

**AlcoholAction**  
Ireland



Alcohol Action Ireland  
Pre-Budget Submission 2014

## Who we are

Alcohol Action Ireland is the national charity for alcohol-related issues. We work to raise awareness of alcohol-related harm and the solutions needed to reduce that harm.

## Recommendations

- **Introduce a legislative basis for minimum pricing**
- **Introduce a social responsibility levy on the alcohol industry**

## Introduction

Alcohol consumption is responsible for a wide range of health and social harms in Irish society and also places a significant burden on the resources of the State, which has to deal with the consequences of its use and misuse.

The State currently spends an estimated €3.7 billion on alcohol-related harm every year, with alcohol-related health and crime costs accounting for around €2.4 billion of that total figure.<sup>i</sup> Meanwhile, CSO figures show that the total personal spend on alcohol in Ireland increased for the second year running in 2012 to €6.36 billion. That's one in every €13 that we spend.

The human costs are also high, with three people dying every day from an alcohol-related illness.<sup>ii</sup> The situation is not improving. Chronic alcohol-related conditions are becoming increasingly common among younger age groups in Ireland, including men and women in their 20s who have been drinking heavily since their mid-teens.<sup>iii</sup>

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".

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".

## 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.

It is a targeted measure, designed to stop strong alcohol being sold at pocket-money prices in the off-trade, particularly supermarkets.

These strong and cheap drinks are the alcohol products favoured by the heaviest drinkers among us, who are most at risk of alcohol-related illnesses and death, and our young people, who generally have the least disposable income.

Minimum pricing will not affect the price of alcohol in pubs or restaurants or the majority of alcohol products sold in the off-trade.

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

### Why do we need minimum pricing?

Tackling 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. 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”.<sup>iv</sup>

While the pub continues to play a central role in social life in Ireland, recent years have seen a dramatic shift from alcohol sales in pubs towards sales in 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.<sup>v</sup>

This trend has continued in recent years, with the off-trade now accounting for almost 60% of the alcohol sold in Ireland.<sup>vi</sup> Though people are increasingly buying their alcohol at much cheaper prices from the off-trade, particularly supermarkets, than from the on-trade our spend on alcohol continues to increase, reaching €6.36 billion last year. While alcohol consumption fell in Ireland for two years from 2007 to 2009, since then it has climbed marginally upwards again. With our current annual alcohol intake of 11.7 litres of pure alcohol per person (2012) we are still drinking at very high levels and experiencing unacceptably high levels of alcohol-related harm, a situation that is exacerbated by our unhealthy drinking patterns, particularly the prevalence of binge drinking.<sup>vii</sup>

The figure of 11.7 litres is 27% above the alcohol consumption target of 9.2 litres per capita (the level we would reach if we all drank to our maximum low-risk weekly limits) set out by the Department of Health (2013) in the ‘Healthy Ireland’ framework.

It should be noted that it’s estimated that over a fifth of Irish people abstain from alcohol<sup>viii</sup>, so when this is taken into account, those who are drinking are drinking more than the consumption figures indicate.

While there has been a recent decrease in our alcohol consumption, average alcohol consumption in 2010 was 145% higher than the average amount consumed in 1960, while alcohol consumption in Ireland increased by 46% between 1987 (9.8 litres) and 2001 (14.3 litres) when our consumption reached a record high.

## Alcohol-Related Harm in Ireland

88 deaths every month in Ireland are directly attributable to alcohol

Alcoholic liver disease deaths almost trebled (188% increase) between 1995 and 2009

Alcohol-related admissions to acute hospitals doubled between 1995 and 2008, with a dramatic increase in the number of young people hospitalised for liver disease and dying from alcohol-related conditions

Alcohol increases the risk of developing more than 60 diseases and medical conditions, even at low levels of consumption

Every night, 2,000 hospital beds are occupied for alcohol-related reasons

An estimated 700 Irish babies a year are being born with some form of mental or physical harm linked to their mothers’ drinking while pregnant

Almost half of the perpetrators of homicide were intoxicated when the crime was committed

Alcohol has been identified as a contributory factor in 97% of public order offenses as recorded under the Garda PULSE system.

One in eleven children in Ireland say parental alcohol use has a negative effect on their lives

The projected number of new cases of alcohol-related cancers in the Republic of Ireland is expected to double by the year 2020 for women and to increase by 81% for men during the same period

In the most recent survey of drinking among European 15 and 16-year-olds 40% of Irish children reported binge drinking in the last month

A recent study of suicide in Ireland found that half of those who took their own lives had abused alcohol in the previous 12 months

The World Health Organisation has estimated that the risk of suicide when a person is currently abusing alcohol is eight times greater than if they were not abusing alcohol

## Who supports minimum pricing?

There is broad-based support for the introduction of minimum pricing in Ireland.

Alcohol Action Ireland has convened a coalition of over 30 NGOs, charities, medical representative organisations and others, who deal with the fall-out of our harmful relationship with alcohol on a daily basis. Coalition members include Barnardos, the Irish Cancer Society, Irish Heart Foundation, Irish Medical Organisation, ISPC, the Royal College of Physicians of Ireland, Samaritans, St Vincent de Paul and Women’s Aid.

There is also significant support for minimum pricing from within the alcohol industry, with both the Vintners Federation of Ireland and the National Off-Licence Association having expressed their support for the measure and called on the Government to implement it as a matter of urgency.<sup>ix,x</sup>

Minimum pricing would help level the playing field with the large multiples somewhat for these sectors and, in doing so, help to protect jobs being lost due to the dominance of the large, multiple retailers, who are able to absorb the costs of selling alcohol at pocket-money prices and who also generate far less tax revenue for the State than the labour intensive on-trade sector.

The Health Research Board (HRB) commissioned a survey last year which revealed that almost 58% of respondents were in favour of the establishment of a floor price below which alcohol could not be sold. 78% believed that the Government has a responsibility to implement public health measures to address our high levels of alcohol consumption.<sup>xi</sup>

The influence of price on alcohol consumption was also highlighted in the 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.

## 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.

Alcohol in Ireland became 50% more affordable between 1996 and 2008.<sup>xii</sup> The abolition of the Restrictive Practices (Groceries) Order in 2006 also allowed for a variety of goods to be sold below cost price, including alcohol.

Some of the off-trade alcohol is so cheap that a woman can reach her maximum low risk weekly drinking limit of 14 units for just €6.30, while a man can reach his maximum low-risk weekly limit of 21 units for less than €10. To put that affordability into perspective, one hour worked on minimum wages is €8.65.

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.

## Why not excise duty?

Increasing excise duty can be – and has proven to be - an effective measure for reducing alcohol consumption, with the excise duty increases in the 2013 Budget leading to a reduction in the consumption of wine, spirits and cider in the first six months of this year, though sales of beer have increased, according to provisional figures provided by Revenue.

### Volume Clearances of Alcohol

Jan - Jun 2013 as compared to Jan - Jun 2012

Beer	Up 2.5%
Spirits	Down -13.5%
Wine	Down -9%
Cider	Down -7.9%

*These figures are provisional and are subject to revision throughout the year.*

Even with excise duty increase, large multiple retailers can still sell deeply discounted alcohol, such as “slabs” of cheap beer, as a draw to attract customers, absorbing the excise duty increases and off-setting it by increasing the prices of other goods.

Even when excise duty is increased, once the retailer pays the tax owed to the Government, they are under no obligation to pass this on to consumers, so alcohol could still be sold as a loss-leader. Minimum pricing sets a “floor price” and cannot be undercut.

Whereas tax affects all alcohol products and outlets – and therefore all consumers - minimum pricing directly targets the cheapest and strongest alcohol products, which are favoured by the most harmful drinkers and would only affect the price of these products in the off-trade, primarily supermarkets, and would not affect the price of alcoholic beverages in pubs, clubs or restaurants.

Those who drink moderately will be largely unaffected, by virtue of the fact that they drink very little and do not tend to purchase the type of products that will be affected by minimum pricing. However, both excise duty and minimum pricing can work in tandem to reduce alcohol consumption.

## 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.

## 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.

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

## The benefits of minimum pricing

Reduced alcohol consumption will lead to a reduced financial burden on the State as a result of alcohol-related harms

Those who drink within low-risk limits are least likely to be affected

There will be a reduction in the harms from alcohol, experienced by individuals, families, communities and at a societal level

Pubs and independent and small off-licenses will be put on more of a level-playing field with larger, multiple retailers

Larger retailers will not be able to simply absorb price increases, as can happen with other pricing policies

It will not affect the price of drink in pubs, clubs and restaurants

It will not lead to job losses and, in fact, will help protect jobs in pubs and small and independent off-licences

## Minimum pricing in practice – the Canadian experience

Canada is one of six countries that have already introduced minimum pricing. Emerging research findings on the minimum pricing systems operating in two Canadian provinces provide the first 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. In British Columbia a 10% increase in the minimum price was associated with a 32% fall in wholly alcohol related deaths.<sup>xiii</sup>

## Minimum Pricing and European Law

The Scottish Government introduced minimum pricing in May 2012. The bill was challenged by several alcohol industry bodies, who claimed that minimum pricing breaches the UK's European Union (EU) Treaty obligations because it would restrict trade.

However, even if this were true, Article 36 of the EU Treaty makes it clear that public health measures such as minimum pricing are legal, provided they are proportionate. Or, in other words, it does not preclude potential restrictions "justified on grounds of ... the protection of health and life of humans".

In May 2013 the Court of Session, Scotland's supreme civil court, ruled in favour of the legality of the Scottish Government's plans to introduce minimum pricing. This ruling has been appealed and the matter is expected to come before the European courts shortly.

## SOCIAL RESPONSIBILITY LEVY

### Why introduce a social responsibility levy on the alcohol industry?

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”.

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”.

The alcohol industry in Ireland is a very profitable one and even a very modest levy could go a long way towards helping to address some of the many social and health harms we currently experience as a result of alcohol consumption in Ireland.

The State spends an estimated €3.7 billion on alcohol-related harm every year, yet the alcohol industry currently makes no direct contribution to addressing this considerable financial burden.<sup>xiv</sup>

Based on the latest alcohol consumption figures for Ireland, a levy of just one cent per Irish standard drink (10 grammes of alcohol) would currently generate over €33 million, while the alcohol industry’s estimated total annual spend on sports sponsorship in Ireland is around €20 million.

Therefore, even at just one cent per standard drink, a levy would be able to replace alcohol sponsorship funding lost by the proposed ban on such sponsorship deals, another key recommendation contained in the Steering Group Report on the National Substance Misuse Strategy.

### Levy Calculations Table

Per Capita Consumption (Litres)	9.2	11.68
Standard drinks (10g) per litre	78.74	78.74
Population aged 15+	3,608,662	3,608,662
Annual standard drinks per capita	724.408	919.6832
Total number of standark drinks consumed annually	2,614,143,622	3,318,825,816
1 cent levy	€ 26,141,436.22	€ 33,188,258.16
2 cent levy	€ 52,282,872.44	€ 66,376,516.32
5 cent levy	€ 130,707,181.10	€ 165,941,291.79

The proposal to ban alcohol sponsorship of sports does not seek an immediate ban, but that the sponsorship deals are phased out by 2020, which we feel is proportionate and leaves a lot of time to secure alternative sponsorship from other sectors.

However, the Government may still choose to address any potential shortfall in sponsorship funding for these organisations and a social responsibility levy would allow it to do so through the very profitable alcohol industry, but without continuing to allow it the platform of sports to market its harmful and unhealthy products to the people of Ireland, particularly the young people who are most at risk from them.

If we reached our “Healthy Ireland” framework alcohol consumption target of 9.2 litres per person, such a levy would still generate over €26 million annually and, as well as funding sports and other healthy alternatives to drinking alcohol, these funds could also be used for social marketing and awareness campaigns independent of the alcohol industry.

## CONCLUSION

Minimum pricing has the potential to significantly reduce alcohol-related harm in Ireland, resulting in a reduction of the substantial costs incurred by the State and the number of lives lost due to alcohol in Ireland every year. It would effectively target those drinkers choosing the cheapest and strongest alcohol products, who would benefit most from a reduction in their consumption, while having little or no effect on low-risk drinkers .

In conjunction with minimum pricing, a very modest levy on the alcohol industry would make a significant contribution to funding activities and initiatives that would help to reduce the social and health harms caused by its products in Ireland.

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# MINIMUM PRICING COALITION



The College of Psychiatry of Ireland  
Coláiste Síciatrachta na hÉireann



IRISH HEART FOUNDATION

