



4 April 2023

Hon Meka Whaitiri  
Minister of Customs  
c/- Parliament Buildings, Wellington

via email

Dear Minister

### **Alcohol Excise Increase**

We write as the trade associations representing over 96% of the New Zealand spirits industry to ask you consider our arguments regarding the annual CPI-linked adjustment to alcohol excise. You will know from previous years we are seeking relief from what will be another steep increase in CPI – tipped to be in excess of 7%.

You will recall that last year the increase was over 6% and the year before that over 4%.

We understand and acknowledge that alcohol excise is an indirect tax meant to reflect the social cost of alcohol in New Zealand and that a CPI adjustment is used to maintain relativity. We also acknowledge that, normally, when applying this tax the impact on business sustainability is not a factor taken into account.


These continue to be extremely challenging times however and with the disproportionate impact of large percentage increases on spirits industry excise rates (spirits excise currently sits at over \$60 per litre of alcohol compared with beer and wine which are levied at almost half that. As such percentage increases in excise impact the spirits sector disproportionately more than beer and wine).

In addition, New Zealand's emerging spirits industry of over 100 small distilleries will, likewise, be disproportionately affected by such a large increase in excise tax. These businesses support tourism, local and regional development, and many are venturing into export markets.

We cannot emphasise enough the ongoing impact of COVID, global uncertainties and resulting inflationary increases on our sector. Significant increases in shipping costs and raw materials as well as labour shortages and the wider impact on the hospitality sector has impacted sales volumes and profitability.

We acknowledge the efforts of government to support business but ask that you consider deferring all or a significant portion of the tax increase until such time as the economics of the sector improve.

Yours sincerely

A handwritten signature in blue ink that reads "Robert Brewer". The signature is fluid and cursive, with a prominent underline.

Robert Brewer  
Chief Executive  
Spirits New Zealand

A handwritten signature in blue ink that reads "Richard Wilson". The signature is fluid and cursive, with a long, sweeping tail.

Richard Wilson  
Chair  
Distilled Spirits Aotearoa