

MEDIA RELEASE

28 September 2011

COST OF ALCOHOL BASED ON MEANINGLESS RESEARCH

The health lobby is struggling to overcome its addiction to substantially inflating the social cost of alcohol in Australia, according to an academic who has studied the issue.

Economist Dr Eric Crampton from the University of Canterbury (New Zealand) has dismissed claims by the Australian Medical Association (AMA) and the National Alliance for Action on Alcohol (NAAA) that the annual social cost of alcohol in Australia is \$36 billion.

Previously, the most commonly referenced figure was \$15 billion, a figure which has been challenged by Dr Crampton, Matt Burgess of the Institute for the Study of Competition and Regulation, and Brad Taylor of Australian National University.

“Our working paper used mainstream economic method to demonstrate the \$15 billion dollar figure is meaningless, due to the methods used to calculate it,” Dr Crampton said.

“The Henry Tax Review final report had similar concerns about the methodology used to calculate the \$15 billion figure.

“Therefore, it’s time that ‘healthists’ stopped using it.

“Using methods consistent with the Henry Tax Review, only some \$3.8 billion of the \$15 billion can count as policy-relevant costs.”

The \$36 billion figure incorporates many of the kinds of costs tallied in the \$15 billion figure and adds a variety of other costs of doubtful provenance.

“Our review of the \$15 billion dollar figure suggests there is no basis for the Australian Government to increase the total tax take from alcohol, if policy-relevant costs are equated with tax revenues,” Dr Crampton said.

For further information or to arrange interviews with Dr Crampton:

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Link to the “Cost of Cost Studies” working paper (Dr Eric Crampton University of Canterbury, Matt Burgess Institute for the Study of Competition and Regulation, Brad Taylor Australian National University): <http://www.econ.canterbury.ac.nz/RePEc/cbt/econwp/1129.pdf>