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## **Beer tax sting cuts deeper tomorrow**

HAVING a beer with mates. Life doesn't get much better or more basic. So why is it so expensive? The answer is simple... Tax.

A new report by economist and Emeritus Professor Kym Anderson AC from the University of Adelaide, commissioned by the Brewers Association of Australia, compares Australian beer tax with OECD and EU countries.

Of the world's advanced industrial countries, Australians pay the fourth highest beer tax. From Monday 3 February 2020 it goes up, again, thanks to an automatic CPI increase that slugs beer drinkers every February and August.

Tomorrow Australians will pay \$2.26 per litre of alcohol. Looking at countries we typically compare ourselves with, Aussies pay many, many times more in beer tax. In Australian dollar terms, we are paying:

- 17-times more than Germany (\$0.13),
- 15-times more than Spain (\$0.15),
- 7-times more than the US (\$0.31),
- 6-times more than Canada (\$0.35),
- more than 4-times that of France (\$0.50), and
- approaching double that of New Zealand (\$1.26).

"It's getting to the point that having a beer with your mates is beyond the reach of ordinary Australians," Brewers Association of Australia CEO Brett Heffernan said.

"By far the biggest cost in the price of a typical Australian beer is tax. It's not the ingredients, production costs, advertising, transport or even retail overheads and profits... it's Australian Government tax.

"A massive 42% of the retail price on a carton of beer, is tax. Of the \$52.00 retail price for a typical carton of beer at 4.9% alcohol, \$21.84 goes to the taxman. Now it's going up again.

"Most Aussies simply are not aware they are being hit so hard, or so often, with beer tax. Beer tax has been going up every six months for the last 35 years. This latest slug is the 71st consecutive hike.

"Beer tax is now out of control. Simply freezing the six-monthly CPI increases will only lock-in the unreasonably high tax Australians are already paying. The rate of beer tax needs to be addressed if punters are to get genuine relief."

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Note: Prof Kym Anderson AC is Emeritus Professor, School of Economics, at the University of Adelaide. His paper, *Excise Duties on Beer: Australia in International Perspective, February 2020*, is available online at: [www.brewers.org.au](http://www.brewers.org.au)

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