

The benefits of alcohol pricing policies: summary of alcohol action Ireland's pre-budget submission 2015

Item Type	Other
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Publisher	Alcohol Action Ireland
Download date	07/10/2023 07:36:17
Link to Item	http://hdl.handle.net/10147/559474

The Benefits of Alcohol Pricing Policies

Summary of Alcohol Action Ireland's Pre-Budget Submission 2015

Why does the price of alcohol matter?

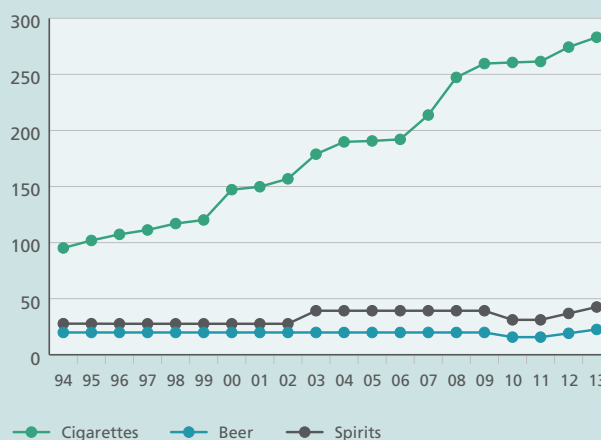
Alcohol-related harm costs the State an estimated €3.7 billion annually, with €2.4 billion of that figure accounted for by health and crime-related costs alone. In human terms, it costs three lives a day and is a major driver of many serious societal issues, such as crime and child welfare and neglect.

The price of alcohol impacts on general consumption and lower consumption levels lead to reduced harms and costs. A recent study by the Health Research Board found that more than half of adult drinkers in Ireland, over 1.3 million people, are drinking in a harmful manner.

The impact of excise duty changes on Ireland's alcohol consumption 1994-2013



Excise duty rates for cigarettes, beer and spirits 1994-2013



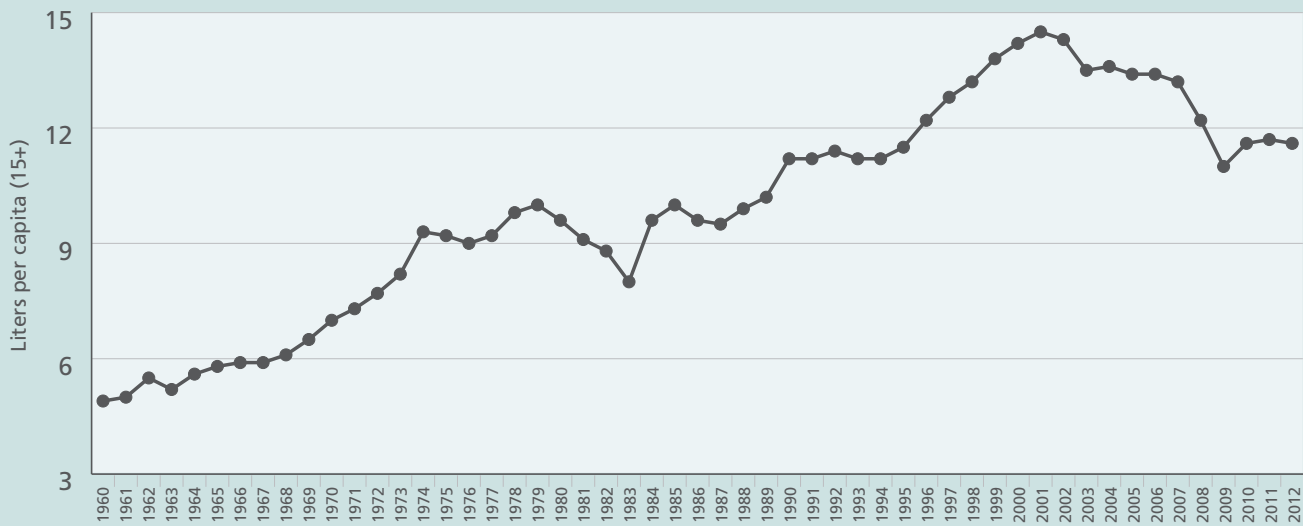
Increases in excise duty on alcohol have not had a negative impact on trade and tourism in Ireland:

- Fáilte Ireland's most recent Tourism Barometer shows good growth in the industry: "From 2010 growth has continued year-on-year and 2014 is no exception".
- Figures released by the CSO show that the number of overseas visitors to Ireland increased by more than 10% in the first half of 2014.
- Domestic tax increases do not represent a threat to jobs or the output of the exporting sector.
- Even assuming all of the illicit alcohol seized in 2013 comprised spirits and applying a high ABV of 40% to it, this still represents just 0.058% of the alcohol consumed in Ireland last year.
- The number of pub licenses in Ireland decreased by 107 from 2011 to 2013, a reduction of just 1.3% during a period where there was an increase in excise duty on all alcoholic beverages, in Budget 2013.
- The recession and availability of much cheaper alcohol in the off-trade, particularly supermarkets, have had a far greater impact on pubs than excise duty. Between 2007 and 2010, overall consumer expenditure in Ireland declined by 11.2% and expenditure on alcoholic beverages reflected this pattern, declining by 13.5% over the same period. Expenditure on alcoholic beverages subsequently increased by 1.6% between 2010 and 2012.

Why excise duty is important for reducing alcohol-related harm

- The estimated cost to the State of alcohol-related harm of €3.7 billion was almost double the total tax take of €1.9 billion from alcohol in 2012.
- Increases in excise duty in Ireland have reduced per capita alcohol consumption and generated significant additional revenue for the Exchequer, while cuts in excise duty have had the opposite effect.
- The most recent decrease in excise duty on all alcoholic products, in 2010, had a detrimental impact both on the exchequer and on public health as excise receipts decreased by €142 million and overall consumption increased by 6%.
- The increase in excise duty on all alcoholic products in 2013 saw alcohol consumption fall by 9.5% and excise receipts for the State increase by almost €150 million.
- Excise duty rates in Ireland have declined significantly in real terms in recent decades and the real burden of alcohol taxation has fallen steadily as prices of other consumer goods have risen.

Ireland's alcohol consumption per capita: 1960-2012



Why minimum unit pricing has the greatest potential to reduce harmful drinking and save lives

- Large multiple retailers sell heavily discounted alcohol as a draw to attract customers and off-set this against the purchase of other goods by those customers.
- Minimum pricing is a “floor price” beneath which alcohol cannot be sold. It is able to target the cheapest alcohol relative to its strength because the price is determined by and directly proportionate to the amount of alcohol in the drink.
- Minimum pricing is targeted precisely at reducing the alcohol consumption of the heaviest drinkers, who generally seek to get as much alcohol as they can for as little money as they can, and for whom the impact of alcohol-related illness is most serious.
- Minimum pricing also protects young people, who generally have the least disposable income and have the highest prevalence of binge drinking.
- Minimum pricing will have little or no impact on low-risk drinkers.
- Minimum pricing will not affect the price of alcohol in pubs, clubs and restaurants in Ireland, only the cheapest alcohol sold in the off-trade.
- In Canada – where minimum pricing has been in operation in some provinces for almost 20 years – an increase in the minimum price of alcohol has led to significant decreases in consumption and subsequent public health benefits, including reductions in alcohol-related hospital admissions and deaths due to alcohol.

How a social responsibility levy would benefit sport and health in Ireland

- The hugely profitable alcohol industry currently makes no direct contribution to addressing the considerable financial burden the consumption of its products place on the State
- 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 campaigns in relation to the harms caused by alcohol and the funding of sporting organisations and alternatives to drinking for young people.
- Based on the latest per capita alcohol consumption figures for Ireland, a levy set at the very minimum of just one cent per Irish standard drink (10 grammes of alcohol) would currently generate over €30 million annually.

Per capita consumption (litres):	10.73
Standard drinks (10g) per litre:	78.74
Population aged 15-years-old and over:	3,585,400
Annual standard drinks per capita:	844.880
Total number of standard drinks consumed annually:	3,029,232,752
1 cent levy per standard drink:	€30,292,327.52
2 cent levy per standard drink:	€60,584,655.04
5 cent levy per standard drink:	€151,461,637.60

- A levy on alcohol products would allow the State to bridge any potential loss of funding if the proposed ban on alcohol sponsorship of sport is introduced.
- A levy or “ring-fenced” tax has already been in operation in relation to gambling in Ireland since 2001, since which time the State has paid over €840 million into the Horse and Greyhound Racing Fund.

