

GETTING THE FACTS RIGHT ON MINIMUM PRICING

What is minimum pricing?

Minimum pricing is a 'floor price' beneath which alcohol cannot be sold and is based on the amount of alcohol in a product measured in units or grams.

Why do we need minimum pricing - isn't Ireland already one of the most expensive countries in the EU for alcohol?

Minimum pricing is about tackling the very cheapest alcohol. We have relatively high excise duty on alcohol but it is also relatively affordable, particularly, in the off-trade which is now the biggest supplier of alcohol in the country. Some of the off-trade alcohol is so cheap that a woman can reach her low risk weekly drinking limit for just €6.30 while a man can reach his weekly limit for less than €10. To put that affordability into perspective, one hour worked on minimum wages is €8.65.

Are any other countries considering minimum pricing?

Recent research in Canada – where minimum pricing has been in operation in some provinces for almost 20 years - found that a 10% increase in the minimum price of alcohol led to a significant decrease in consumption which in turn can impact on public health and safety.

The Scottish Government is at an advanced stage of moving through minimum pricing legislation while the Ministers in Northern Ireland have also stated their commitment and the British are also expected to introduce minimum pricing for alcohol.

Consumption levels have been falling since 2001 – so where's the problem?

Consumption levels have been falling since a record high of 14 litres per adult in 2000 to around 11.9 litres in 2011 which amounts to around 125 bottles of wine or 45 bottles of vodka per adult. It's worth noting that the biggest fall in consumption happened after the excise duty increase on spirits in December 2002 underlining again the link between pricing and consumption. The fact is we are still drinking 2 litres of pure alcohol more per adult above our maximum low risk limit.

It is estimated that alcohol-related harms cost the state €3.7 billion, of that €1.2 billion goes on health and €1.2 billion on crime.

How will increasing the price of the cheapest alcohol make any difference to how much people drink and the cost of our alcohol use?

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 mean reduced harms and costs. The World Health Organisation has found that the alcohol policies most effective in reducing harms and costs are pricing and availability policies.

Is there any popular support for minimum pricing?

Two year on year surveys carried out by a leading market research firm on attitudes to pricing found that there was between 55% to 60% support for minimum pricing. Almost half of people surveyed (47%) said they would buy less alcohol if the price were to increase by just 10%.



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Why doesn't the Government just increase tax on alcohol?

Large multiple retailers can sell deeply discounted alcohol as a draw to attract customers - an increase in tax can easily be absorbed and off-set by increasing the prices of other goods. Minimum pricing sets a 'floor price' and cannot be undercut. Even if excise duty were increased, once the retailer pays the tax owed to the Government, retailers are under no obligation to pass this on to consumers so alcohol could be sold as a loss leader. Excise duty and minimum pricing are not irreconcilable: a restoration of excise duty to 2009 levels, prior to the previous Government's 20% cut, could have earned the Government around €170 million last year.

Would banning below cost selling of alcohol not have the same effect as minimum pricing?

There is no agreed definition of below cost selling in Ireland or how it could be calculated. If below cost selling is interpreted as alcohol being sold below vat and excise duty then very little 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.

What are the benefits of minimum pricing?

- Moderate drinkers - those who drink within low risk limits - are least likely to be affected
- Reduction in social and health harm costs for the person drinking and those around them
- Good for business – decrease in workplace absences
- Significant savings to the State in alcohol-related health and crime costs
- Small retailers and off-licenses are put on a level playing field with larger, multiple retailers
- Larger retailers cannot simply absorb price increases as can happen with other pricing policies

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 minimum price will need to be reviewed on a regular basis and adjusted when necessary to maintain its value in line with inflation.

Times are tough - would minimum pricing have a disproportionate impact on people on low incomes?

A man and a woman in Ireland can reach their average maximum low risk *weekly* drinking limit for the equivalent of one hour worked on minimum wage - €8.65. Very cheap alcohol can mean consumers paying more for groceries in the same store as stores seek to maintain their profits. It is also worth remembering that people on low incomes suffer a range of health inequalities relating to nutrition, education and access to healthcare that harmful alcohol use can make worse.

Doesn't minimum pricing contravene European competition law?

EU free trade law allows for the setting of a minimum price for the retail sale of alcohol by a government or public authority for public health purposes. Article 36 (formerly Article 30) of the EC Treaty states that restrictions on the free movement of goods (that a minimum pricing regime may bring into effect) can be justified if implemented on the grounds of public policy and the protection of health, providing such restrictions are shown to be proportionate and necessary and are not a disguised trade barrier. The European Court of Justice has accepted the right of member states to use pricing measures to control consumption and harm for public health objectives.



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