

Tax Working Group Public Submissions Information Release

Release Document

September 2018

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30 April 2018

Our Ref: SUB014-18

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To whom it may concern

SUBMISSION TO THE TAX WORKING GROUP ON 'THE FUTURE OF TAX'

Thank you for the opportunity to make a submission to the Tax Working Group on the future of tax. Hawke's Bay District Health Board supports the Group's review seeking to identify a fair and progressive tax system that positively impacts the well-being of all New Zealanders.

Although we understand the broad impact of taxation on health in New Zealand, this submission will be restricted to a call for a review of the current approach to alcohol excise taxation.

Hawke's Bay District Health Board believes that increases in alcohol excise rates are urgently required to address the growing number of hazardous drinkers in our region.

We believe that rates of alcohol excise tax should reflect the cost of alcohol-related harm to society, as highlighted by the Law Commission's *Alcohol in our lives: Curbing the harm* 2010 review.

Current levels of alcohol-related harm in New Zealand, and in Hawke's Bay in particular, demonstrate that excessive and inappropriate consumption of alcohol is widespread.

Indeed, recent data shows that the prevalence of hazardous drinking in Hawke's Bay is significantly higher than the national average and one of the highest in New Zealand.¹ Rates of hazardous drinking in our region are also increasing (by up to 10 percent from 2006/07 to 2011/14). Of particular concern are the high rates of hazardous drinking among Hawke's Bay young people (41 percent of 15-24 year olds)² and the increasing wholly attributable alcohol hospitalisations for Māori (increased 43.8 percent between 2011/12 and 2014/15)³.

¹ Centre for Public Health Research, Massey University Environmental indicators programme, 2018.

² New Zealand Health Survey, 2011/14

³ Hawke's Bay District Health Board data. 2016.

CHIEF EXECUTIVE'S OFFICE

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We know that alcohol causes more harm than any other drug available in society, e.g. tobacco, cannabis, heroin and methamphetamine.⁴

Alcohol-related harm in Hawke's Bay burdens our hospital and wider health system and it is conservatively estimated to cost Hawke's Bay District Health Board \$3 million each year.⁵

In contrast, alcohol is more affordable today than it has ever been and the approximately \$1 billion dollars the Government receives from alcohol excise tax does not come close to matching the annual cost of alcohol-related harm to New Zealand individuals and society (around \$5 billion in 2005/06).

Recommendations

In order to reduce the burden of alcohol-related harm, we would like to recommend the following:

- **Increase the alcohol excise rates by at least 50 percent across all alcohol products to raise the price of alcohol by at least 10 percent (as recommended by the Law Commission in 2010)**
- Annually adjust the excise rates to take into account changes in income, for example, Consumer Price Index (and to offset any strategies used by retailers to not pass on increased rates to consumers)
- That all alcohol products (beer, wine, cider, spirits, etc) be taxed by the exact amount of alcohol they contain. This is fair across all beverages. Some products are currently taxed by volume whereas others are taxed by alcohol content. We stress that it is **alcohol** that causes the harm.

In conclusion, we believe that whilst the primary objective is to drive the necessary behaviour change, to achieve fairness alcohol excise tax revenue should be earmarked to fund mental health and addiction services - services that are struggling as a result of a proliferation of alcohol in society. Whilst minimum unit pricing is an alternative taxation method, the industry gets to profit more with less being passed to the state, which loses out on the opportunity to enhance services. Evidence shows that increasing excise taxation is pro-equity, making this an important progressive taxation method. It shows that low-income hazardous drinkers are most impacted, with the health benefits accruing to this group more than to others.

We are able to speak to our submission, if required. Thank you for your consideration.

[1]

Dr Kevin Snee
CHIEF EXECUTIVE OFFICER

⁴ Nutt, D.J, King, L.A., & Phillips, L.D. (2010). Drug harms in the UK: A multicriteria decision analysis. *Lancet*, 376 (9752), 1558-1565.

⁵ Based on hospital beds alone*