



Alcopops tax faces Senate race

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Kevin Rudd could run out of time to make his alcopops tax grab permanent with the Opposition threatening to stall legislation in the Senate unless he proves the tax rise has cut binge drinking.

The Opposition is furious the Government has ignored requests for information on how much the 70 per cent rise in the excise for pre-mixed spirits has raised amid liquor industry claims that drinkers have switched to cheaper products to beat the tax.

The Government has been collecting revenue from the higher tax in the face of a 12-month deadline, which expires on April 27, to get Parliament to ratify the tax increase.

After sitting on the legislation for months because of an unwillingness to risk defeat in the Senate, the Government has less than two months to pass it because March 19 is the last day Parliament sits before the deadline.

A race against the clock looms for the Rudd Government as it struggles to build support among politicians

and the public for the tax slug.

Health Minister Nicola Roxon was left scrambling this week after global liquor giant Diageo tried to subvert the tax by launching a "malternative" drink marketed like an alcopop but based on beer, which is taxed at a lower rate.

Ms Roxon refused last night to say how much the tax had raised but it is known the Government has been forced to rethink hopes of a bonanza.

The alcopop tax increase was initially expected to raise \$3.1 billion over four years but the mid-year Budget review revealed \$1 billion would be cut from the tax take in the first two years as drinkers switched to lower-taxed beer, wine and straight spirits.

Acting Opposition health spokesman Mathias Cormann accused the Government of being scared to reveal details about the tax's effectiveness because it knew it was not working.

The Opposition has long promised to vote against the tax increase, forcing the Government to rely on cross-bench senators to get it approved.

But Senator Cormann said the delay in ratifying the tax had given the

Senate a unique chance to examine if the 70 per cent increase had worked as well as the Government promised in reducing teenage binge drinking.

He said the coalition would use all the means it could in the Senate, including the possibility of a mini-inquiry, to make the Government come clean on the tax's impact.

"The Government tried to mislead Australians into believing this is a health measure, when all it is, is a bad old-fashioned Labor tax grab with unintended consequences, such as the development of the so called malternatives," he said.

Ms Roxon said there would be "ample time" for Parliament to consider the alcopops measure. There was strong evidence the tax rise had worked.

"This is an important weapon in the fight against binge drinking and we stand 100 per cent behind it," Ms Roxon said.

Distilled Spirits Industry Council of Australia spokesman Stephen Riden said a fall in pre-mixed spirits sales only showed that people were drinking less spirits, not less alcohol.