






Attachment 10: DSICA proposal for Taxation Equivalence

RTDs should receive the 1.15% abv excise free threshold and the tiered rates that apply to beer products.
 Mid-strength packaged beer should NOT be taxed at the same rate as full strength packaged beer.

Packaged Beer

Draught Beer

RTDs (Ready To Drink alcohol)

Alcohol Tier	Packaged Beer	Draught Beer	RTDs (Ready To Drink alcohol)
10.0% abv Full strength alcohol tier	Full packaged: \$33.75* per Lal	Full draught: \$23.76* per Lal	All RTDs: \$33.75 per Lal
>3.5% abv Mid-strength alcohol tier	(Was \$38.59*)  Mid packaged: \$33.75* per Lal	Mid draught: \$18.16* per Lal	
>3.0% abv Low alcohol tier	(Was \$45.46*)  Low Packaged: \$28.95* Per Lal	(Was \$16.46*)  Low Draught: \$5.78* Per Lal	

- All \$ rates are per Litre of alcohol
- All %ages are alcohol by volume (abv)
- An * shows that the dollar rate is not the effective rate, but the rate applied to the amount of alcohol remaining after deducting the excise-free threshold.



2. Beer and RTD taxation: Comparative products (02/03 forecasts)

The total beer market is more than 7 times the size of the RTD market.
Only negligible quantities of mid and low strength RTDs are available.

Packaged Beer

Draught Beer

Packaged RTDs

Draught RTDs

10.0%
abv

> 3.5%
abv

> 3.0%
abv

	Packaged Beer	Draught Beer	Packaged RTDs	Draught RTDs
10.0% abv	<p>Full packaged: \$33.75* per Lal</p> <p><i>VB 4.9% alcohol by volume</i></p> <p>[104.3m cases] [46.0m Litres of alcohol = Lals]</p> <p>1.15% abv exempt threshold</p>	<p>Full draught: \$23.76* per Lal</p> <p>[32.9m cases] [14.5m Lals]</p> <p>1.15% abv exempt threshold</p>	<p>Full packaged RTDs: \$33.75 per Lal</p> <p><i>Jim Beam & Cola 5.5%</i> <i>UDL 5.0%</i></p> <p>[24.6m cases] [11.9m Lals]</p>	<p>Full draught RTDs: \$33.75 per Lal</p> <p><i>Bundy and cola on tap</i> <i>5.5% abv</i></p> <p>[Negligible Lals]</p>
> 3.5% abv	<p>Mid packaged: \$33.75* per Lal</p> <p><i>XXXX Gold 3.6% abv</i></p> <p>[24.8m cases] [7.9m Lals]</p> <p>1.15% abv exempt threshold</p>	<p>Mid</p> <p>[3.3m cases] [1m Lals]</p> <p>1.15% abv exempt threshold</p>	<p>Mid packaged RTDs: \$33.75 per Lal</p> <p><i>Bundaberg Gold 3.5% abv</i> <i>(Bundy and cola)</i></p> <p>[0.4m cases] [0.1m Lals]</p>	<p><i>No products</i></p>
> 3.0% abv	<p>Low Packaged: \$28.95* per Lal</p> <p><i>Hahn Premium Light 2.7% abv</i></p> <p>[18.6m cases] [4.6m Lals]</p> <p>1.15% abv exempt threshold</p>	<p>Low</p> <p>[5.4m cases] [1.4m Lals]</p> <p>1.15% abv exempt threshold</p>	<p>Low packaged RTDs: \$33.75 per Lal</p> <p><i>Brewers Lite 2.2% abv</i></p> <p>[Negligible Lals]</p>	<p><i>No products</i></p>



3. Beer and RTD taxation: Current/future prices

Even with taxation equivalence, RTDs will be more expensive than beer of equal alcohol content.

Packaged Beer

Draught Beer

Packaged RTDs

Draught RTDs

10.0%
abv

VB 4.9% alcohol by volume

1 = \$2.50
6 = \$11.50

No costings undertaken

Jim Beam & Cola 5.5% abv

	Future
Now	Equivalence
1 = \$3.59	[\$3.34]
6 = \$18.99	[\$17.82]

No costings undertaken. Draught RTDs are negligible at this stage. Tax equivalence will produce price reductions, which will not equal draught beer prices (for same reasons as packaged RTDs. That is: costs of production and lack of economies of scale).

1.15% abv exempt threshold

1.15% abv exempt threshold

> 3.5%
abv

XXXX Gold 3.6% abv (on special)

1 = \$1.89
6 = \$7.99

No costings undertaken

*Bundaberg Gold 3.5% abv
(Bundy and cola)*

	Future
Now	Equivalence
1 = \$2.50	[\$2.30]
4 = \$7.99	[\$7.23]

No products

1.15% abv exempt threshold

1.15% abv exempt threshold

> 3.0%
abv

Hahn Premium Light 2.7% abv

1 = \$2
6 = \$9

No costings undertaken

Brewers Lite 2.2% abv

	Future
Now	Equivalence
1 = \$2.50	[\$2.31]
4 = \$10	[\$9.24]

No products

1.15% abv exempt threshold

1.15% abv exempt threshold



4. DSICA proposal for a 1/1/03 amendment for taxation equivalence

There should be complete taxation equivalence between RTDs and beer.
 This should apply from 1 January 2003. This will be a simpler and fairer system.

Packaged Beer/RTDs

Draught Beer/RTDs

Full packaged: \$33.75* Revenue cost: -\$40m#	Full draught: \$23.76*
1.15% abv exempt threshold	1.15% abv exempt threshold
Mid packaged: \$33.75* Revenue cost: -\$0.6m#	Mid draught: \$18.16*
1.15% abv exempt threshold	1.15% abv exempt threshold
Low Packaged: \$28.95*	Low Draught: \$5.78*
1.15% abv exempt threshold	1.15% abv exempt threshold

10.0%
abv

- All \$ rates are per Litre of alcohol
- All %ages are abv
- All Lals are 2002/03 forecasts.
- # Cost to revenue is calculated with respect to the half year Jan 03 to June 03.
- No estimated cost to revenue to other segments, as negligible or no sales volumes.

>3.5%
abv

>3.0%
abv