

The Case for a Minimum (Floor) Price for Alcohol in WA



What is minimum pricing? How does it work?

Minimum pricing is a regulatory measure that sets a floor price per standard drink below which alcohol cannot be sold. A minimum price would reduce retailers' ability to heavily discount and sell alcohol at very cheap prices. It is targeted towards reducing drinking among the heaviest drinkers, while having minimal impact on moderate drinkers.¹ This is because heavier drinkers tend to buy cheaper alcohol, and more of it, compared to lighter drinkers.² There are no silver bullets for preventing alcohol harms, and a minimum price is not expected to fix all problems on its own. It will contribute to preventing harm as part of a comprehensive approach.

Why in WA and why now?

Cheap alcohol has never been more available. Packaged liquor accounts for more than 80% of alcohol sold in Australia³, a market increasingly dominated by supermarket-owned chains, which use low-price alcohol as a key marketing strategy. WA has seen an increase in liquor outlets⁴, and particularly big box liquor barns with a heavy focus on low prices. Retail competition has led to aggressive discounting, resulting in very low-cost alcohol being available.⁵ For example, alcohol is now promoted and sold for as little as 24 cents per standard drink.⁶

Price controls are a particularly effective strategy for addressing harm from alcohol.⁷ States and territories are able to introduce minimum pricing, but alcohol tax reform would need to happen at the federal level. To date, there has been little political will federally for alcohol tax reform, despite a strong evidence base and regular calls for action. Minimum pricing would complement an appropriate alcohol tax system.⁸

What would the minimum price be? What products would it affect?

Modelling will need to be conducted to determine an appropriate level that would effectively reduce drinking and harms, particularly among heavy drinkers. Based on minimum prices discussed elsewhere, an appropriate price may be between \$1 and \$1.50 per standard drink. Only the cheapest alcohol products would be affected, such as cheap bottled wine and cask wine.² Currently, bottles of wine can be sold for under \$3 each and a 4L wine cask for \$9.^{9,10} It is unlikely to affect drinks bought at pubs, clubs and restaurants as these would be above the threshold.

What countries have a minimum price?

Canada, Scotland, some Eastern European countries and several US states already have minimum alcohol prices. Wales will introduce minimum pricing in 2019, Ireland is expected to introduce it soon, and other countries will likely follow. A recent review of NT liquor laws recommended minimum pricing¹¹, and the NT Government plans to implement a floor price of \$1.30 from October 2018.

What is the evidence for it?

There is compelling evidence that as the price of alcohol increases, drinking reduces (including for heavy drinkers).^{12,13} Reducing drinking reduces the risks of alcohol-related harms.¹⁴ Minimum pricing is expected to have the greatest impact on heavy drinkers. Moderate drinkers, irrespective of income, will be only minimally, if at all, affected by a minimum price.^{1,2,15} The Canadian experience shows that a 10% increase in the minimum price reduced alcohol use by between 3% and 8%.^{16,17} The price increase also had a significant impact on alcohol-related traffic offences, alcohol-related violence, alcohol-related hospital admissions, chronic illness hospital admissions and alcohol-related deaths.¹⁸⁻²⁰ Australian modelling of a \$1 per standard drink minimum price estimated that the heaviest consumers would reduce the volume of wine and beer purchased by around 16 litres and 2 litres, respectively, per person per year.² Modelling of a \$2 per standard drink minimum price estimated the heaviest drinkers would reduce their alcohol use by around 6.3 standard drinks per week.²⁵

What impact will it have on heavy, dependent drinkers?

A minimum price is expected to reduce alcohol use among heavy, dependent drinkers.²¹ Research with Scottish drinkers attending an alcohol treatment centre found that over two-thirds, across different socioeconomic levels, were predicted to reduce their alcohol use.²¹ Purchasing behaviours of dependent drinkers show that very few, if any, are likely to substitute alcohol for other substances, drink illicit alcohol or turn to crime to fund their addiction. Instead, dependent drinkers are more likely to report turning to positive coping strategies when funds are not available, such as seeking treatment or going without alcohol.^{21,22} Access to appropriate support services will be important for those who would be most affected by minimum pricing.

What impact will it have on young people?

Young people are particularly sensitive to the price of alcohol. A WA survey of young people showed that price is a significant factor in their purchasing behaviour, and young people aged 18 to 29 years tend to buy more cheap alcohol than older age groups.²³ A survey of young, high risk drinkers aged 16 to 19 years found that almost half (42%) cited price as a reason why they chose a particular beverage; this study also showed that young people drank less when they paid more per standard drink.²⁴

References

1. Holmes J, Meng Y, Meier PS, et al. Effects of minimum unit pricing for alcohol on different income and socioeconomic groups: a modelling study. *Lancet*. 2014; 383(9929):1655-1664.
2. Sharma A, Vandenberg B, Hollingsworth B. Minimum pricing of alcohol versus volumetric taxation: Which policy will reduce heavy consumption without adversely affecting light and moderate consumers? *PLoS ONE*. 2014; 9(1):e80936.
3. Euromonitor International. Passport: Alcoholic drinks in Australia. August 2013.
4. Department of Racing Gaming and Liquor Western Australia. 2016-17 Annual Report. 2017. Available from: <http://www.rgl.wa.gov.au/about-us/annual-reports>.
5. Johnston R, Stafford J, Pierce H, Daube M. Alcohol promotions in Australian supermarket catalogues. *Drug and Alcohol Review*. 2016; 36(4):456-463.
6. Woolworths. Woolworths online catalogue: Berri Estates Traditional Dry Red 5 Litre Cask "Any 3 for \$37". Perth, WA: Wesfarmers Limited; 2018 June 20.
7. National Preventative Health Taskforce. Australia: The Healthiest Country by 2020 – National Preventative Health Strategy – the roadmap for action. Canberra: Commonwealth of Australia; 2009.
8. Daube M, Stafford J. Alcohol and tax - time for real reform. *MJA*. 2016; 204(6):1-2.
9. Dan Murphy's. Dan Murphy's online catalogue [Internet]. 2018 [cited July 11 2018]. Available from: www.danmurphys.com.au/.
10. Aldi. Aldi liquor website [Internet]. Aldi; 2018 [cited July 11 2018]. Available from: <https://www.aldi.com.au/en/groceries/liquor/>.
11. Expert Advisory Panel of the Alcohol Policies and Legislation Review. Alcohol Policies and Legislation Review: Final report. Northern Territory Government; October 2017. Available from: <https://alcoholreview.nt.gov.au/governance/final-report>.
12. Burton R, Henn C, Lavoie D, et al. A rapid evidence review of the effectiveness and cost-effectiveness of alcohol control policies: an English perspective. *The Lancet*. 2017; 389(10078):1558-80.
13. Wagenaar A, Salois M, Komro K. Effects of beverage alcohol price and tax levels on drinking: a meta-analysis of 1003 estimates from 112 studies. *Addiction*. 2009; 104:179-190.
14. National Health and Medical Research Council. Australian guidelines to reduce health risks from drinking alcohol. Canberra: Commonwealth of Australia; 2009.
15. Vandenberg B, Sharma A. Are alcohol taxation and pricing policies regressive? Product-level effects of a specific tax and a minimum unit price for alcohol. *Alcohol and Alcoholism*. 2016; 51(4):493-502.
16. Stockwell T, Zhao J, Giesbrecht N, et al. The raising of minimum alcohol prices in Saskatchewan, Canada: Impacts on consumption and implications for public health. *American Journal of Public Health*. 2012; 102(12):e103-e110.
17. Stockwell T, Auld MC, Zhao J, et al. Does minimum pricing reduce alcohol consumption? The experience of a Canadian province. *Addiction*. 2012; 107:912-20.
18. Stockwell T, Zhao J, Martin G, et al. Minimum alcohol prices and outlet densities in British Columbia, Canada: Estimated impacts on alcohol-attributable hospital admissions. *American Journal of Public Health*. 2013; 103(11):2014-2020.
19. Zhao J, Stockwell T, Martin G, et al. The relationship between minimum alcohol prices, outlet densities and alcohol attributable deaths in British Columbia, 2002 to 2009. *Addiction*. 2013; 108(6):1059-69.
20. Stockwell T, Zhao J, Sherk A, et al. Assessing the impacts of Saskatchewan's minimum alcohol pricing regulations on alcohol-related crime. *Drug and Alcohol Review*. 2017; 36(4):492-501.
21. Gill J, Black H, Rush R, et al. Heavy drinkers and the potential impact of minimum unit pricing - no single or simple effect? *Alcohol and Alcoholism*. 2017.
22. Falkner C, Christie G, Zhou L, King J. The effect of alcohol price on dependent drinkers' alcohol consumption. *The New Zealand Medical Journal*. 2015; 128(1427):9-17.
23. Drug & Alcohol Office and TNS Social Research. Cheap drinks. Government of Western Australia; 2011.
24. Lam T, Lenton S, Ogeil R, et al. Most recent risky drinking session with Australian teenagers. *Australian and New Zealand Journal of Public Health*. 2017; 41(1):105-110.
25. Sharma A, Etile F, Sinha K. The effect of introducing a minimum price on the distribution of alcohol purchase: A counterfactual analysis. *Health Economics*. 2016; 25(9):1182-1200.
26. Northern Territory Government. Northern Territory Alcohol Policies and Legislation Reform: Floor Price. Northern Territory Government 2017. Available from: <https://alcoholreform.nt.gov.au/floor-price>.

July 2018

Contact the McCusker Centre for Action on Alcohol and Youth for more information or to discuss further.

Phone: Julia Stafford at 08 9266 9079

Email: j.stafford@curtin.edu.au