



**Media Release**

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### **Alcohol tax increase compounds New Zealanders' pain**

When New Zealand consumers are already suffering from soaring fuel and food prices, the Government is compounding the pain with a further increase in taxes on alcohol.

From July 1, excise taxes on all alcoholic beverages will rise by 3.46 per cent.

The Chief Executive of the Distilled Spirits Association, Thomas Chin, says that with New Zealanders incomes under so much pressure, the Government should deliver some cheer by forgoing the increase.

"Arbitrary price rises are the last thing New Zealand households need at the moment," he says.

The scheduled increases further reinforce the inequality in the imposition of taxes on alcoholic beverages.

"Why does the person who enjoys a standard drink of gin and tonic pay so much more tax than other drinkers when the alcohol content of a standard drink of beer or wine, containing 10grams alcohol, is the same?"

From 1 July the excise taxes on spirits such as gin, brandy, whisky and rum will rise to \$45.105 per litre of alcohol. Other beverages will be taxed lower at \$24.765 per litre.

Excise tax on alcohol beverages are raised annually by an amount based on changes in the consumer price index in the previous 12 months.

"This is a circular process that makes this year's price increase part of the measurement for the following year. It is a treadmill that penalises responsible consumers. Moreover, it is doubtful that the additional tax serves its purpose as a deterrent to those who may use alcohol irresponsibly."

In addition to higher excise rates, the Alcohol and Liquor Advisory Council levy on spirits is also being increased from 1 July. Before GST and levies, the excise tax component of a typical bottle of spirits is \$16.68.

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