

Increasing alcohol tax could benefit health and save money for society: NZ study

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Increasing the excise tax on alcohol would likely result in fewer people dying or being injured in vehicle crashes – and generate savings for society, according to a just-published New Zealand study.

The modelling study reports that raising the tax by just 15 cents per standard drink would reduce sales of alcohol by 4.3 per cent in the first year and lead to a reduction in alcohol-related injuries and deaths from road transport crashes.

The researchers from the University of Otago, Wellington used economic modelling to calculate the effect of a one-off rise in [alcohol taxes](#) on sales of beer, cider, wine, spirits and ready-to-drink products.

One of the researchers, Professor Nick Wilson, says high-risk drinking has increased significantly in New Zealand in recent years.

"Currently, around four out of five adults drink alcohol and around one in five of all drinkers consume hazardous quantities of alcohol. Road traffic crashes attributable to alcohol are primarily associated with this high-risk hazardous binge drinking behaviour."

The research, published in the international journal *Injury Prevention*, found reducing alcohol consumption from such a tax increase would result in 110 fewer deaths from [traffic crashes](#) and cut the cost of treating crash victims by NZ\$3.6 million. These benefits would be spread out over the remaining lifetime of the population.

Lead author of the study, Dr Linda Cobiac, says "the reductions in health care costs are dwarfed by an estimated NZ\$240 million reduction in costs of other social harms.

"These are from lost production costs as a result of temporary disability, legal and court proceedings and vehicle damage," Dr Cobiac says.

"This is likely an under-estimate as this model just focused on crash injury reduction benefits – the overall health and societal benefits would be much greater if reductions in other alcohol-related problems (such as

cancer, liver disease, violence and child neglect) were included in the analysis."

The New Zealand Government imposes different levels of excise tax on alcohol, related to the type of product, and the percentage of alcohol it contains by volume. Dr Anja Mizdrak, another study author says the overall rate of [alcohol tax](#) is low compared to other countries and increasing it by just 15 cents per standard drink would bring New Zealand into line with the UK and Australia.

The researchers say the increase in tax would bring in additional revenue, which could be used to fund other measures designed to reduce harm from alcohol – or allow for cuts in other taxes, such as income tax or GST.

The research is published after the Tax Working Group in its interim report released recently found the system of excise tax on alcohol to be unnecessarily complex and recommended it be reviewed. The working group urged the government to seek input from public health experts to assess the health effects of [alcohol consumption](#) and the impact of [alcohol abuse](#).

"Ultimately a smart government would want to use the proven power of the tax lever to minimise harm from products like [alcohol](#) and tobacco – while lowering taxes on good things that society wants more of such as paid work," Professor Wilson says.

Provided by University of Otago

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