

AlcoholAction
Ireland



Alcohol Action Ireland Pre-Budget Submission 2015

Who we are

Alcohol Action Ireland is the national charity for alcohol related issues. We work to inform and educate the public about alcohol harm; to advocate for the burden of alcohol related harm to be lifted from society; to protect the young and the vulnerable from alcohol-related harm and to campaign for the implementation of evidence-based public health policy measures to reduce alcohol harm.

Recommendations

- **Increase excise duty**
- **Introduce minimum pricing for all alcoholic beverages**
- **Introduce a social responsibility levy for the alcohol industry**

The real cost of alcohol

Alcohol-related harm costs the State an estimated €3.7 billion annually, with €2.4 billion of that figure accounted for by health and crime-related costs alone.⁽¹⁾

Based on the figures in the recent Health Research Board (HRB) report on Irish alcohol consumption, more than 150,000 people are dependent drinkers, more than 1.35 million are harmful drinkers and 30% of people interviewed say that they experienced some form of harm as a result of their own drinking.⁽²⁾

The Health Service Executive (HSE) said that €114 million has been allocated for addiction services in 2014, though it is not possible to identify all elements of the funding provided specifically to alcohol addiction intervention given the wide range of services involved.⁽³⁾ This is only a small fraction of the estimated €1.2 billion annual burden alcohol places on the health service.⁽¹⁾

The harm experienced by the drinker due to their own drinking is only part of the story of alcohol-related problems in Ireland. The findings of a HSE report this year indicate that alcohol's harm to others as a result of someone else's drinking is far reaching and can be very serious, from assaults to child neglect.⁽⁴⁾

The economy also suffers greatly as a result of other serious alcohol-related costs, such as road collisions and loss of productivity due to absenteeism, which together cost the State more than €850 million annually.⁽¹⁾

Price matters

Pricing impacts on general consumption and lower consumption levels lead to reduced harms and costs.

Alcohol pricing is one of the most effective ways of reducing alcohol-related harm and consequently the financial burdens these harms place on the State.

The price of alcohol is directly linked to how much people drink across the population and to levels of alcohol-related harms and costs in a country. Pricing impacts on general consumption and lower consumption levels lead to reduced harms and costs.

There is compelling international evidence that pricing is one of the most effective ways to tackle alcohol-related harm. It has been established in a number of comprehensive systematic reviews that alcohol prices and taxes are related inversely to consumption. It has also been established that the effects on alcohol consumption of increasing taxes or the price of alcohol are among the most effective compared to other prevention policies and programmes.⁽⁵⁾

An increase in the price of alcohol has been found to reduce alcohol consumption, hazardous and harmful alcohol consumption, alcohol dependence, the harm done by alcohol, and the harm done by alcohol to others.⁽⁶⁾ In turn, this reduces the financial burden that alcohol-related harm places on the State.

The World Health Organisation (WHO) has made it clear that there is "indisputable evidence that the price of alcohol matters. If the price of alcohol goes up, alcohol-related harm goes down".⁽⁷⁾

The two main pricing mechanisms that can be used to reduce consumption are taxation, through excise duty, and minimum pricing.

EXCISE DUTY

Increases in excise duty have served to reduce per capita alcohol consumption and generate significant additional revenue for the Exchequer, while cuts in excise duty have had the opposite effect.

In general, a reduction in excise duty rates leads to increased alcohol sales, lower excise receipts and higher consumption, while an increase in excise duty rates leads to reduced alcohol sales, higher excise receipts and lower consumption.⁽⁸⁾

This has been clearly demonstrated in Ireland in recent years, where increases in excise duty have served to reduce per capita alcohol consumption and generate significant additional revenue for the Exchequer, while cuts in excise duty have had the opposite effect.

Alcohol consumption in Ireland almost trebled over four decades between 1960 (4.9 litres per capita) and 2000 (14.2 litres per capita), as alcohol became much more affordable and more widely available.

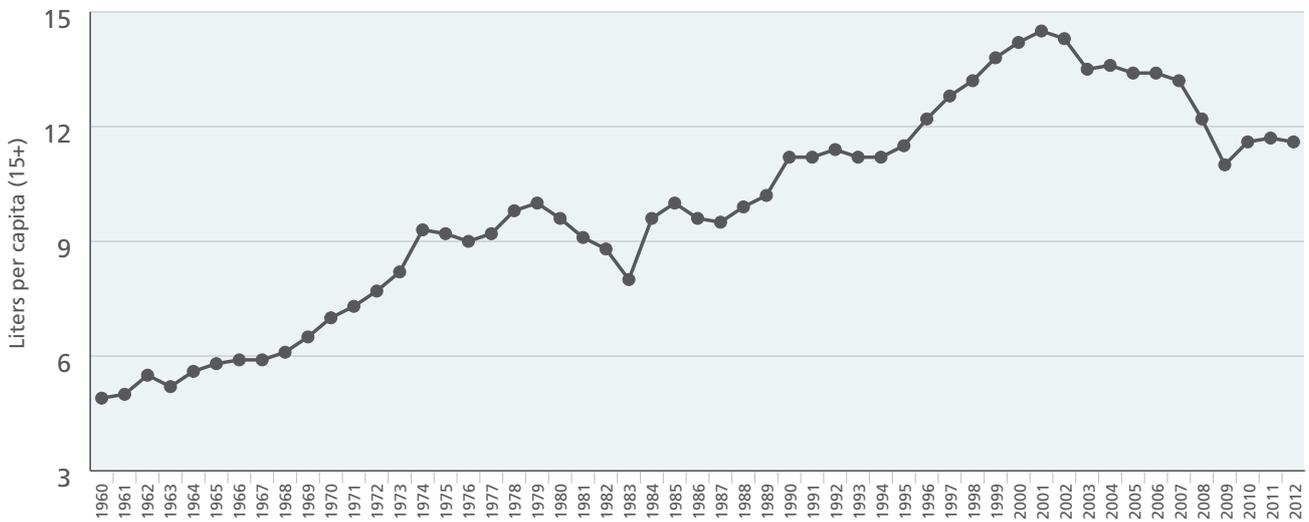
In recent years our alcohol consumption has declined from a peak of 14.3 litres per capita in 2001, to 10.7 litres in 2013. However, this decline has not been consistent throughout those years, with changing levels of excise duty having a direct and immediate impact on population consumption patterns.

Consumption fell by about 8% during 2002 and 2003, with a significant rise in excise duty on spirits in 2003 leading to a sharp fall in spirits consumption and an overall fall in alcohol consumption. Cider consumption also fell following an increase in excise duty in 2002.

Our alcohol consumption figures then remained relatively static from 2003 to 2007, but fell significantly over a two-year period from 2007 to 2009, when there was a reduction of 16%, as the recession began to take its toll on levels of personal disposable income in Ireland.

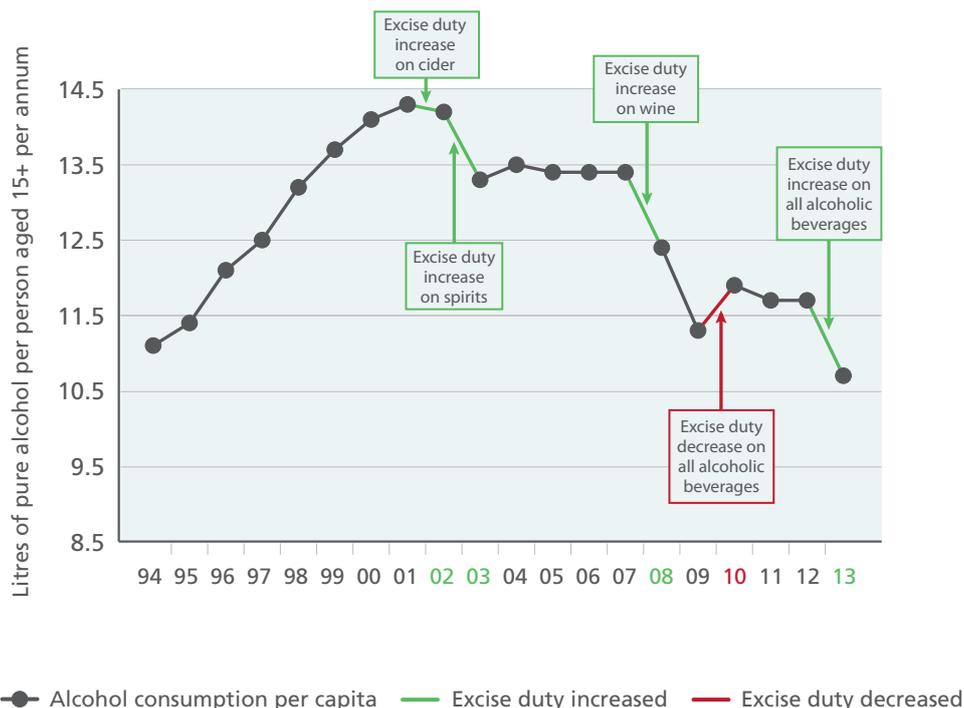
Our alcohol consumption was 11.3 litres in 2009, but then increased to 11.9 litres in 2010, following an excise duty cut of 20% on all alcohol products, before settling at 11.7 litres during 2011 and 2012. An excise duty increase on all alcoholic beverages then resulted in a fall of alcohol consumption by one litre in 2013, to its present level.

Ireland's alcohol consumption per capita: 1960-2012



Source: OECD(9)

The impact of excise duty changes on Ireland's alcohol consumption 1994-2013



Though we now drink less than we did at our peak alcohol consumption, we currently still drink 2.5 litres of pure alcohol per capita above the OECD average⁽¹⁰⁾ and experience unacceptably high levels of alcohol-related harm⁽¹¹⁾, especially the 88 deaths every month.⁽¹²⁾

The impact of excise duty changes on the Exchequer

The decrease in excise duty rates in 2010 had a detrimental impact both on the Exchequer and on public health as the excise receipts decreased by €142 million and overall consumption increased by 6%. In comparison, the 42% increase in excise duty rates on spirits in 2003 led to an increase of €39 million in excise receipts and a decrease of 6% in overall alcohol consumption.

Excise duty not only has a direct impact on our levels of alcohol consumption and the related harms, but also on the Exchequer.

In the December 2009 budget, the excise duty rate was decreased by 20–21% for all alcohol beverages. This led to increased sales for the alcohol industry in 2010 amounting to an additional 2,149,624 litres of pure alcohol (equivalent to 8.1 million 700ml bottles of vodka).

However, the decrease in excise duty rates in 2010 had a detrimental impact both on the Exchequer and on public health as the excise receipts decreased by €142 million and overall consumption increased by 6%. In comparison, the 42% increase in excise duty rates on spirits in 2003 led to an increase of €39 million in excise receipts and a decrease of 6% in overall alcohol consumption.⁽⁸⁾

While alcohol consumption fell by one litre in 2013 (following increases in excise on beer and cider of 10c to 47c, an increase on spirits by 10c to 54c and an increase on wine by €1 to €2.97), the increase in the excise take on alcohol for the State was almost €150 million.⁽¹³⁾ The excise duty increases in Budget 2014 (10 cent on a pint of beer or cider and a standard measure of spirits and 50 cent on a 75cl bottle of wine) are expected to raise €145 million in 2014.⁽¹⁴⁾

Excise duty remains an important mechanism to both reduce alcohol consumption and the related harms experienced by both those who drink and their families and communities, while it also allows the State to bring in additional revenue through a product which costs the State an estimated €3.7 billion annually through alcohol-related harm.⁽¹⁾ The total tax take from the alcohol industry, including VAT, remains far less than the financial burden it places on the State. In fact, the estimated cost to the State of alcohol-related harm was almost double the tax take of €1.9 billion from alcohol in 2012.⁽¹⁵⁾

Though it has been argued by the alcohol industry that excise duty in Ireland is too high and is costing jobs in the on-trade,⁽¹⁶⁾ the Minister for Finance recently

confirmed that the excise duty on beer, cider and spirits, as a percentage of the price in the on-trade, are still lower now than they were in 2003.⁽¹⁴⁾

The Minister also pointed out that the two most recent increases in excise duty on alcohol “should be viewed against a historical background of significant excise reductions on all alcohol products in Budget 2010 and very little change to excise duty on alcohol products for the previous ten years”.⁽¹⁴⁾

Excise duty rates for cigarettes, beer and spirits 1994-2013



Source: *drugnet Ireland*⁽⁸⁾

Before it was cut by 20% in 2010, the excise duty on beer had remained unchanged since the Budget of 1994 (apart from the introduction in October 2008 of a new 50% lower rate of excise for beers and cider of alcohol strength by volume of less than 2.8%).

Meanwhile, the rate of excise duty on cigarettes increased by 174% between 1994 and 2010, during which time the number sold decreased by 31%. In addition to the positive public health benefits arising from a reduction in cigarette smoking, the excise duty receipts for the State increased by 149% and amounted to €1.1 billion in 2010.⁽⁸⁾

Criticisms of excise duty

The Joint Oireachtas Committee on Finance, Public Expenditure and Reform recently heard that excise duty on alcohol has made our tourism offering “less competitive”⁽¹⁶⁾, which ignores the fact that tourism activity benefits from a 9% VAT rate and Ireland therefore has one of the lowest VAT rates in the EU on these services.

More importantly, it ignores the evidence. Fáilte Ireland’s Tourism Barometer, published in May 2014, states that “the Business Sentiment Index shows good growth in the industry. From 2010 growth has continued year-on-year and 2014 is no exception”.⁽¹⁷⁾

Around half (48%) of the tourism businesses reported an increase in profitability so far this year and “there are a number of factors leading to a general feeling of optimism in the industry. Largely, it is believed that the domestic and global economies are slowly improving, with a sense of visitors holidaying more and spending more.”⁽¹⁷⁾ Figures released by the CSO in July confirmed that the number of overseas visitors to Ireland increased by more than 10% in the first half of 2014.⁽¹⁸⁾

Even assuming all of the illicit alcohol seized in 2013 comprised spirits and applying a high ABV of 40% to it, this still represents just 0.058% of the alcohol consumed in Ireland last year.

The Committee was also told that excise duty increases had led to “a rise in the black market trade” and that “seizures of counterfeit alcohol are steadily rising and a number of high-profile seizures this year show that the problem is only going in one direction”.⁽¹⁶⁾

However, Department of Finance figures show that the total amount of illicit alcohol seizures in 2013 was 55,755 litres, with an estimated value of €1.5 million.⁽¹⁹⁾ This is in a context where Irish people spend over €6 billion annually on alcohol⁽²⁰⁾ and where we consumed 38,471,342 litres of pure alcohol last year.

The number of pub licenses in Ireland decreased by 107 from 2011 to 2013, a reduction of just 1.3% during a period where there was an increase in excise duty on all alcoholic beverages.

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It should also be noted that domestic tax increases do not represent a threat to jobs or the output of the exporting sector - Ireland’s share of global exports of alcohol is 2.4%, compared to a 0.8% global market share for all exports.⁽¹⁵⁾

The Committee also heard that “since 2007, over 1,000 pubs throughout Ireland have been forced to close”⁽¹⁶⁾ due to excise duty, but this claim also does not correlate with the facts. Figures provided by the Department of Finance show that the number of pub licenses in Ireland decreased by 107 from 2011 to 2013, a reduction of just 1.3% during a period where there was an increase in excise duty on all alcoholic beverages, in Budget 2013.⁽²¹⁾

This points to the impact of the recession on disposable income in Ireland and the continuing shift in consumer patterns due to the availability of extremely cheap alcohol in the off-trade as the main factors influencing pub closures.

Therefore, the vast majority of pub closures referred to must have occurred between 2007 and 2010, a period when there was only one excise duty increase, relating solely to wine in 2008, but when there was a significant decrease in excise duty on all alcohol products, in Budget 2010.

Between 2007 and 2010, overall consumer expenditure in Ireland declined by 11.2% and expenditure on alcoholic beverages (including pub sales) reflected this pattern, declining by 13.5% over the same period. Expenditure on alcoholic beverages subsequently increased by 1.6% between 2010 and 2012.

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Meanwhile, a survey published by the Licensed Vintners Association in August 2014 states that pub visits are “set to rise by 4% in second half of 2014” and that publicans in Dublin “are set to build on some positive momentum in the trade and can look to the future with renewed confidence”.⁽²²⁾

Any decrease in excise duty would only see large multiple retailers can drop their prices even further, meaning such a move would not serve to make the on-trade any more competitive, but would only serve to drive up overall alcohol consumption in Ireland, as well as reducing revenue for the State.

The real burden of alcohol taxation

Despite the increases in excise duty in the two most recent Budgets, the rates in Ireland have declined significantly in real terms in recent decades and the actual burden of alcohol taxation has fallen steadily as prices of other consumer goods have risen.⁽⁸⁾

A major cause of this decline is that excise duties are set as a fixed amount, so inflation automatically reduces their value, unless there is a new level set in the Budget each year, which has not been the case in Ireland.

A solution to the tendency of inflation to reduce the tax rate in real terms is to provide that the tax rate is tied to a cost-of-living index, rising and falling with it, rather than being set at a fixed value. This is the case in Australia, where alcohol excise duty rates are adjusted every six months in line with the Consumer Price Index.⁽⁸⁾

In the absence of such a legislative mechanism in the short term, **we recommend that the Government continue to adopt a proactive approach to tackling alcohol consumption and its related harms by increasing excise duty on all alcohol products.**

MINIMUM UNIT PRICING

The Steering Group Report on the National Substance Misuse Strategy (2012) contains 45 recommendations to reduce alcohol-related harm in Ireland. Introducing a legislative basis for minimum pricing is one of the key recommendations made by the Steering Group, which said that: “in order to tackle the very low cost at which alcohol is sold in the off-trade sector (particularly in supermarkets), a minimum pricing regime on alcohol products should be introduced”.⁽²³⁾

The Steering Group considered the economic benefits of the alcohol industry to the Irish economy against the resultant health and social harms caused by alcohol use and misuse in Irish society and was “satisfied that the burden of health harms and the social consequences of harmful use of alcohol demanded the implementation of further measures to protect and preserve public health”.⁽²³⁾ Minimum pricing was subsequently included as a central plank in the proposed Public Health (Alcohol) Bill.⁽²⁴⁾

Minimum pricing is a “floor price” beneath which alcohol cannot be sold and is based on the amount of alcohol in a product. It is a targeted measure, designed to stop strong alcohol being sold at very low prices in the off-trade, particularly supermarkets, where alcohol is frequently used as a “loss leader” and sold below cost. Large multiple retailers sell heavily discounted alcohol as a draw to attract customers – an increase in excise duty can be absorbed and off-set by the purchase of other goods by those customers.^(15, 25)

Though people are increasingly buying their alcohol at much cheaper prices from the off-trade than from the on-trade our total national spend on alcohol has increased in recent years, reaching €6.36 billion in 2012.

A report commissioned by the Department of Health last year stated that “they can afford to do this because alcohol is such a small proportion of overall turnover. From an alcohol consumption perspective and a health perspective, this is not a positive development. Lower price increases consumption, particularly for young people and problem drinkers”.⁽¹⁵⁾

The availability of such cheap alcohol has contributed to a dramatic shift in our alcohol purchasing and consumption habits from pubs towards the off-trade sector. Between 1998 and 2010 there was a 161% increase in the number of full off-licences, while pub licences decreased by 19% over the same period.⁽²³⁾ This trend has continued in recent years, with the off-trade now accounting for 60% of the alcohol sold in Ireland.⁽²⁶⁾

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The impact of minimum pricing

Minimum pricing is able to target this cheaper alcohol relative to its strength because the price is determined by and directly proportionate to the amount of alcohol in the drink.

This is important as these strong and cheap drinks are the alcohol products favoured by the heaviest drinkers among us, who generally seek to get as much alcohol as they can for as little money as they can and are most at risk of alcohol-related illnesses and death, and our young people, who generally have the least disposable income and have the highest prevalence of binge drinking.^(2, 6, 27-29)

A recent study of liver patients by the University of Southampton shows that minimum pricing “is exquisitely targeted at the heaviest drinkers, for whom the impact of alcohol-related illness is most devastating”.

Minimum pricing is therefore particularly important for public health policy as while a price increase may induce some consumers of higher priced alcohol products to switch to less costly brands, or to switch purchases to venues where alcohol is less costly, those who are already drinking the lowest-priced products can only respond by changing the quantity they drink, which leads to greater responsiveness at the lower end of the price spectrum, which is largely occupied by heavy and young drinkers.^(6, 29, 30)

The influence of price on alcohol consumption in Ireland, particularly on young people, was highlighted in a Health Research Board (HRB) survey, which found that if the price of alcohol was to decrease further, 24% said they would buy more alcohol. That figure increased to 50% for respondents in the 18 to 24 age bracket. 45% agreed they buy more alcohol when it is on special offer or the price is reduced, while that figure increased to 64% for respondents in the 18 to 24 age bracket.⁽³¹⁾

The same HRB survey revealed that almost 58% of respondents were in favour of the establishment of a floor price below which alcohol could not be sold, while 78% believed that the Government has a responsibility to implement public health measures to address our high levels of alcohol consumption.⁽³¹⁾

A recent study of liver patients by the University of Southampton shows that minimum pricing “is exquisitely targeted at the heaviest drinkers, for whom the impact of alcohol-related illness is most devastating”.⁽³²⁾

The researchers studied the amount and type of alcohol drunk by liver patients and also asked patients how much they paid for alcohol. They found that patients with alcohol related cirrhosis were drinking on average the equivalent of four bottles of vodka each week, and were buying the cheapest booze they could find, paying around 33p per unit, irrespective of their income. In contrast low-risk drinkers were paying £1.10 per unit on average.⁽³²⁾

The study found that if the UK Government set a minimum price of 50p, it wouldn't affect the price of alcohol in pubs or bars and would have little or no impact on low-risk drinkers. It would impact most severely on harmful heavy drinkers, who, on average, would have to pay an additional £1,500 per year, or 13% of their income, compared with £4 year, or 0.03% of income, for low-risk drinkers, while the vast majority of low risk drinkers (89%) would pay nothing extra at all. The reasons for the hugely disproportionate impact are that the majority of patients with alcohol-related cirrhosis have extremely high alcohol consumptions and, as a result, have graduated to the cheapest alcohol it is possible to buy.⁽³²⁾

A study by the University of Sheffield that looked at the effects of minimum pricing on different income and socioeconomic groups in the U.K. found that "moderate drinkers were least affected in terms of consumption and spending" and that "the greatest behavioural changes occurred in harmful drinkers, especially in the lowest income quintile compared with the highest income quintile". The estimated health benefits from the policy were also unequally distributed as the study found that individuals in the lowest socioeconomic group would accrue 81.8% of reductions in premature deaths and 87.1% of gains in terms of quality-adjusted life-years.⁽³³⁾

The study found that, irrespective of income, "moderate drinkers were little affected by minimum pricing", but as harmful drinkers on low incomes purchase more alcohol at less than the minimum unit price threshold compared with other groups, they would be affected most by this policy, leading to substantial health gains.⁽³³⁾

The benefits for employment and the Exchequer

As well as having little impact on low-risk drinkers, minimum pricing will also not affect the price of alcohol in pubs, clubs and restaurants in Ireland.

As well as having little impact on low-risk drinkers, minimum pricing will also not affect the price of alcohol in pubs, clubs and restaurants in Ireland, with alcohol in the on-trade already sold well above the likely threshold for any proposed minimum price. "In fact, on-licence may benefit from increased trade as the relative prices of on- to off-licence premises are reduced, and some consumption switches from the off- to the on-trade".⁽⁶⁾

Minimum pricing will therefore help level the playing field somewhat for the on-trade, which supports the vast majority of jobs in the alcohol industry, therefore helping to protect and potentially create employment in this sector. Notably, minimum pricing has the support of both the both the Vintners Federation of Ireland and the National Off-Licence Association.^(34, 35)

In the four years following the abolition of the Groceries Order, overall consumer prices rose by 5.6%, while the price of alcoholic beverages in the off-trade fell by 10.4%.

Concerns expressed about cross-border purchases of alcohol will also be addressed by minimum pricing as an all-Island approach is currently being taken on the issue, which will see the cheapest alcohol here sold at the same level as in the North. Government has discussed minimum pricing with the Northern Ireland Executive and at meetings of the North South Ministerial Council and the British Irish Council.⁽³⁶⁾

The State also stands to benefit in terms of VAT receipts from the introduction of a minimum price. VAT on alcohol is currently charged at a rate of 23%. However, since the abolition of the Restrictive Practices (Groceries) Order in 2006 alcohol can be sold below cost and a retailer can then recover the VAT on the difference between the sale price and the cost price.

In the four years following the abolition of the Groceries Order, overall consumer prices rose by 5.6%, while the price of alcoholic beverages in the off-trade fell by 10.4%.⁽¹⁵⁾ It has been estimated that approximately €21 million of VAT receipts are lost to the Exchequer every year as a result of below-cost selling of alcohol,⁽³⁷⁾ money which could be recouped if a minimum price is introduced at a level that prevents the selling of alcohol below cost.

Table 5: Price Change for Grocery Order & Non-Grocery Order Items

| | March 2006 - March 2008 | March 2006 - December 2010 |
|---------------------------------|-------------------------|----------------------------|
| Groceries Order Items | +8.0% | -0.2% |
| Non-Groceries Order Items | +6.1% | -6.8% |
| Alcoholic Beverages Off-License | -0.2% | -10.4% |
| Licensed Premises | +8.6% | +9.4% |
| Overall Consumer Prices | +10.4% | +5.6% |

Source: *The Efficacy of Minimum Unit Pricing, Fiscal and other Pricing Public Policies for Alcohol*. CJP Consultants Limited; 2013.⁽¹⁵⁾

At what level should a minimum price be set?

A minimum price needs to be set at a level the evidence indicates will reduce the burden of harm from alcohol use. To do this will require an analysis of the market, alcohol consumption and expenditure patterns, among other information, such as health and crime data.

A cross-border health impact assessment being carried out as part of the process of developing a legislative basis for minimum unit pricing was due to be completed at the end of July 2014.⁽³⁶⁾ A minimum price will need to be reviewed on a regular basis and adjusted when necessary to maintain its value in line with inflation.

Below cost selling

There have been calls to ban below cost selling, but this is likely to be far less effective than minimum pricing and also much more difficult to enforce. There is no agreed definition of below-cost selling in Ireland or how it could be calculated. However, if below-cost selling is interpreted as alcohol being sold below VAT and excise duty then a relatively small amount of alcohol is sold at this price in Ireland.

The cheapest priced alcohol generally skims the top of combined VAT and excise duty. Defining cost as just excise duty and VAT, means ignoring the manufacturing, transportation and retail costs associated with the product. In other words, it is not a true reflection of the total costs. Working out a cost price of alcohol, that incorporates all of these contributing costs, would be a complex and expensive exercise, making a ban on below-cost selling of alcohol almost impossible to implement, monitor and enforce.

Research carried out at the University of Sheffield shows that while minimum unit pricing would be effective in reducing the harm caused by alcohol in the U.K. without penalising low-risk drinkers, the Government's current chosen policy of banning below cost selling will likely be 40 to 50 times less effective in tackling the problem.⁽³⁸⁾

This is because the U.K. Government focused on a threshold of 45p per unit for minimum pricing – which would mean a bottle of wine that contained nine units of alcohol would cost at least £4.05, and a pint of beer containing two units would cost no less than 90p.⁽³⁹⁾

Banning below cost selling also sets a minimum price threshold but bases the threshold only on the cost of the tax (duty and VAT) payable on the product. For all types of drink the price thresholds under a below cost selling ban are much lower than the 45p per unit threshold under minimum unit pricing and this made a huge difference when the effects these two policies would have on reducing alcohol consumption and the harm it causes were examined.⁽³⁹⁾

In British Columbia a 10% increase in the minimum price was associated with a 32% fall in wholly alcohol related deaths.

It was predicted that a ban on below-cost selling of alcohol in the U.K. would result in an overall reduction in alcohol consumption of just 0.04%, whereas minimum pricing (at a level of 45p per unit) would result in an overall 1.6% drop in consumption, with a 3.7% reduction for harmful drinkers, leading to a reduction of 625 alcohol related deaths per year, 23,700 hospital admissions and 34,200 crimes in the U.K.⁽³⁸⁾

Significantly, the evidence base for minimum pricing has moved beyond modelling studies. Canada is one of several countries that have already introduced minimum pricing and research findings on the minimum pricing systems operating in two Canadian provinces provide empirical evidence of the effectiveness of minimum pricing.

In Saskatchewan province in Canada a 10% increase in the minimum price was associated with an 8.4% decrease in total alcohol consumption.⁽⁴⁰⁾ In British Columbia a 10% increase in the minimum price was associated with a 32% fall in wholly alcohol related deaths.⁽⁴⁰⁾ A similarly positive result in Ireland would result in 100 lives being saved every year.

Professor Tim Stockwell, Director at the Centre for Addictions Research of British Columbia, told the Joint Committee on Justice, Defence and Equality, earlier this year, that the 10% increase in the average minimum

price of alcohol in British Columbia was also associated with decreases of 19.5% in alcohol-related traffic offences, 18.5% in property crimes and of 10.4% in violent crimes.⁽⁴¹⁾

Given its potential to significantly reduce alcohol-related deaths and harm by effectively targeting the very cheapest alcohol in the off-trade and the vulnerable groups who are most likely to purchase it, **we recommend the introduction of minimum pricing for all alcoholic beverages.**

SOCIAL RESPONSIBILITY LEVY

The hugely profitable alcohol industry currently makes no direct contribution to addressing the considerable financial burden, which the consumption of its products place on the State.^(1, 23)

The Steering Group Report on the National Substance Misuse Strategy recommends the introduction of a “social responsibility” levy through which the alcohol industry would “contribute to the cost of social marketing and awareness campaigns in relation to social and health harms caused by alcohol”.⁽²³⁾

It states that the levy “could also be used to contribute to the funding of sporting and other large public events that help provide alternatives to a drinking culture for young people”.⁽²³⁾

Despite this recommendation being made in February 2012, there have so far been no indications that the Government will implement it, with concerns having been expressed about introducing a levy specific to one area or “ring-fencing” a tax.

Counteracting the ill-effects for society

The Gambling Control Bill 2013 proposes the creation of a fund, called the Social Fund, to “promote socially responsible gambling and to assist in counteracting the ill-effects for society, as well as for persons and their families, of irresponsible gambling”.⁽⁴²⁾

This would be funded by contributions paid by the gambling industry (“service licence holders”) and the level of its contribution would be fixed by the Justice Minister as a percentage of the turnover generated.⁽⁴²⁾

The General Scheme of the Bill, published by the Department of Justice, says the Fund may be used for:

- public education and awareness raising programmes (including programmes targeted at specific groups or sectors in society)
- commissioning or undertaking of research, including fact-finding and attitudinal surveys
- assistance in establishing and operating and evaluating treatment programmes
- the production of materials for use by or in connection with any of the above

As well as this proposal, it is noteworthy that a levy or “ring-fenced” tax has already been in operation in relation to gambling in Ireland since 2001, since which time (until the end of 2013) the State has paid over €840 million into the Horse and Greyhound Racing Fund through a 1% betting tax.⁽⁴³⁾

The funding the horse and greyhound racing industries receive from this levy is set to increase substantially when the Betting (Amendment) Bill 2013 brings remote and on-line betting within the tax net.

A levy on alcohol products would allow the State to bridge any potential loss of funding if the proposed ban on alcohol sponsorship of sport - another key recommendation contained in the Steering Group Report on the National Substance Misuse Strategy - is introduced.

If it is considered appropriate to use the proceeds of gambling to support sporting organisations that otherwise would rely more heavily on State funding, why can't the same rationale be applied to alcohol, which places such a great burden on our State and its citizens?

The alcohol industry's estimated total annual spend on sports sponsorship in Ireland is estimated at less than €30 million.⁽⁴⁴⁾ Similar to the support provided to the horse and greyhound racing industries through the betting tax, a levy on alcohol products would allow the State to bridge any potential loss of funding if the proposed ban on alcohol sponsorship of sport - another key recommendation contained in the Steering Group Report on the National Substance Misuse Strategy - is introduced.

Based on the latest per capita alcohol consumption figures for Ireland (10.73 litres in 2013), a levy set at the very minimum of just one cent per Irish standard drink (10 grammes of alcohol) would currently generate over €30 million annually.

The funding required – if any – for sporting organisations would be far less than the estimated €30 million figure once replacement sponsorship deals are taken into account. A “social responsibility” levy for the alcohol industry could also, like the proposed Social Fund for gambling, assist in counteracting the widespread ill-effects of alcohol for society, encompassing a wide range of potential action areas, from education to treatment.

Based on the latest per capita alcohol consumption figures for Ireland (10.73 litres in 2013), a levy set at the very minimum of just one cent per Irish standard drink (10 grammes of alcohol) would currently generate over €30 million annually.

| | |
|--|-----------------|
| Per capita consumption (litres): | 10.73 |
| Standard drinks (10g) per litre: | 78.74 |
| Population aged 15-years-old and over: | 3,585,400 |
| Annual standard drinks per capita: | 844.880 |
| Total number of standard drinks consumed annually: | 3,029,232,752 |
| 1 cent levy per standard drink: | €30,292,327.52 |
| 2 cent levy per standard drink: | €60,584,655.04 |
| 5 cent levy per standard drink: | €151,461,637.60 |

We recommend that the Government introduce a “social responsibility” levy through which the alcohol industry would “contribute to the cost of social marketing and awareness campaigns in relation to social and health harms caused by alcohol” and “to the funding of sporting and other large public events that help provide alternatives to a drinking culture for young people”.⁽²³⁾

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