



Distilled Spirits Industry Council of Australia
Inc.

Dr Kathleen Dermody
Secretary
Senate Economics Legislation Committee
Suite SG.64 Parliament House
CANBERRA ACT 2600

Dear Kathleen,

DSICA Submission to review of Excise Tariff Amendment Bill (No. 1) 2002 and Customs Tariff Amendment Bill (No. 2) 2002

The Distilled Spirits Industry Council of Australia Inc (DSICA) is the national body that represents the interests of distilled spirit manufacturers and importers in Australia. DSICA appreciates the opportunity to make this submission to the review by the Senate Economics Legislation Committee of the *Excise Tariff Amendment Bill (No. 1) 2002* and the *Customs Tariff Amendment Bill (No. 2) 2002*. The key points in the submission are set out below.

Low alcohol beer changes: DSICA supports the main thrust of the Bill, which is the reduction in Commonwealth excise duty rates for low alcohol packaged and low alcohol draught beer to offset the simultaneous removal of the State subsidies for those products. This is a long overdue reform. The Government is to be congratulated for its persistence in seeking to find a solution to a complex issue of Commonwealth-State relations.

Mid-strength beer problem: DSICA does not support the method which the Government has chosen to solve the mid-strength packaged beer anomaly. The Government's solution effectively results in mid-strength packaged beer being taxed at exactly the same rate as full strength packaged beer (ie \$33.22 per litre of alcohol (Lal) on the alcohol content exceeding 1.15% abv (from 1 July 2002), and \$33.75 per Lal with effect from 1 August 2002, with the indexation effect).

RTDs: DSICA believes that the Bill should be amended to provide complete taxation equivalence between ready to drink (RTD) alcohol products and beer, with the revenue cost being offset by a small increase in the dollar rate for full strength packaged beer.

Wine tax: DSICA recommends that the Bill be amended to introduce a revenue neutral volumetric wine excise, or at least to allow winemakers the flexibility to elect to be subject to a volumetric wine excise on a voluntary basis.

Alcohol tax inquiry: DSICA supports Senator Andrew Murray's motion for the Senate Economics References Committee to undertake a comprehensive alcohol taxation inquiry. In the absence of such an inquiry (conducted either by the Government or by the Senate), Australia will continue to have the Old Alcohol Tax System that has existed for decades, with the few (however worthy) modifications that were made on 1 July 2000.

"Free The Spirit"

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We hope to be able to further elaborate upon these recommendations at the public hearing which I understand the Committee is planning to conduct this Thursday, 17 October 2002. Please do not hesitate to contact me on 03-96964466 if you have any queries in relation to the submission, or in relation to our appearance at the public hearings.

Yours faithfully,

Gordon Broderick.
Executive Director

14 October 2002

Attached: Submission (and Attachments)

DSICA02-ATI-FD-SenSub-ASubmissionLetter-1014-CTL

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