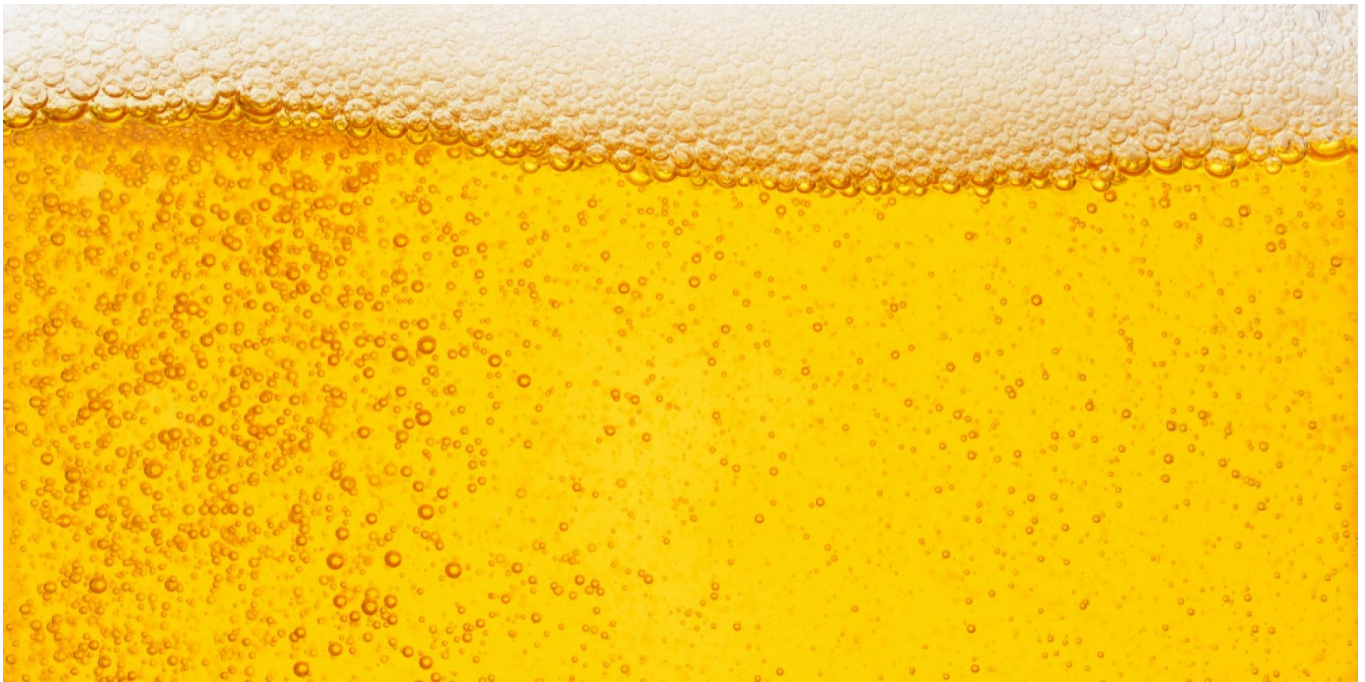


3 reasons Australia stopped a cut in beer tax

Published on NCD Alliance (<https://ncdalliance.org>)

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A campaign led by more than 80 community leaders and organisations in Australia stops a cut in beer taxes promoted by the alcohol industry.

When Australia's alcohol industry started lobbying for a cut in beer taxes ahead of the recent federal government budget they were following a playbook written earlier in the COVID-19 pandemic.

Front groups like The Australian Hotels Association, Clubs Australia, and the Brewers Association — pushed hard for a 50% cut in draught beer taxes. The move failed at least in part to a counter-campaign led by more than [80 community leaders and organisations](#) [1]. In an [open letter](#) [2] the campaigners used two evidence-based arguments:

1. **Decreasing taxes would increase public health costs.** Beer sales had already risen during the pandemic, leading to an 8.3% increase in the rate of alcohol-induced deaths and a doubling in calls to the National Alcohol and other Drug hotline. Increased involvement of alcohol in family violence incidents has also been reported. Dr. Claire Skinner, President of the Australasian College for Emergency Medicine, said that cutting alcohol taxes would further [increase the heavy alcohol burden on emergency departments](#) [1]. Between 2020 and 2021, alcohol-related ambulance callouts [increased by 8%](#) [1].
2. **There'd be a fall in government revenue**, which is “desperately needed to manage this pandemic.”

In broader lobbying work, the campaigners challenged the argument that the tax cut would help struggling small brewers:

3. **The main beneficiaries would be multinational drinks companies** – small businesses would be better served by a cut in taxes on small businesses. “This proposal would also result in millions of dollars being gifted to beer companies, rather than being spent on women's health and community services when support is so desperately needed,” wrote Caterina Giorgi, CEO of the [Foundation for Alcohol Research and Education](#) [3].

The global picture

In other countries, lobbying by brewers or the alcohol industry during the pandemic did pay off.

For example, the German government lowered the sales tax on alcohol from 19% to 16%, found a report by NCD Alliance (NCDA) and Spectrum titled [Signalling Virtue, Promoting Harm](#) [4]. That report found that alcohol-related campaigns were the most numerous in the initial phases of the pandemic.

Calling Germany's decision a 'creative' initiative, the European brewing industry urged the European Commission (EC) to encourage other member states to also offer tax relief as part of the region's post-pandemic recovery plan.

Industry groups in other countries called for taxes to be reviewed during the pandemic, for various reasons, revealed the NCDA report.

Because emergency measures had affected their sales

Thailand introduced an alcohol ban during the pandemic, which prompted industry representatives to call on the government to "allow takeaway and home delivery sales, and to provide tax relief" to alcohol producers. The government subsequently lifted the ban much earlier than initially anticipated.

As a boost to the overall economy

The Scotch Whisky Association offered to engage in "a sustained dialogue with government on smart taxation" in order to support the post-COVID-19 recovery.

In recognition of their contribution to the pandemic response

After the brewing industry suggested the EC encourage other member states to follow Germany's lead and cut taxes, the Commission, "welcome[d] the initiatives and support that the brewers have provided to date during the pandemic." The EC added it had "suggested to member states to show flexibility" on sales tax.

But as Movendi pointed out [in a report](#) [5], "while some regulatory controls in the alcohol industry's sights have arisen directly from the pandemic (e.g. temporary closure of pubs and restaurants), alcohol taxation is a long standing bugbear of the industry. The alcohol industry world-wide has a long history of aggressively lobbying against alcohol tax increases as a public health strategy while calling for lower taxes on its products."

Other recent lobbying includes the [British Beer and Pub Association](#) [6] in February calling for beer to be taxed less than other spirits because of its lower alcohol content, and to help it bounce back from COVID-19. "We must again ask ministers to go further and support our recovery by continuing to reduce the punitive tax burden on our sector to ensure the sustainability of brewing and pubs."

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[A recent study](#) [7] by the WHO NCD Advisory Council's signature initiative working group found that if European countries placed a minimum 15% tax on the retail price per unit of any type of alcohol, it would save 133,000 lives each year.

Across Europe, alcohol consumption leads to almost 1 million deaths each year from a wide range of causes, including cardiovascular diseases, cancer and other NCDs, as well as infectious diseases and injuries, adds WHO. Every day, around 2,500 people in the region die because of alcohol.

Civil society suspects that while industry took advantage of the pandemic's unique circumstances, it has set its sights years ahead. "While weakening of regulatory controls is being widely presented as a response to the COVID-19 pandemic, there is evidence that unhealthy commodity industries regard the crisis as an opportunity to shape policies in the longer-term," says the NCDA report.

"This is particularly evident In relation to the alcohol industry: beer producers in Europe and North America have been actively lobbying governments to introduce or extend tax relief In the medium term."

Movendi adds that one particular lobbying win for the industry sets an especially bad precedent for alcohol control: "A signature success (for the industry during the pandemic), which may leave a lasting legacy, is ensuring that in most countries the sale and production of alcohol was deemed as an 'essential' service alongside the provision of food, fuel and pharmaceuticals.

"These lobbying efforts have sought to undo every element of effective alcohol policy known to reduce the health and social harms from alcohol, e.g. by seeking to reduce taxes, increase convenience of access and remove restrictions on marketing."

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Links

[1] <https://movendi.ngo/news/2022/03/11/communities-campaign-for-public-health-alcohol-tax-in-australia/>

[2] <https://fare.org.au/taxopenletter/>

[3] <https://fare.org.au/>

[4] <https://ncdalliance.org/resources/signalling-virtue-promoting-harm>

[5] https://movendi.ngo/wp-content/uploads/2021/01/Alcohol-and-the-coronavirus-pandemic_Alcohol-and-society-2021_report_en.pdf

[6] <https://www.bbc.com/news/business-60335733>

[7] <https://www.euro.who.int/en/health-topics/disease-prevention/alcohol-use/news/news/2022/02/new-who-signature-initiative-shows-raising-alcohol-taxes-could-save-130-000-lives-per-year>

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