

30 January 2025
Australian Government.
The Treasury.
Submitted via online portal.

2025-26 Pre-Budget submission

We welcome the opportunity to provide a 2025-26 Pre-Budget submission. Our submission focuses on preventing and reducing the impacts of alcohol related harm in Australia. It presents opportunities to raise revenue and also to invest in public health to reduce the harms caused by alcohol.

About Alcohol Change Australia.

Alcohol Change Australia is a group of health and community organisations working together to improve the health and wellbeing of the Australian community. Alcohol Change Australia encourages policy change to prevent and reduce alcohol harm in Australia. Further information on Alcohol Change Australia, including our members and policy priorities, can be found on our website at www.alcoholchangeaus.org.au.

Alcohol contributes to significant levels of harm in the Australian community.

Alcohol products impact significantly on the health and wellbeing of Australians. The 2024 Burden of Disease Study revealed that alcohol is the sixth highest risk factor contributing to the burden of disease in Australia and was responsible for 4.1% of the total burden of disease in 2024.¹ Alcohol-induced deaths are currently higher than pre-covid rates.² Alcohol use is causally linked to over 200 disease and injury conditions³, including cancer, heart disease and dementia. In 2022-2023 alcohol accounted for 60% of all drug-related hospitalisations (80,439 hospitalisations).² A recent report by the Australasian College for Emergency Medicine has revealed that alcohol-related presentations have significant, detrimental impacts on the operation of emergency departments.⁴ Furthermore, alcohol use has been associated with domestic and family violence.^{5,6}

The harms that result from alcohol in Australia do not only impact on the health and wellbeing of individuals and communities they contribute to significant costs. The social and economic costs of alcohol use in Australia is estimated to be \$75billion.⁷

There are high levels of community concern around alcohol-related use and harms in Australia.⁸ For example, 9 in 10 Australians are concerned about alcohol-related harm in Australian communities and more than two thirds of Australians think that Australia has a problem with alcohol.⁸ The Australian community want to see governments take action to address the harms caused by alcohol, with 71% of Australians agreeing that more needs to be done by governments to reduce the harms caused by alcohol.⁸ Each year, budget time provides an opportunity to demonstrate a commitment and action by governments to address the negative impact alcohol products are having on the Australian community.

Recommendations

Alcohol Change Australia recommends that the 2025-26 Budget:

- Use pricing policies to reduce alcohol related harms by:
 - Removing the Wine Equalisation Tax and introducing a volumetric tax for wine and other fruit-based alcohol products.
 - Maintaining Consumer Price Index increases on excisable alcohol products.
- Empower the community by raising awareness of the harms caused by alcohol by:
 - Substantially investing in the development and implementation of evidence-based, targeted, and ongoing campaigns and preventative programs that increase awareness of alcohol harms and the National Health and Medical Research Council (NHMRC) Australian guidelines to reduce health risks from drinking alcohol.
 - Introducing health warning labels on all alcohol products that are mandated, standardised, and present rotating health messages.

Further details on these recommendations are provided below.

The 2025-26 Federal Budget must address cheap alcohol products.

Alcohol pricing policies are among the most effective policy levers available to reduce alcohol related harm and are recommended by the World Health Organization.⁹ The cost of alcohol can influence people's use of the product. For example, the cheaper alcohol products are, the more people may drink.¹⁰ This can consequently result in greater levels of harm. Right now, the Australian community can access some alcohol products at very low prices. For example, a study published in 2023, found that wine and wine-based products, like cask-wine, were available at bottle shops for as little as around 30 cents per standard drink.¹¹

In Australia alcohol is not taxed in a universal or consistent way. There are differences in the taxes applied across different types of alcohol (for example, beer or wine) and different methods of alcohol delivery (for example, packaged or on tap beer). Beer and spirits are taxed under a volumetric system based on their alcohol content (the higher the alcohol content, the higher the tax); while wine and some other alcohol products made from fruit (for example some ciders) are taxed under the Wine Equalisation Tax (WET) which is a tax based on the products 'value' (price). The way the WET works means that the tax paid is lower for cheaper wines than more expensive wines, even though the alcohol content may be equal or even more. This potentially provides an incentive to produce cheaper wine products to pay less tax.

Modelling studies on alcohol taxation in Australia have revealed that removing the WET and replacing it with volumetric taxation can decrease alcohol use, reduce alcohol-related health harms, increase savings in health spending and increase revenue.^{12,13,14} The removal of the WET is not only supported by the evidence; more than ten government and parliamentary reviews, including Federal Treasury's 2010 Australia's Future Tax System Review, have concluded that wine should be taxed on a volumetric basis.¹⁵ The current National Alcohol Strategy 2019-2028 presents policy options regarding alcohol pricing and taxation, including volumetric taxation.¹⁶

The Australian community are also supportive of action on alcohol pricing. Nearly six in 10 Australians (59%) are concerned about the availability of very cheap or discounted alcohol in the community.⁸ Furthermore, half of Australians support taxing all alcoholic drinks, including wine products, based on the amount of alcohol they contain. Less than a quarter of Australians are opposed to this policy.⁸

Research shows that increases in the price of alcohol contributes to reductions in alcohol use and subsequently alcohol related harms.^{17, 18} Given the harms caused by alcohol in Australia, pricing policies must be considered as part of a comprehensive approach to addressing the widespread harms from alcohol. Increasing the taxes on alcohol also provides an opportunity for the Government to generate revenue which can help offset the societal costs resulting from alcohol related harms. In 2024-25FY it is estimated that over \$8billion will be receipted from the WET and excise taxes on alcohol.¹⁹ This is much lower than the estimated social and economic costs of alcohol use in Australia in 2022-23 of \$75billion.⁷

The current tax system for alcohol in Australia can be updated, simplified and strengthened to address alcohol related harms by removing the Wine Equalisation Tax and maintaining CPI increases on alcohol excises. The tax system presents an opportunity to increase revenue from alcohol taxation and to improve public health outcomes for the Australian population. The Government must prioritise the health and wellbeing of all Australians, above the profits of the alcohol industry.

Recommendations:

- Remove the Wine Equalisation Tax and introduce a volumetric tax for wine and other fruit-based alcohol products.
- Maintain Consumer Price Index increases on excisable alcohol products.

The 2025-26 Federal Budget must invest in raising awareness of alcohol harms and the Australian alcohol guidelines.

One of the goals of Australia's National Alcohol Strategy 2019-2028 is to improve awareness and understanding of alcohol related harms amongst the Australian community.¹⁶ It includes objectives to improve awareness and understanding of harms and to improve communication to target groups.¹⁶ Empowering Australians with the knowledge that alcohol causes harm is an essential component of a comprehensive approach to reducing the harm caused by alcohol in Australia.

All Australians have a right to know about the harms that are caused by alcoholic products, however at present, many Australians remain in the dark about the health harms these products can cause. An Australian poll revealed that less than half of Australians (46%) know that alcohol can cause cancer.⁸ More than one-third (37%) of Australians are not aware that alcohol can cause heart disease. Approximately one-third of Australians are unaware that drinking alcohol during pregnancy is associated with Fetal Alcohol Spectrum Disorder. Furthermore, over a quarter of Australians do not associate alcohol with accidents and injuries (27%) or poor mental health (28%).⁸

In addition to the lack of awareness of the harms caused by alcohol, knowledge of the Australian NHMRC guidelines to reduce the risk from alcohol use is low amongst the population. The poll revealed that over half of Australians are either unsure about the recommended number of drinks in the guidelines or overestimate the number of standard drinks to remain at low risk of harm.⁸

Urgent action is needed to address the low levels of community awareness of the harms caused by alcohol products and the national alcohol guidelines. Right now, Australians are flooded with alcohol marketing that encourages them to drink more and normalises alcohol use. Instead, Australians need to see more messages, across a range of mediums, on the true impact of the harms from alcohol and information about the evidence-based guidelines to reduce their risks.

Australians support action to improve awareness of alcohol fuelled harms amongst the community. Seven in ten Australians support increased government funding for media campaigns that raise

awareness of the harms caused by alcohol.⁸ Furthermore, 72% of Australians support a health warning label on all alcohol products that raises awareness of the harms caused by alcohol, including cancer.⁸

Australia continues to be a world leader in action on tobacco. Previously tobacco was seen as a normal part of Australian society, however overtime Australia's work to reduce harm from tobacco use has demonstrated that when sufficient and effective action is taken, societal norms around a harmful product can evolve. The comprehensive approach to reduce the harm caused by tobacco in Australia, which has included effective policy changes, labelling changes and education campaigns offers an encouraging way forward for addressing alcohol-related harms.

Unfortunately, compared to smoking, there hasn't been as comprehensive policy enacted and as much investment in public education campaigns to help increase awareness of alcohol-related harms. Where there has been investment in campaigns though, there has been demonstrated results. For example, the currently funded 'Every Moment Matters' campaign has been effective in increasing awareness, changing intentions and influencing behaviours around alcohol, pregnancy and breastfeeding in Australia.²⁰ A new report released this month, the *National FASD Program Social Return on Investment* report, has revealed that every \$1 invested in this campaign generated a \$9 social return.²¹ It is estimated that the 'Every Moment Matters' campaign reduced the cost of alcohol use in pregnancy in Australia in 2023 by \$236million. Further information about the campaign success is available on the campaign website here: <https://fare.org.au/national-fasd-program-every-moment-matters/>

In addition to this currently funded campaign that focuses on alcohol during pregnancy and breastfeeding, other campaigns that highlight additional health harms caused by alcohol have been effective in changing knowledge, attitudes, and beliefs about alcohol. An example being the 'Alcohol. Think Again' public education program that has been delivered in Western Australia and includes campaigns informing the public of alcohol harms and promoting the alcohol guidelines. These campaigns have increased understanding of the link between alcohol products and cancer and have ranked among the most effective advertisements in the world for motivating people to reduce their alcohol use.^{22,23}

This month the US Surgeon General has issued an Advisory on alcohol and cancer risk. A Surgeon General's Advisory is issued when there is a significant and urgent public health issue requiring action. The Advisory outlines the link between alcohol consumption and the risk of at least 7 types of cancer and highlights that alcohol use is a leading preventable cause of cancer in the US.²⁴ In Australia it is estimated that 4% of cancer cases annually are attributable to alcohol.²⁵ Similar to Australia, the Advisory outlines how awareness of the alcohol as a cancer risk factor is low amongst the US population.²⁴ The Advisory includes several suggested actions that can be taken to reduce alcohol-related cancers. These include recommendations to add a health warning about cancer risk on alcohol product labels and further actions, such as expanding education efforts, to improve awareness of the link between alcohol and cancer.²⁴ These actions would also be beneficial in Australia, as alcohol related harms remain high in this country, whilst awareness of the harms remains low.

Alcohol Change Australia strongly supports the implementation of health warning labels on alcohol products in Australia. These would extend on the excellent work in Australia and New Zealand to mandate pregnancy warning labels on alcohol products and provide the opportunity to communicate, at the point of sale and consumption, health messages about other harms caused by

alcohol products. Health warning labels on alcohol products have been shown to be effective at increasing consumers awareness and knowledge of alcohol harms.^{26,27,28,29}

A comprehensive approach, similar to tobacco, that includes health warning labels, well-funded education campaigns and effective policy reform can help to address the harms caused by alcohol in Australia. The 2025-26 budget can take action towards this and support the effective implementation of the National Alcohol Strategy. Right now, investment is urgently needed in further alcohol-related health campaigns and labelling initiatives that raise awareness of the harms caused by alcohol and the NHMRC guidelines, help de-normalise alcohol use in society, and encourage behaviour change.

Recommendations:

- Substantially invest in the development and implementation of evidence-based, targeted, and ongoing campaigns and preventative programs that increase awareness of alcohol harms and the NHMRC Australian guidelines to reduce health risks from drinking alcohol.
- Introduce health warning labels on all alcohol products that are mandated, standardised and present rotating health messages.

Thank you once again for the opportunity to make a response to the 2025-26 Pre-Budget submissions. Any questions regarding our submission, please contact Natalie Stapleton, Executive Officer – Alcohol Change Australia, at natalie.stapleton@adf.org.au.

Yours sincerely,

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