



PRE BUDGET SUBMISSION

6th October 2009

Cheap drink costs our economy, our families and our services

Alcohol Action Ireland, the national charity for alcohol-related issues, proposes two key recommendations for Budget 2010:

- Introduce a minimum price of one euro per unit of alcohol
- Increase excise duty on alcohol by 10 cents

Recommendation One: Introduce Minimum Pricing

Minimum pricing is the lowest price at which an alcohol product can be sold, the cost of a product based on the number of units it contains. To put it simply, the more units of alcohol in a bottle, the higher the price.

Our proposal will primarily affect heavy drinkers, as well as children and young people who are more likely to consume low-cost alcohol.

Minimum pricing has little impact on those who drink within low risk weekly limits, i.e., moderate drinkers, as, by definition, they drink less and they tend not to buy the cheapest products.

At current prices, alcohol sells for as little as 55 cents a unit. At this price per unit, a woman can reach the weekly limit for low risk drinking at under €8 a week while man can reach this limit with a spend of less than €12.

As can be seen from the table below, minimum pricing of one euro per unit would have the impact of bringing up the price of the cheapest drink, while having little or no impact on the price of many other drinks.

The Actual Effect of a One Euro Minimum Price in the Off-trade

<i>Product</i>	<i>Number of Units</i>	<i>Current Price</i>	<i>Current Price per Unit Alcohol</i>	<i>Minimum Price of Product at One Euro per Unit</i>	<i>Price Difference</i>
English Cider 2 litre (Large multiple retailer)	8	€4.29	€0.54	€8.00	+ €3.71
Bottle of Reserve Shiraz (off-licence)	8	€14.99	€1.87	€8.00	- €6.99
Bottle of Sauvignon Blanc (off-licence)	7	€7.99	€1.14	€7.00	- €0.99
Four cans stout pack (off-licence)	7	€7.85	€1.12	€7.00	- €0.85
White Rum (Large multiple retailer)	21	€14.69	€0.70	€21.00	+ €6.31
Three bottles wine for €15 offer (Supermarket)	21	€15	€0.71	€21.00	+ €6.00

Harmful drinkers are defined as men who drink 50+ units a week and women who drink 35+ units a week. People drinking at this level are likely to cause damage to their health as well as experiencing additional negative effects such as being unable to go to work or to parent.

A minimum price of one euro per unit, would cost a woman drinking at harmful levels an additional €819 a year if she were to continue to drink at this level. It would cost a man drinking at harmful levels an extra €1,170 a year.

The Cost of Cheap Alcohol

The harms caused by alcohol have severe consequences for our economic and social development. Our alcohol use costs the state and employers millions every year through:

- alcohol related absenteeism
- illnesses
- accidents

- poor performance and lowered productivity in the workplace
- lost profits
- lost revenue
- sick pay

When we include the social and health costs of the harms caused by alcohol use to the drinker and those around them, the price of our alcohol use becomes immense. If we want to support the Irish economy, we need to reduce strain we put on it as a result of the costs of responding to the harms caused by our alcohol use.

According to 2003 figures, alcohol related harms cost the economy more than **€2.6 billion**, with more than one billion in lost output due to alcohol related absences from work. Many of the indirect and human costs borne by families, children and communities are not included in this figure.

Minimum pricing policies can save millions by reducing the cost of our alcohol use on our health, social and policing services as well in the workplace, with immediate effect. Minimum pricing can address one of the biggest public health challenges this country faces. It will lead to reduced levels of alcohol use by increasing the price of the cheapest drinks.

Reduced levels of alcohol use will in turn reduce the damage drink can cause to those who come into contact with the drinker. These harms and damage include

- assaults
- road deaths and injuries
- neglect and harm to children living with parental alcohol problems

The damage caused by drinking puts an unnecessary strain, financial and otherwise, on many of our essential services: hospitals, social services, emergency and policing services. These are the avoidable costs of a preventable problem.

Our alcohol use costs us in both monetary and human terms, with too many families and communities paying the price for cheap alcohol.

Government has a particular responsibility in tackling the damage caused by alcohol use and in reducing the cost of that damage. By adopting Alcohol Action's proposal, Government can chose to cut the cost of days and revenue lost to absenteeism and lost productivity, to cut the cost of our emergency and policing services, and to cut the costs to our health and justice systems.

Why do we need Minimum Pricing Now?

The real price of a drink in Ireland has decreased dramatically due in a large part to the rise in incomes, making alcohol 50% more affordable than it was in 1996.

Alcohol has also become more available and is sold in more outlets than ever before. Increased availability has increased competition between alcohol retailers, mostly in the off-licence sector. Cut price alcohol is often used as a loss leader, to attract customers into supermarkets and shops. Legislation to restrict the marketing of alcohol through product placement and promotions has not been commenced.

Minimum pricing targets the sale of alcohol at pocket money prices by fixing a minimum price per unit at which alcohol can be sold. A different minimum price per unit can be set for alcohol sold in the on and off trades.

What are the Benefits of Minimum Pricing?

The positive benefits of minimum pricing are numerous, many of which will be seen immediately on implementation. The benefits also reach a diverse range of stakeholders:

- Moderate drinkers, i.e., those who drink within low risk limits, are least affected
- Heavy drinkers, along with children and young people, are particularly affected
- Resulting reductions in crime and public order offences involving children and young people
- Decreases in workplace absences and in violent crimes seen immediately
- Reduction in social and health harms and costs for the drinker and those around them
- Small retailers and off-licences put on a level playing field with large multiple retailers
- It is likely that the decline in the volume of alcohol sales will be more than offset by the unit price increase resulting in an overall increase in profit for retailers
- Large retailers cannot simply absorb price increases as can happen with other pricing policies
- Large retailers can raise alcohol prices to the minimum price without running the risk of losing customers to competitors

Implementing minimum pricing in pubs and clubs will directly impact on the heavy and excessive drinking patterns which are encouraged and facilitated by 'drink all you can' and 'buy one, get one free' promotions, with a resultant reduction in the cost of responding to public order, crime and injuries. Independent research on pricing policy commissioned by the UK Government concluded that the positive benefits of such a policy would be seen immediately on implementation of the policy, the first effects seen in decreases in workplace absences and in violent crimes.

Recommendation Two: Increase Excise Duty

There are two key benefits to such an increase:

- Even a modest 10c excise duty increase would bring in €140m in much needed revenue
- Increasing the price of alcohol has been proven both internationally, and in previous Irish budgets, to reduce alcohol consumption, thereby reducing alcohol-related harms

In 2007, the Department of Finance's Tax Strategy Group calculated the anticipated yield of a range of increases on alcoholic products

- An increase of 10 cents on a pint of beer could yield €83.1m
- An increase of 10 cents on a half glass of spirits could yield €42m
- An increase of 10 cents on a pint of cider could yield €12.7m
- An increase of 10 cents of a bottle of wine could yield €6.6m

Those small increases are estimated to be worth a total of €144.4m to the exchequer.

Summary

Cheap drink costs our economy, our families and our services.

Alcohol Action Ireland recommends that the Department of Finance introduce minimum pricing policies and increase excise duty on alcohol. We recommend the government consider the introduction of a minimum price of one euro per unit of alcohol as well as a 10 cent increase in excise duty on alcohol. Both measures can provide a cost-effective return in a short time frame.