



The Australian Associated Brewers Inc

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The Secretary
Economics Legislation Committee
Department of the Senate
Parliament House
CANBERRA ACT 2600

Dear Sir/Madam

Re: Excise Tariff Amendment Bill (No. 1) 2002
& Customs Tariff Amendment Bill (No. 2) 2002

The Committee is reviewing amendments which are specifically designed to maintain current alcohol tax levels while simplifying collection processes.

Since the states lost the power to impose liquor franchise fees in 1997 the Commonwealth has operated a cumbersome system of reimbursements that maintained low alcohol beer subsidies, which were provided by the states. The bills amend excise/customs rates to maintain the effective current tax levels and minimise administrative and processing costs. This is a logical conclusion to the process of transition from previous arrangements that involved the combination of states and Commonwealth taxes to a single tax regime applied by the Commonwealth.

While recognising that the carriage of these amendments to alcohol tax machinery provides an opportunity for commercial interests to raise concerns about alcohol tax anomalies these matters should not be addressed in a piecemeal or haphazard way. The need to focus solely on streamlining low alcohol beer taxation processes was highlighted by the Treasury working paper and is included in the bill's EXPLANATORY MEMORANDUM:

“3.13 The purpose of the national excise scheme for low alcohol beer is to replace existing State and Territory rebate schemes with a uniform and administratively efficient concession in the rate of excise duty on low alcohol beer. The national scheme will eliminate the requirement for wholesalers to lodge a claim for a rebate of excise that they have paid. It will also reduce compliance costs for industry and eliminate administration costs for the States and Territories.”

The working party itself considered tax levels on other beverages, advising that:

“3.15 Given the complexity of the issues, the negligible level of existing State and Territory subsidies and the principal focus being the tax treatment of beer, the working party noted that the policy option to extend the concession to other alcohol products would be more appropriately considered by the Commonwealth at a later date.”

The working party also noted that in regard to other products “...different demand elasticities, product and marketing characteristics, and the different health aspects of consumption of these products required careful consideration.”

This acknowledgement that any new changes to tax levels will have commercial impacts and indeterminate social/health outcomes highlights the importance of separating the intended streamlining of the status quo from alcohol taxation review. They are entirely distinct considerations and the savings to industry and Government from the current machinery changes in the bills should not be lost by inappropriately addressing broader policy concerns that have already been raised in several government forums over the past five years.

We therefore recommend that for the purposes of efficiency for government and business the bills proceed unamended.

Should the Committee proceed to public hearings we would welcome the opportunity to appear and expand upon the points contained in this letter and respond to any counter arguments presented by other parties.

If you require any further information or to advise of any public hearings please contact **Phil Sweeney** on **(03) 9633 2365** or email phil.sweeney@fostersgroup.com

Yours faithfully



Sam Hudson (Ms)
EXECUTIVE DIRECTOR

Attachment – Members of The Australian Associated Brewers Inc.

The Australian Associated Brewers Inc

The Australian Associated Brewers Inc (AAB) is the national industry association of the brewing industry. Its member companies represent all major brewers, accounting for over 99% of all beer produced and marketed in Australia.

The members of the AAB Inc. are:

- Carlton & United Breweries Limited, incorporating:
 - Carlton & United Breweries Limited (Vic)
 - Queensland Breweries Pty Ltd (Qld)
 - Matilda Bay Brewing Company Limited (WA)
 - Cascade Brewing Company Pty Limited (Tas)
 - Carlton & United Breweries (NSW) Pty Limited (NSW)

- Lion Nathan Australia Pty Limited, incorporating:
 - Castlemaine Perkins Pty Limited (Qld)
 - Tooheys Brewing Company Limited (NSW)
 - The Swan Brewery Company Limited (WA)
 - The South Australian Brewing Company Limited (SA)
 - The Malt Shovel Brewing Company Limited (NSW)

- Hahn Brewing Co Pty Ltd (NSW)

- J Boag and Son Brewing Limited (Tas)

- Coopers Brewery Limited (SA)