**RACP Submission:**

**Tax Discussion Paper**

June 2015

**Executive Summary**

The Royal Australasian College of Physicians (RACP) welcomes the opportunity to comment on the Australian Government’s Tax Discussion Paper. The focus of our comments is the section in Chapter 9 of the Discussion Paper which discusses current settings for alcohol taxes. We comment on the appropriateness of these settings and recommend the following changes:

* There should be an underlying volumetric based tax system for all alcoholic drinks i.e. all alcoholic drinks should be taxed based on alcohol content, without exception.
  + This would mean in the first instance, replacing the Wine Equalisation Tax (WET) with a volumetric tax on wine, making the taxation treatment of wine consistent with that of other alcoholic drinks. It would also imply the abolition of the WET Rebate.
* Within the volumetric tax system, there should be scope for tiered taxation rates imposing higher tax rates for those alcoholic drinks with higher health risks (and by implication, lower rates for drinks associated with lower health risks).

The reasons leading up to our recommendations are as follows and are explored in greater length below:

1. The current level of alcohol consumption causes significant harm in the community. It has broad public health implications through its direct and indirect health impacts on members of the community including but not restricted to drinkers. Moreover the harms associated with alcohol consumption ‘spill over’ to members of the community other than drinkers themselves. In economic terms, the current level of alcohol consumption causes significant ‘externalities’ which are legitimate grounds for intervention through taxation policy.
2. The level of alcohol consumption responds to changes in the price of alcohol, though the specific responsiveness may differ according to consumer and alcohol type. The level of alcohol-related harm has also been shown to respond to policy induced changes in the price of alcoholic drinks, which is consistent with (1) above.
3. Taxation policy can have significant impacts on the average price of alcohol and on the affordability of some alcoholic drinks relative to others.
4. Moving to a volumetric tax system for all alcoholic drinks can significantly reduce existing levels of alcohol related harms, thus improving public health, and reducing alcohol related externalities. It would enhance the Federal Budget ‘bottom line’ by increasing public revenues and achieving savings in healthcare and other public expenditures.

Thus, uniquely amongst public policy measures to redress alcohol related harm, taxation is cost saving. This is why taxation has been named as the leading policy measure to address alcohol related harm by the RACP, the Foundation for Alcohol Research and Education (FARE), Public Health Association of Australia and other public health organisations in Australia.

1. **Alcohol consumption causes significant harm both to drinkers and to others in the community**

***Harms to the drinker***

The consumption of alcohol is causally linked to at least 60 different medical conditions and injuries.[[1]](#footnote-1) These include various forms of cancer, cardiovascular diseases and gastrointestinal diseases.[[2]](#footnote-2) National Health and Medical Research Council (NHMRC) Guidelines state that drinking greater than two standard drinks per day is strongly associated with increased risks of alcohol-related injury, disease and death.[[3]](#footnote-3)

***Harms to others***

In addition, drinking alcohol can cause harm not only to drinkers themselves but to others in the community, whether these are bystanders in proximity to the drinking, co-tenants or those who have a relationship with the drinkers (such as children, partners or other family members and colleagues). The full span of harms ranges from inconveniences (e.g. working additional hours to cover for a colleague) to more serious harms (e.g. suffering fatal injuries due to road crashes caused by drink driving). Indeed, of all drugs – legal and illegal – alcohol is the most harmful to others, with more than half of the harms of alcohol borne by non-drinkers.[[4]](#footnote-4)

***Social costs of alcohol***

The economic concepts of ‘private costs’ and ‘social costs’ are important to distinguish. ‘Private costs’ refer to the costs associated with an activity (such as alcohol consumption) which are fully borne by the individual undertaking the activity while ‘social costs’ refer to the full costs to society of that activity (i.e. including but not restricted to the individuals undertaking it).[[5]](#footnote-5) However some economic studies of alcohol consumption use the term ‘social cost’ in a narrower sense[[6]](#footnote-6), so to avoid confusion, we define the social costs of alcohol consumption as its private costs plus its public costs[[7]](#footnote-7) or ‘externalities’ where:

* Private costs of consumption refer to the costs incurred only by the drinker, for instance monetary costs (e.g. personal out of pocket expenses) incurred by the drinker alone and reduction in the quality of life of the drinker associated with poor health due to ‘risky’ levels of consumption as defined by NHMRC Guidelines.
* Public costs or ‘externalities’ of consumption are costs associated with drinking which are avoided by the drinker but incurred by the rest of the public, whether as taxpayers paying for more government services to ‘mop up’ the consequences of alcohol abuse or as family members, colleagues or affected strangers. For instance, Collins and Lapsley define externalities as occurring when ‘…individuals or firms undertake actions which impose costs on other individuals or firms, while providing no, or insufficient, compensation to those who bear these extra costs.’[[8]](#footnote-8)

***Relevance of externalities versus private costs***

On public health grounds, there would be legitimate grounds for intervention if there are significant health impacts from alcohol consumption regardless of whether the resulting costs were fully borne by drinkers (i.e. private costs) or not. However, this distinction (between private costs and externalities) is particularly relevant from an economic perspective as it is the presence of significant externalities which provides a rationale for government intervention.[[9]](#footnote-9) But regardless of whether the broader public health or economics perspective is adopted, research into the social costs of alcohol has found ample grounds for intervention to reduce current levels of alcohol consumption.

***Review of studies of social costs of alcohol***

There are two major studies (Collins and Lapsley[[10]](#footnote-10) and Laslett et al[[11]](#footnote-11)) which have tried to quantify the harms associated with alcohol consumption in Australia by estimating its total annual social costs. In practice these studies differ somewhat in their focus and are therefore not directly comparable, though there are some areas of overlap:

* Collins and Lapsley[[12]](#footnote-12) with one exception[[13]](#footnote-13) generally take a narrower economic externalities perspective which focuses on quantifying those costs created by drinkers which ‘spillover’ to be borne by broader society through its impacts on the (increased) provision of government services and (reduced) productivity in the workplace.
* By contrast Laslett et al focus on costing the adverse effects of drinking on specific others such as family members, bystanders or businesses in proximity to the drinking and colleagues.[[14]](#footnote-14) For a few examples of cost elements considered by Laslett et al but not included in Collins and Lapsley:
  + They include a value for the intangible costs (in terms of pain and suffering) incurred by family members of drinkers.
  + They include a value for the cost of extra hours incurred by colleagues of drinkers who are absent from work, whereas Collins and Lapsley’s workplace cost figures are a different measure, focusing on the effect of alcohol-induced absenteeism on workforce labour capacity.
  + Laslett et al have cost estimates for out of pocket expenses due to crime and property damage caused by the drinking of others. By contrast Collins and Lapsley, consistent with their societal focus, capture the effects of alcohol induced crime and property damage by looking only at attributable police and court costs which are paid for by individuals in their capacity as taxpayers.

Laslett et al caution that their estimates cannot simply be added up because this would involve double counting in some areas, nor can their estimates simply be added onto those of Collins and Lapsley because some of their cost categories overlap. Bearing these caveats in mind, there are two approaches for coming up with a ‘headline’ figure which summarises the economic value of the damage done by alcohol consumption to the Australian community.

The conservative approach taken by Marsden Jacob[[15]](#footnote-15) considers only the **short term** and **direct** cost of harm to others (non-drinkers) from drinking. By doing so, they hope to capture only those costs which can unequivocally be classified as externalities. **Table 1** below documents their costings. Marsden Jacob[[16]](#footnote-16) are careful to note that their headline $15 billion figure is actually a ‘minimum’ which excludes longer term costs to society.

**Table 1: Marsden Jacob estimates of cost of harm to others**

|  |  |
| --- | --- |
| **Sources of harms to others** | **Total cost of harms (2010$m)** |
| Child protection system | 694 |
| Effects of drinking of household/family member or friend |  |
| * Out of pocket | 437 |
| * Lost time | 964 |
| * Loss of quality of life | 7703 |
| Theft, burglary | 141 |
| Counselling, advice and treatment | 113 |
| Property damage | 1,673 |
| Loss of life | 1,326 |
| Labour costs on others | 828 |
| Hospital costs to others | 159 |
| Policing and justice system | 1,022 |
| Total | 15,061 |

**Source: Marsden Jacob Associates (2012) Bingeing, collateral damage and the benefits and costs of taxing alcohol rationally, report to the Foundation for Alcohol Research and Education, October, table 6**

A second approach is taken by Doran et al[[17]](#footnote-17) which attempts to remove possible areas of double counting within Laslett et al and overlap between Laslett et al[[18]](#footnote-18) and Collins and Lapsley[[19]](#footnote-19). The resulting cost estimates, summed up in **Table 2** below, amount to almost $36 billion (in 2010 dollars) or approximately $40 billion in 2015 dollars.

**Table 2: Estimated total social costs of alcohol in Australia (2010$)**

|  |  |  |  |
| --- | --- | --- | --- |
| **Social cost item** | **Tangible $ m** | **Intangible $ m** | **Total $ m** |
| ***Collins and Lapsley*** |  |  |  |
| Labour (i.e. lost productivity) costs | 3,975 |  | 3,975 |
| Healthcare costs | 2,221 |  | 2,221 |
| Road accident costs | 2,474 | 397 | 2,871 |
| Crimes not elsewhere included | 1,600 |  | 1,600 |
| Resources used in abusive consumption[[20]](#footnote-20) | 1,897 |  | 1,897 |
| Loss of life |  | 4,646 | 4,646 |
| ***Collins and Lapsley sub-total*** | ***12,167*** | ***5,043*** | ***17,210*** |
|  |  |  |  |
| ***Laslett et al*** |  |  |  |
| Child protection system | 672 |  |  |
| Effects on household/family friend member with most effect | 9,424 | 7,364 | 16,788 |
| Property damage by stranger’s drinking | 1,133 |  | 1,133 |
| Counselling advice, treatment expenses | 110 |  | 110 |
| ***Laslett et al sub-total*** | ***11,339*** | ***7,364*** | ***18,703*** |
| **Total** | **23,506** | **12,407** | **35,913** |

**Source: Doran, C, Jainullabudeen, T., Room, R., Chikritzhs, T., Laslett, A., Livingston, M. Ferris, J., Hall, W. (unpublished) How much does alcohol really cost Australian drinkers and others affected by drinking?, extracted in Marsden Jacob Associates 2012, Bingeing, collateral damage and the benefits and costs of taxing alcohol rationally, report to the Foundation for Alcohol Research and Education, October**

***Costs (however defined) significantly exceed revenues from alcohol sales***

Regardless of which of these estimates is used, they significantly exceed the economic value of almost $6 billion collected by alcohol excise and the Wine Equalisation Tax (WET) in 2013-14 (net of rebates).[[21]](#footnote-21) Even the minimum economic value of costs estimated ($15 billion) is more than twice the amount of government revenue collected from taxing the production and consumption of alcohol, which suggests a strong prima facie case for increasing current levels of taxation of alcoholic beverages. There is no obvious reason for the Government and the community to be effectively subsidising the consumption of alcohol by collecting insufficient taxation to meet the costs to the community.

1. **The level of alcohol consumption responds to changes in the price of alcohol as does the level of alcohol related harms**

***There is an inverse relationship between the price of alcohol and the level of its consumption***

As the studies summarised below show, when the price of alcohol increases, the level consumed falls, just as with any other product. This responsiveness of the level of consumption to the price of alcohol or its elasticity, varies depending on the type of alcoholic drink but is far from trivial:

* A meta-analysis of 112 pricing studies from around the world estimated the price elasticity of demand for alcohol at –0.44 which means that a 10% increase in the price of alcohol would reduce its consumption by 4.4%[[22]](#footnote-22). This was an averaged estimate which covers all alcoholic drinks.
* A UK study based on data from the Living Costs and Food Survey of 2001 to 2009 found off-trade cider and beer to be the most elastic (-1.27 and -0.98) and off-trade spirits and on-trade ready-to-drinks the least elastic (-0.08 and -0.19) alcoholic drinks.[[23]](#footnote-23)
* An Australian study using data from the National Drug Strategy Household Surveys of 2001, 2004 and 2007 estimated an elasticity of -0.96 for all drinkers i.e. a 1 % increase in the price of alcohol is associated with a 0.96% reduction in alcohol consumption. The study also estimated an elasticity of -1.26 for the highest 10 % of drinkers by average amount consumed.[[24]](#footnote-24)
* Marsden Jacob draw on two Australian studies and NDSHS data to estimate elasticities of

-0.37 for beer, -0.4 for wine, -0.96 for spirits and -0.67 for ready to drinks (RTDs).[[25]](#footnote-25)

***There is an inverse relationship between the price of alcohol and the level of alcohol associated harms***

It follows that if alcohol consumption is associated with a set of harms (such as those documented in the previous section) and the level of alcohol consumption is responsive to the average price of alcohol, then policy induced changes in the average price of alcohol (e.g. due to changes in tax rates) should lead to changes in the level of alcohol related harms. This is confirmed from research around the world, including Australia:

* After a large reduction in alcohol prices in Finland in 2004 due to the reduction of alcohol taxes by about one-third and the abolition of duty-free allowances for travellers from the European Union, the chronic hospitalization rate for Finnish men increased by 22% among those aged 50-69 years, 11% for 40-49 year olds and 16% for 15-39 year olds.[[26]](#footnote-26)
* A 2009 increase in alcohol taxes in Illinois in the US was associated more than two years later with a 26% reduction in fatal alcohol-related motor vehicle crashes, with drivers younger than 30 showing larger declines.[[27]](#footnote-27)
* An Estonian study found a statistically significant strong negative relationship between the real average alcohol excise tax rate and alcohol-related traffic accidents.[[28]](#footnote-28)
* The *Living with Alcohol* program implemented in the Northern Territory in 1992 introduced a levy of 5 cents per standard drink on all alcoholic drinks of greater than 3 per cent strength with an extra levy of 35 cents per litre on cask wine. Though the effects of this levy were not disentangled from the effects of other measures in the program, an evaluation to the end of 1996[[29]](#footnote-29) found that it led to reductions in:
  + apparent per capita alcohol consumption of 22%,
  + alcohol related road deaths (34.5%) and hospitalisations (23.4%)
  + deaths (19%) and hospitalisations (2%) from acute alcohol related conditions other than road crashes (e.g. other injuries, alcohol withdrawal) and
  + hospitalisations (66%) for chronic alcohol related conditions (e.g. dependence, cirrhosis, various cancers).

1. **Taxation policy can have significant impacts on the price of alcohol and the affordability of some alcoholic drinks relative to others**

***The premise behind taxation as an instrument of policy***

Changes in the rate of tax levied on particular commodities can obviously affect the affordability of these commodities. These considerations apply as much to alcoholic drinks as they do to other goods and services in the economy. The Tax Discussion Paper recognises that the taxation treatment of different alcoholic drinks can, by affecting the prices of these alcoholic drinks, also affect production and consumption decisions associated with these drinks.[[30]](#footnote-30)

***Current discrepancies in the taxation treatment of alcohol***

The Tax Discussion Paper documents the numerous discrepancies in the current alcohol taxation system resulting in some alcoholic drinks being taxed (and therefore priced) significantly differently from others, sometimes in the absence of any obvious rationale. For instance:[[31]](#footnote-31)

* Most beer and spirits are taxed on the basis of their alcohol content (i.e. on a volumetric basis) and at the same time subject to different rates based upon the volume of alcohol and how they are packaged. For instance, draught beer is taxed at a lower rate than packaged beer.
* Wine (and cider which is treated under legislation as wine for tax purposes) is taxed according to the Wine Equalisation Tax (WET) at a rate of 29 per cent of its wholesale price. In practice, this leaves the cheaper cask wine almost untaxed while resulting in higher taxes on more expensive wines. Further complicating this structure, a rebate on the WET up to a maximum of $500,000 each financial year is available which means that small wine producers end up paying very little net WET or none at all.

It is appropriate to maintain differentiated rates of taxation between different categories of alcoholic beverage - indeed this is one of our recommendations (see below). However there is no indication that current rates reflect any coherent policy rationale such as linking tax rates with the levels of alcohol related harm associated with each type of drink. For instance, the financial incentives are for the highest risk drinkers to seek out drinks with the highest alcoholic concentration at the lowest price.[[32]](#footnote-32) This tends to be cask wine, yet currently cask wine is taxed at the lowest rate in terms of dollars per litre of pure alcohol.[[33]](#footnote-33) This is precisely the opposite of how research indicates it should be taxed, with one study estimating that the tax applied to cask wine should be almost three times its current level.[[34]](#footnote-34)

1. **Moving to a volumetric tax system for all alcoholic drinks can yield significant benefits for public health and public finances**

In light of the above considerations, there is scope to reduce current levels of alcohol consumption and thereby reduce the magnitude of alcohol related harms by reforming the current system of alcohol taxes, thereby setting more appropriate ‘prices’ for alcoholic drinks.

***Replace the WET with a volumetric tax on wine, abolish the WET rebate***

As a first step, this would involve replacing the WET with a volumetric tax on wine (i.e. a tax based on alcohol content), thus putting wine on an equal footing with other forms of alcohol already taxed on a volumetric basis. With the replacement of the WET, the WET rebate should also be abolished.

***Treasury to review different options already explored in the literature, including for differentiated rates***

We do not have specific recommendations on the level of volumetric tax rate that should be set for wine. However there have been a number of modelling studies (discussed below) which have canvassed this question as well as the question of whether and how existing volumetric tax rates on other alcoholic drinks could be amended. It is recommended that the Commonwealth Treasury examine these studies for further guidance. Treasury should also give further consideration to setting different rates of volumetric tax for different kinds of alcoholic drinks based on the social harms associated with their consumption.

**Table 3** below summarises the results of the three major modelling studies which have examined different options for volumetric taxation. Note that not all of these studies ask the same questions or present their findings in similar ways. They may also not be directly comparable because they rely on different assumptions including assumptions regarding elasticities:

* The Allen Consulting Group study[[35]](#footnote-35) only models the impacts of their options on levels of alcohol consumption and on government revenues but does not attempt to quantify any other types of ‘external’ impacts or health impacts.
* Both the Marsden Jacob[[36]](#footnote-36) and Doran et al[[37]](#footnote-37) studies also look at impacts on health and other external impacts. In particular, Marsden Jacob quantifies reductions in ‘harm to others’ while Doran et al quantifies health impacts in terms of Disability Adjusted Life Years prevented (**over the lifetime of the current Australian population**).
* Though both Marsden Jacob and Doran et al have estimated the net benefit of each option, the basis on which this is estimated differs. Doran et al’s estimate is based on DALYs averted net of implementation costs. Marsden Jacob takes an even more conservative approach. Their net benefit (which is based on the reduction in harms to others) takes into account not only implementation costs but also the ***estimated reduction in consumer satisfaction due to paying more for drinks and drinking less***.
* Two options also examined by Doran et al are not included in the table because those options involve changes to current excise rates without moving to a fully volumetric tax system.

From the above, the most conservative estimates of benefits from moving to volumetric taxation are by Marsden Jacob (which also has the most conservative estimate of the social costs of drinking) yet even this study predicts benefits in the hundreds of millions of dollars a year from moving to volumetric taxation.

**Table 3: Summary of volumetric tax impacts modelled in three studies**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Model ($ per litre of pure alcohol)** | **Impact on alcohol consumption** | **Impacts on health and/or harms in the community** | **Impact on revenue** | **Impact on government expenditure** |
| Allen Consulting Group Scenario 1:-  Wine excise of 13.03 per l | 26.2% reduction in cask wine consumption  5.1% increase in premium wine consumption  2.6% reduction in total alcohol consumption | n.a. | No change | n.a. |
| Allen Consulting Group Scenario 2:-  Wine excise of 30.86 per l | 51.3% reduction in cask wine consumption  5% reduction in premium wine consumption  6.8% reduction in total alcohol consumption | n.a. | Increase of $1 bn | n.a. |
| Allen Consulting Group Scenario 3:-  Wine excise of 42.85 per l | 61.2% reduction in cask wine consumption  11.2% reduction in premium wine consumption  8.6% reduction in total alcohol consumption | n.a. | Increase of $1.5 bn | n.a. |
| Marsden Jacob Scenario 2:-  Wine excise of 29.05 per l, all other alcohol excise increased by 50% | 4.9% reduction in beer consumption  6.7% reduction in wine consumption  12.9% reduction in spirits consumption  1.3% reduction in RTDs consumption  6.3% reduction in total alcohol consumption | $820 m p.a. reduction in HTO  $250 m p.a. net benefit | Increase of $3.14 bn p.a. | n.a. |
| Doran et al Volumetric Option 1:-  Wine excise of 35.03 per l (the rate on low strength packaged beer at the time the article was written) | 1.3% reduction in total alcohol consumption | 59,000 DALYs averted, $820 m p.a. net benefit | Increase of $1.3 bn p.a. |  |
| Doran et al Volumetric Option 2:-  two-tiered volumetric excise tax rate: first tier applies to beer and wine and increases exponentially by 3.0% for every 1.0% increase in alcohol content above 3.2%; second tier applies current excise tax rate applicable to spirits and RTDs | 1.7% reduction in total alcohol consumption | 83,000 DALYs averted, $1.2 bn p.a. net benefit | Increase of $1.7 bn p.a. |  |

1. **Recommendations**

Based on the propositions argued in previous sections, the RACP recommends that:

* There should be an underlying volumetric based tax system for all alcoholic drinks i.e. all alcoholic drinks should be taxed based on alcohol content, without exception.
  + This would mean in the first instance, replacing the Wine Equalisation Tax (WET) with a volumetric tax on wine, making the taxation treatment of wine consistent with that of other alcoholic drinks. It would also imply the abolition of the WET Rebate.
* Within the volumetric tax system, there should be scope for tiered taxation rates imposing higher tax rates for those alcoholic drinks with higher health risks (and by implication lower rates for drinks associated with less health risks such as low alcohol beer).

While we acknowledge that these taxation changes could lead to some short term disruption particularly in the wine industry, this could be addressed by introducing these changes gradually.

We do not have specific recommendations on the specific level of volumetric tax rate that should be set for each alcoholic drink. However there is a substantial body of work that has considered many these issues and as a start, Treasury should review this work for further guidance.

1. Babor, T. et al 2010, *Alcohol: No Ordinary Commodity - Research and Public Policy*. 2nd ed. Oxford: Oxford University Press. [↑](#footnote-ref-1)
2. Gao, C., Ogeil, R.P. and Lloyd, B. 2014, *Alcohol’s burden of disease in Australia*, Canberra: FARE and VicHealth in collaboration with Turning Point. [↑](#footnote-ref-2)
3. NHMRC 2009, *Australian Guidelines to Reduce Health Risks from Drinking Alcohol*. [↑](#footnote-ref-3)
4. Nutt, D. et al 2010, ‘Drug harms in the UK: a multicriteria decision analysis’, *Lancet* 2010; 376: 1558–65. [↑](#footnote-ref-4)
5. This is arguably the more widely accepted definition in economics – see Marsden Jacob Associates 2012, *Bingeing, collateral damage and the benefits and costs of taxing alcohol rationally*, report to the Foundation for Alcohol Research and Education, October. [↑](#footnote-ref-5)
6. For instance what Collins and Lapsley call ‘social costs’ are really externalities under the definition used here - see Collins DJ and Lapsley HM 2008. *The costs of tobacco, alcohol and illicit drug abuse to Australian society in 2004/2005*. National Drug Strategy Monograph series no. 66. Canberra: Commonwealth Department of Health and Ageing [↑](#footnote-ref-6)
7. Marsden Jacob Associates 2012, *Bingeing, collateral damage and the benefits and costs of taxing alcohol rationally*, report to the Foundation for Alcohol Research and Education, October which uses the New Palgrave Dictionary of Economics definition. [↑](#footnote-ref-7)
8. Collins DJ and Lapsley HM 2008. *The costs of tobacco, alcohol and illicit drug abuse to Australian society in 2004/2005*. National Drug Strategy Monograph series no. 66. Canberra: Commonwealth Department of Health and Ageing, p. 9. See also ACIL Allen Consulting 2014*, Counting the costs of alcohol*, p. 8. [↑](#footnote-ref-8)
9. Collins DJ and Lapsley HM 2008. The costs of tobacco, alcohol and illicit drug abuse to Australian society in 2004/2005. National Drug Strategy Monograph series no. 66. Canberra: Commonwealth Department of Health and Ageing, p. 9. See also ACIL Allen Consulting 2014, Counting the costs of alcohol, p. 9. [↑](#footnote-ref-9)
10. Collins DJ and Lapsley HM 2008. *The costs of tobacco, alcohol and illicit drug abuse to Australian society in 2004/2005*. National Drug Strategy Monograph series no. 66. Canberra: Commonwealth Department of Health and Ageing [↑](#footnote-ref-10)
11. Laslett A et al. 2010. *The range and magnitude of alcohol’s harm to others*. Fitzroy, Victoria: AER Centre for Alcohol Policy Research, Turning Point Alcohol and Drug Centre, Eastern Health. [↑](#footnote-ref-11)
12. Collins DJ and Lapsley HM 2008. *The costs of tobacco, alcohol and illicit drug abuse to Australian society in 2004/2005*. National Drug Strategy Monograph series no. 66. Canberra: Commonwealth Department of Health and Ageing [↑](#footnote-ref-12)
13. The exception to this is in including an estimate of a cost of called ‘resources used in abusive consumption’ in their total cost figure. This is an estimate of the amount of resources wasted from spending on alcohol which exceeds ‘low risk’ levels (as defined by medical guidelines). Their justification for counting this as a cost is that this ‘excess consumption’ is not based on rational decision making. [↑](#footnote-ref-13)
14. Australian Treasury 2010, *Australia’s future tax system consultation paper*, Canberra, <http://taxreview.treasury.gov.au/content/ConsultationPaper.aspx?doc=html/publications/Papers/Consultation_Paper/section_11.htm>. [↑](#footnote-ref-14)
15. Marsden Jacob Associates 2012, *Bingeing, collateral damage and the benefits and costs of taxing alcohol rationally*, report to the Foundation for Alcohol Research and Education, October [↑](#footnote-ref-15)
16. *Ibid*. [↑](#footnote-ref-16)
17. Doran et al, ‘Estimated impacts of alternative Australian alcohol taxation structures on consumption, public health and government revenues’, *Med J Aust* 2013; 199 (9): 619-622 [↑](#footnote-ref-17)
18. Laslett A et al. 2010. *The range and magnitude of alcohol’s harm to others*. Fitzroy, Victoria: AER Centre for Alcohol Policy Research, Turning Point Alcohol and Drug Centre, Eastern Health. [↑](#footnote-ref-18)
19. Collins DJ and Lapsley HM 2008. *The costs of tobacco, alcohol and illicit drug abuse to Australian society in 2004/2005*. National Drug Strategy Monograph series no. 66. Canberra: Commonwealth Department of Health and Ageing. [↑](#footnote-ref-19)
20. Refer to footnote 13. [↑](#footnote-ref-20)
21. Treasury, *Tax white paper*, p. 160. [↑](#footnote-ref-21)
22. Wagenaar, A. C., M.J. Salois and K. A. Komro, ‘Effects of Beverage Alcohol Price and Tax Levels on Drinking: A Meta-Analysis of 1003 Estimates from 112 Studies’, *Addiction*, 104(2): 179–190, 2009. [↑](#footnote-ref-22)
23. Meng et al, Estimation of own and cross price elasticities of alcohol demand in the UK-A pseudo-panel approach using the Living Costs and Food Survey 2001-2009, *J Health Econ*. 2014 Mar;34:96-103. doi: 10.1016/j.jhealeco.2013.12.006. Epub 2014 Jan 19. [↑](#footnote-ref-23)
24. Byrnes et al, Is response to price equal for those with higher alcohol consumption?, *Eur J Health Econ*. 2014 Nov 19. [↑](#footnote-ref-24)
25. Marsden Jacob Associates 2012, *Bingeing, collateral damage and the benefits and costs of taxing alcohol rationally*, report to the Foundation for Alcohol Research and Education, October. [↑](#footnote-ref-25)
26. Herttua et al, The effects of a large reduction in alcohol prices on hospitalizations related to alcohol: a population-based natural experiment *Addiction*. 2011 Apr;106(4):759-67. doi: 10.1111/j.1360-0443.2010.03296.x. Epub 2011 Feb 14. [↑](#footnote-ref-26)
27. Wagenaar et al, Effects of a 2009 Illinois Alcohol Tax Increase on Fatal Motor Vehicle Crashes, *Am J Public Health*. 2015 Mar 19:e1-e6. [↑](#footnote-ref-27)
28. Saar, Do alcohol excise taxes affect traffic accidents? Evidence from Estonia, *Traffic Inj Prev*. 2015;16:213-8. doi: 10.1080/15389588.2014.933817. Epub 2014 Nov 14. [↑](#footnote-ref-28)
29. Chikritzhs, T., Stockwell, T., Hendrie, D., Ying, F., Fordham, R., Cronin, J., Orlermann, K. & Phillips, M. 1999, The public health, safety and economic benefits of the Northern Territory’s Living With Alcohol Program 1992/2 to 1995/6. NDRI Monograph No. 2. Perth: National Drug Research Institute, Curtin University of Technology. ISBN: 1863428127. [↑](#footnote-ref-29)
30. See p. 160 of the Discussion Paper. [↑](#footnote-ref-30)
31. See Chart 9.2 in the Discussion Paper. [↑](#footnote-ref-31)
32. For example, see Callinan and MacLean 2014, “‘Just because it’s really, really cheap’: An examination of Victorian young adults’ alcohol product choices”, FARE. [↑](#footnote-ref-32)
33. See Chart 9.2 in the Discussion Paper. [↑](#footnote-ref-33)
34. Fogarty, J. 2011, Optimal alcohol taxes for Australia, Working Paper 1120, School of Agricultural and Resource Economics, UWA. [↑](#footnote-ref-34)
35. Allen Consulting Group 2011, *Alcohol Taxation Reform: Starting With The Wine Equalisation Tax*. [↑](#footnote-ref-35)
36. Marsden Jacob Associates 2012, *Bingeing, collateral damage and the benefits and costs of taxing alcohol rationally*, report to the Foundation for Alcohol Research and Education, October. [↑](#footnote-ref-36)
37. Doran et al, ‘Estimated impacts of alternative Australian alcohol taxation structures on consumption, public health and government revenues’, *Med J Aust* 2013; 199 (9): 619-622. [↑](#footnote-ref-37)