



AlcoholAction
Ireland

A RESPONSE TO THE DEPARTMENT OF HEALTH
CONSULTATION ON MINIMUM UNIT PRICING OF
ALCOHOL IN NORTHERN IRELAND

MAY 2022

About Alcohol Action Ireland

Alcohol Action Ireland (AAI) is the independent advocate for reducing alcohol harm.

We campaign for the burden of alcohol harm to be lifted from the individual, community and State, and have a strong track record in effective advocacy, campaigning and policy research.

Our work involves providing information on alcohol-related issues, creating an understanding of alcohol-related harm and offering public policy solutions with the potential to reduce that harm, with an emphasis on the implementation of Ireland's Public Health (Alcohol) Act, 2018.

CONSULTATION QUESTIONS

1. Do you agree with the overall policy aim of reducing the harm alcohol causes?

Answer: **Agree.**

2020 has been one of the most devastating years on record for alcohol related harm with a litany of statistical records being broken both in Northern Ireland and elsewhere in the UK. Behind each statistic are individuals, families, friends and colleagues who continue to feel the impact long after the media headlines have moved to another story.

In 2020, Northern Ireland had its highest rates of alcohol-specific death, 351 in 2020 (19.9 deaths per 100,000 people). Since 2001, the alcohol-specific death rate has risen significantly for both men and women in Northern Ireland.

Alcohol-specific deaths continue to be more prevalent among the 45-54 and 55-64 age groups, which together accounted for 64.7% of all alcohol-specific deaths registered in 2020.

Much, if not possibly all, of these deaths are avoidable with the implementation of progressive public health alcohol interventions, as proposed by the World Health Organisation's SAFER – alcohol control initiatives, including measures on alcohol availability, promotion and price.

While much of these interventions are not within a devolved competency to a Northern Ireland administration, pricing measures, as proposed within the overall policy aim, are achievable.

2. Do you believe that introducing Minimum Unit Pricing for alcohol into Northern Ireland will have an impact on reducing alcohol-related harm?

Answer: **Agree.**

The introduction of Minimum Unit Pricing for alcohol into Northern Ireland can impact on reducing alcohol related harm. As identified by the World Health Organisation (WHO)

“Of all alcohol policy measures, the evidence is strongest that alcohol prices have an impact on alcohol consumption and alcohol-related harm.”

“Influencing the prices of the cheapest and most consumed alcoholic drinks on the market by raising the lowest prices has a potentially larger impact on total consumption than increasing the prices of more expensive alcoholic drinks that have a limited market.”

(WHO, SAFER: pricing policies) [1]

This perspective on pricing policies and insight to best practice for reducing the harmful consequences of alcohol is reiterated by the OECD in its recent study ‘Preventing Harmful Alcohol Use’ (2021): Alcohol Pricing is a key method used to reduce consumption, which highlights the impact of the introduction of minimum unit pricing (MUP) in the United Kingdom (Scotland and Wales). Furthermore, in its analysis of some countries who have implemented MUP (Canada: British Columbia, Manitoba, Newfoundland, Nova Scotia & Quebec; Russian Federation; United Kingdom and Australia: Northern Territory) it states: “Empirical research evaluating MUP, to date, has found promising results” (OECD, 2021, p.188). [2]

3. Do you foresee the introduction of MUP into Northern Ireland as impacting negatively upon any specific groups?

*Answer: **No.***

The principal group impacted by the introduction of MUP will be those consumers who drink too much, too often, and who, as demonstrated by the Sheffield Modelling (2014), facing a modest expenditure increase for their alcohol use, will drink less.

The principal cohort of economic actors impacted: producers and off-trade retailers because of the price rise to the cheapest, strongest alcohol products, will, despite sales volume reduction, experience modest financial improvement as revenues increase and elements of hyper discounting are removed from the market place.

On-trade licence holders, where the retail price of an alcohol product reflects a much wider set of cost variables – staff, business overheads, etc., will not be negatively impacted.

On the contrary, and mindful that the Department is keen to avoid ‘unnecessarily distorting the market place’ the introduction is likely to ease existing market distortion where the price of alcohol, per unit, is remarkably lower in the off-trade than the on-trade.

It may helpful to note that public support for minimum unit pricing in Scotland has been largely positive with attitudes to MUP were generally more favourable than negative, for example, 49.8% were in favour compared to only 27.6% being against. [3]

4. Do you believe that of the pricing options considered, that MUP for alcohol is the most effective way of achieving the policy aim of reducing harm? Are there other pricing policy options that should have been considered?

*Answer: **Yes.***

As the Department’s Consultation Document outlines other measures: excise increase or banning below cost selling, many of which are practically beyond the reach of a Northern Ireland administration, are not as effective at impacting the individual who harmfully is engaged with too much alcohol use, too often.

In our view, the policy landscape should explore the possibility of introducing stronger measures on the sale and supply of alcohol products beyond those establishing Restrictions on off-sales drinks promotions in supermarkets (Oct 2022) and prohibiting loyalty schemes (April 2023) with the Licensing Act (Northern Ireland) 2021.

5. Do you have any opinion on the level on which MUP should be set initially?

Answer: **65p.**

The Consultation Document highlights a 50p per unit as a “worked example”. This reflects the minimum price level established in Scotland (2012). It is our view, that this rate is no longer fit for purpose, given the impact of inflation on the affordability of alcohol in the intervening ten-year period.

The UK inflation rate in the period since 2012: +20%, highlights that the rate is now effectively 40p, and this rate, in the current economic conditions, is undermining the efficacy of the measure to address the affordability level of the cheapest, strongest alcohol products.

It is our view there are three factors that need to be considered with respect to establishing the optimum rate:

- a. The efficacy of what is the intended consequences of the policy action
- b. The internal UK market dynamics among the Home Nations, and
- c. The confluence of economic considerations with Ireland and the stability of an All-Island cross border trade.

a. The scale of the profound outcomes of alcohol related deaths within Northern Ireland (NI) since 2014 [4] , when 238 lost their lives, has further deteriorated by a further 67%, with 2020 data indicating 351 people, and their families, have fallen victim to alcohol.

b. The MUP rate established in the Scotland, Northern Ireland’s nearest Union neighbour, was set in 2012 by the Scottish parliament at 50p. This rate is to be reviewed within the context of its efficacy and a statutory ‘sunset clause’ in 2023.

Inflationary pressures have significantly weakened this rate by +20%. Scottish public health advocates and NGOs, such as SHAAP (Scottish Health Action on Alcohol Problems) and Alcohol Focus Scotland, are advocating that a higher rate (65p) will need to be adopted for the measure to regain its public health objectives of reducing alcohol related deaths and harm. [5]

c. Ireland (IRL) introduced MUP in January 2022 having established the level of 10c per gram of alcohol in 2012 in a decision that equally recognised the need for ‘simultaneous’ policy action with Northern Ireland. The formula devised for such calculation, while materially differing to the NI/Scotland formula, broadly produces a similar outcome, albeit that the UK and Irish Standard Unit also vary at 8gm and 10gm alcohol respectively, and currency exchange fluctuations pertain.

Cross border trade, as the Consultation Document acknowledges, has a ‘long history’ on the island and alcohol has been part of that process. While there is little specific trade data from NI on the value of such trade into Ireland, the Irish Central Statistics Office (CSO) from 2018 highlights that the value of the trade into Northern Ireland is estimated €458m and alcohol sales are valued at €64m or 14% of that trade. [6]

The stimulus to such trade is driven largely by three factors: a lesser VAT regime on alcohol products in NI viz IRL; euro/sterling currency fluctuations - frequently monitored by a border community, and substantial differential in a basic cost of living for everyday items such groceries, cosmetics and fashion clothing. Reflecting these factors, off trade alcohol prices in NI were somewhere between 25-27% cheaper for IRL shoppers. The introduction of MUP in IRL has likely extended that gap to 40% in some product ranges.

A restoration of an economic equilibrium i.e., pre MUP introduction, on cross border alcohol products, would suggest that the rate for MUP in Northern Ireland should be around 65p.

Regulatory Impact Assessment

The exponential scale of positive outcomes, across the major public health criteria - deaths and hospital admissions – as identified in the Regulatory Impact Assessment adds further merit to the 65p price level option.

6. Do you agree that the level of the MUP should be varied over time? If so, what other information or evidence do you think should be considered when amending the MUP?

Answer: **Yes.**

Other information and evidence that should be considered is beyond those indicators detailed within the Consultation Document:

- the efficacy of the price level, viz CPI data,
- its ability to impact and reduce alcohol affordability that will achieve the overall aim of reducing alcohol related harm.
- the prevalence of alcohol use disorder (AUD) in the general population, measuring AUD using DSM-5 criteria.
- Age of initiation with alcohol use among young people and
- An assessment of the number of children in NI impacted by parental problem drinking at home. [7]

'Based on current consumption patterns in the United Kingdom, OECD simulations estimate that diseases and injuries caused by drinking above 1-1½ drinks per day lead to treatment costs equal to 3.0% of health expenditure and a reduction in the workforce productivity. Consequently, the UK's GDP is estimated to be 1.6% lower on average between now and 2050, excluding any impact on the alcohol industry. Due to a lower GDP, and to maintain a constant public debt-to-GDP ratio, the United Kingdom has to raise additional revenues equivalent to an increase in tax of GBP 209 per person per year.'

<https://www.oecd.org/unitedkingdom/Preventing-Harmful-Alcohol-Use-Key-Findings-UNITED-KINGDOM.pdf>

7. If the MUP rate is to be varied over time, what do you believe would be the best method of achieving this?

Answer: Regular Uplift

The ongoing case study of Scotland and more recently, Ireland, coupled with significant inflationary pressures, highlights the need for the level of the MUP to be commensurate with contemporary conditions influencing the affordability of alcohol.

In this context, AAI would propose that a statutory mechanism, operable after 12 months/one year from introduction, would be incorporated to any facilitating legislation that enables the level to annual accurately reflect the prevailing data from the consumer price index.

A similar mechanism is deployed at a federal level in Australia, who index the excise duty rates for alcohol twice a year, in line with the consumer price index (CPI) ensuring products are aligned to contemporary expectations and objectives.*

The further benefit of such an approach is once the public health objectives have been democratically approved and legislated, a simple mechanism as described will ensure its efficacy.

8. Do you agree with the use of the formula for setting the total Minimum price for a product?

Answer: Yes.

The methodology and formula applied reflect the approach adopted by Scotland, Wales and Jersey. The formula devised for such calculations in Ireland implementation of MUP, while materially differing to the NI/Scotland formula, broadly produces a similar outcome, albeit that the UK and Irish Standard Unit also vary at 8gm and 10gm alcohol respectively.

*<https://www.ato.gov.au/business/excise-on-alcohol/lodging,-paying-and-rates---excisable-alcohol/excise-duty-rates-for-alcohol/>

9. Do you agree with the enforcement proposals and sanctions that would be added to the necessary legislation?

Answer: Yes.

Without meaningful sanctions, economic actors will likely seek to circumvent or reinvent the specific endeavour. In our view, the sanction of a Level 5 fine, which is commensurate with IRL offence sanction: Class A fine or to imprisonment for a term not exceeding 6 months or to both and the court shall order the licence to be suspended for a period, is appropriate.

10. Do you agree with the proposed targets and monitoring arrangements?

Answer: Yes.

Other information and evidence that should be considered is beyond those indicators detailed within the Consultation Document:

- Alcohol use per capita, >15 years old
- Percentage of children using alcohol both in lifetime, and in the last 30 days.
- Level of absenteeism from work
- Number of children assisted by Operation Encompass (alcohol based)*

11. Do you agree with the outcome of the Impact Assessment Screenings?

Answer: Yes.

Have you any comments on either the Equality/Human Rights or Rural Needs impact assessment screenings? Have you anything you believe we should be considering when screening future Equality/Human Rights or Rural Needs impact assessments?

No.

* <https://www.psnipolice.uk/crime/domestic-abuse/operation-encompass/>

12. Do you agree with the outcome of the Regulatory Impact Assessment (RIA)?

Answer: **Yes.**

Observation

AAI believe it is inappropriate to attribute a notional jobs tally within certain businesses to the alcohol industry.

In specific terms, both 'Hotels and similar accommodation' and 'Licensed restaurants' are businesses whose core activity is NOT related to alcohol use. The same consideration applies to 'Retail sale in nonspecialised stores with food, beverages or tobacco predominating'.

Collectively, the RIA, incorrectly in our view, attributes 53,676 jobs of a total 63,576 jobs (84%) to the alcohol industry, which we believe to be disingenuous and disproportionate, when the figure for core alcohol use related employment should be 9,900.

This type of analysis affords the alcohol industry an inflated economic importance not commensurate with its actual contribution.

Further work should be conducted to determine the value or specific nature of the employed roles.

References

- [1] <https://www.who.int/initiatives/SAFER/pricing-policies>
- [2] <https://www.oecd.org/publications/preventing-harmful-alcohol-use-6e4b4ffb-en.htm>
- [3] <http://www.healthscotland.scot/media/3198/public-attitudes-to-minimum-unit-pricing-mup-for-alcohol-in-scotland.pdf>
- [4] <https://www.nisra.gov.uk/publications/alcohol-related-deaths-2004-2014>
- [5] <https://www.alcohol-focus-scotland.org.uk/news/four-years-of-mup/>
- [6] <https://www.cso.ie/en/releasesandpublications/er/cbs/crossbordershopping-households2018/>
- [7] It is estimated that there are approximately 40,000 children in Northern Ireland living with parental alcohol misuse. Hidden Harm Action Plan: Public Health Agency, 2009.