

Tackling alcohol's disease burden using tax and pricing policies

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Introduction and Aims: Raising tax or introducing a floor price has been considered as one of the most effective means to reduce the harmful use of alcohol and of related health and social problems due to low implementation costs and effective preventive effects. This study aims to estimate effects of different alcohol price policies on alcohol consumption among different subpopulation groups (e.g., sub-groups of drinkers based on their age, drinking and income levels) in Australia.

Design and Methods: Using data of population surveys and national deaths and hospitalisations, we built an epidemiological model to model the effects of a number of pricing policy initiatives on health outcomes, including: 1) increasing the excise rate 10% for all off-premise beverages; 2) replacing the wine equalisation tax with a volumetric excise rate equal to the current spirits tax rate; 3) applying a uniform excise tax rate to all beverages equal to the current sprits tax rate and a 10% or 20% increase in it; and 4) introducing a minimum unit price (MUP) on all beverages categories at \$1.00, \$1.30 or \$1.50.

Results: Introducing a minimum unit price of \$1.30 or \$1.50, applying a uniform tax rate to all beverages equal to the tax on spirits, or with a 10% or 20% tax increase could all substantially reduce alcohol's attributable deaths and hospitalisations in Australia, with great variations across different subgroups.

Discussions and Conclusions: Compared with applying uniform tax rate, the minimum unit price policies are likely to produce a greater reduction in deaths and hospitalisations among harmful drinkers with smaller preventive effects on moderate drinkers.

Implications for Practice or Policy: A tax rate increase and the MUP both will help to reduce alcohol's disease burden as well as raise revenues, but with different beneficiaries, under current Australian law. The former will increase tax revenue for the federal government, while the latter will only increase sales revenue, benefitting alcohol retailers, wholesalers and/or producers.

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