

## **Tax Working Group Public Submissions Information Release**

### **Release Document**

**September 2018**

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In preparing this Information Release, the Treasury has considered the public interest considerations in section 9(1) of the Official Information Act.



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## Submission to the Tax Working Group on the Future of Tax

First name: Andrew

Last name: Brock

Position: Chairperson

Organisation (if any): New Plymouth Injury Safe

[1]

- I am aware that my submission will be released on this website, with my email address withheld, and have noted the Official Information Act and privacy considerations that apply
- I would like to speak to this submission if the opportunity arises
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Thank you for the opportunity to make this submission on behalf of New Plymouth Injury Safe Trust (NPiS). I do not wish to speak to my submission before the Committee.

NPiS is a coalition of local organisations and groups with an interest in injury prevention and community safety. The group was established as an informal coalition in 2001 and formalised their structure by registering as a Charitable Trust in 2006. Our core aim is to achieve a positive safety culture and create safer environments for all people within the New Plymouth District. NPiS exercises a collegial approach to decision making and decisions are based on consensus among the group.

The New Plymouth injury Safe collaborative partners are:

- Tui Ora Ltd.
- Taranaki District Health Board
- New Plymouth District Council
- Bishop's Action Foundation
- Accident Compensation Corporation (ACC)
- New Zealand Police
- Worksafe New Zealand
- Kidsafe Taranaki Trust
- Fire and Emergency New Zealand

Our core objectives from our current Strategic Plan are to:

1. Advocating for policy and legislative change that supports improved community safety
2. To establish and strengthen effective partnerships with others working towards improving safety
3. To raise awareness, commitment and motivation to promote safety within organisations and throughout the community
4. To gather and share information on injury trends, priorities and programmes
5. To guide and support organisations to develop effective injury prevention interventions that target high risk and vulnerable groups

6. Work to enhance engagement with the Maori community in order to better understand Maori injury prevention priorities and ways in which the safe community can support and effective response to these priorities.
7. To enable the New Plymouth District and neighbouring districts to meet the International Safe Community (ISC) criteria for Safe Communities
8. To establish and strengthen effective partnerships with others working towards improving safety

The harmful consumption of alcohol, and its contribution to all injury fields, is one of the key priority areas for action for the NPiS Trust. Alcohol is a key contributor towards NPiS' significant areas of concern, including falls, suicide and road safety. (New Plymouth Injury Safe, 2016<sup>1</sup>) Alcohol was identified as a key factor contributing to both intentional and unintentional injuries in the New Plymouth District (New Plymouth Injury Safe, 2015<sup>2</sup>).

We remain concerned about the increase in affordability over time across all alcohol types due to the proven relationship between consumption and price (Health Promotion Agency 2018, Wall and Casswell, 2013<sup>3</sup>, <sup>4</sup>).

We support the Tax Working Group's review seeking to identify a fair tax system that positively impacts on the well-being of all New Zealanders.

**We believe that the current approach to alcohol excise tax in New Zealand is not fair for the majority of New Zealanders.**

We believe that rates of alcohol excise tax should reflect the cost of alcohol-related harm to society. Alcohol causes more harm than any other drug available in society, e.g. tobacco, cannabis, heroin, methamphetamine.

Increases in alcohol excise rates are urgently required to address the growing number of hazardous drinkers in New Zealand. In 2016, there were 179,000 more hazardous drinkers than in 2012.

Almost every group defined by age, ethnicity and sex has increased their drinking since 2011. The greatest increases are among our women. There remains significant inequities in alcohol-related harm between Māori and non-Māori, which is unacceptable.

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### **To achieve fairness, alcohol excise taxes need to be addressed**

- Today, alcohol is more affordable than it has ever been
- New Zealanders are missing out on millions of dollars of alcohol excise tax revenue each year because wine is taxed at a level equivalent to 10% alcohol, yet levels of alcohol in a bottle of wine are typically much higher than this (e.g. 12-14%). Taxpayers are losing out on this revenue which could be used to fund essential social services. Further this could potentially incentivise more alcohol producers and retailers to provide low alcohol options (if they are cheaper due to lower tax), helping to positively change the drinking culture.
- Every year, the Government receives money from alcohol excise tax (\$1 billion in 2017) but this does not come close to the annual cost of alcohol-related harm to individuals and society (around \$5 billion in 2005/06).

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<sup>1</sup> New Plymouth Injury Safe (2016). *New Plymouth Injury Safe Strategic Plan 2016-2019*. Retrieved 19 April 2018 from: <https://www.npis.org.nz/uploads/documents/Injury%20Statistics/Strategic%20Plan%202016.pdf>

<sup>2</sup> New Plymouth Injury Safe (2015). *New Plymouth District Community Injury Prevention Needs Assessment 2015: Overview and Statistics*. Retrieved 19 April 2018 from: <https://www.npis.org.nz/uploads/documents/Injury%20Statistics/Final%20report%20revised%20for%20NPiS%2017%20September%202015.pdf>

<sup>3</sup> Health Promotion Agency. (2018). Unpublished data. Wellington: Author

<sup>4</sup> Wall, M., & Casswell, S. (2013). Affordability of alcohol as a key driver of alcohol demand in New Zealand: A co-integration analysis. *Addiction*, 108(1), 7279.

- People who don't drink alcohol (20% of New Zealanders) and low-risk drinkers are unfairly burdened with these costs.
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## Recommendations

For a fairer and more equitable society, we recommend the following:

- **Increase alcohol excise rates by at least 50%** across all alcohol products **to raise the price of alcohol by at least 10%**
- Annually adjust the excise rates to take into account changes in income (and to offset any strategies used by retailers to not pass on increased rates to consumers)
- Address rates of excise tax on wine – all wine should be taxed by alcohol content, not volume of beverage. If a producer is unable to determine the exact alcohol content in their product, then the level of excise tax should be raised from being based on 10% alcohol strength to 14%.
- It is preferable that all alcohol products (beer, wine, cider, spirits, etc.) be taxed by the exact amount of alcohol they contain. This is fair across all beverages. Currently, some products are taxed by volume whereas others are taxed by alcohol content. It is alcohol that causes the harm.

These recommendations are fair as low income heavy drinkers are shown to benefit the most when prices of alcohol are increased.

Thinking outside the system, we recommend that a Minimum Unit Pricing Policy also be implemented to address the availability of very cheap alcohol. This policy is the most fair as it targets heavy drinkers and significantly reduces inequities in alcohol-related harm between income groups.

NPiS believes that national policy changes are required to support regional initiatives targeting an improved culture around alcohol consumption and associated harm. Please feel free to contact me should you wish to discuss anything further.

Nga mihi  
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Andrew Brock  
Chair – New Plymouth Injury Safe Trust