

Which way forward?

Weighing up the evidence base of pricing and taxation levers to redress alcohol-related harms in Australia



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Background

One in five Australians consume alcohol at levels which put them at risk for alcohol-related disease/injury in their lifetime (AIHW, 2011).

70% of Australians report being affected by others' drinking, experiencing nuisance, fear or abuse (Laslett et al., 2011).

From the repertoire of policies available, measures which increase alcohol prices and taxes are most effective in reducing alcohol consumption and related harms (Wagenaar et al., 2009).

Aim Provide a review of pricing and taxation levers implemented and proposed nationally and internationally.

Alcohol taxation

Taxation is the most cost-effective policy for reducing alcohol-related problems (WHO, 2007).



Alcohol tax cuts in the Nordic countries led to increased alcohol consumption, alcohol-related mortality and hospitalisations (e.g., Herrtua et al., 2011).

In Australia:

- ❖ Wine taxed on basis of wholesale price (the cheaper the wine, the less it is taxed).
- ❖ All other beverages are taxed by volume
 - tax is highest for spirits, lower for brandy, and lower again for beer.
 - beer is subject to eight different taxes.

Calls for volumetric tax system, with stepped tax increases on the basis of alcohol strength (tiered).

Special tax on alcopops

Growing concern about the increasing popularity of alcopops among young people has led several countries to impose special taxes on these drinks (e.g., Australia in 2008, Ireland in 2003).



Impact of the special tax in Australia:

- ❖ Immediate reduction in alcopops sales and estimates of consumption (ABS, 2010; Chikritzhs et al., 2009).
- ❖ However, data indicates a recent growth in alcopops sales (Euromonitor International, 2011).
- ❖ Evidence of substitution with other alcoholic beverages (Australian Government, 2009).

Impact of the special tax internationally.

- ❖ Similar trends to Australia were observed in Germany and Switzerland.

Cons

Alcohol manufacturers produced beer-based alcopops to circumvent the tax and low alcohol content alcopops that attract less tax. The special tax fostered substitution to cheaper beverages.

Minimum pricing

What is it? Minimum pricing sets a floor price per unit of pure alcohol/standard drink below which it would be illegal to sell alcohol.

- Targets cheap alcohol, typically consumed by heavy drinkers.

The Australian federal government are currently considering minimum pricing. Public health advocates favour taxation plus minimum pricing.

While the minimum price is hypothetical, cask wine will be impacted:

- ❖ In July 2011, Coles in Alice Springs introduced a minimum pricing initiative and cask wine rose from 30¢ to \$1.14 per standard drink.



What's the evidence base? Minimum pricing is in place in: Russia, Republic of Moldova, Uzbekistan (2010); Canada (1990's); the Ukraine (2008).

Scotland will introduce minimum pricing in 2012.

But currently no systematic evaluations regarding the effectiveness of minimum pricing in practice.

Modelling analyses in absence of evidence base

Much of the research and campaign for minimum pricing is based in the UK, particularly Scotland.



Minimum price thresholds between 40p and 70p are most effective (Purshouse et al., 2010).

For example, a 50p minimum price would:



- ❖ Reduce total consumption by 6.9%.
- ❖ Avoid 2,930 deaths per year, with the full effect 10 years after policy implementation.
- ❖ Increase a moderate drinker's alcohol annual spending by just **£12**, but a harmful drinker's by **£163**.

Minimum pricing enjoys a wealth of support from public health organisations and leading supermarkets in Australia, and particularly in the UK.

Pros

A floor price cannot be circumvented by adaptive marketing, deep discounting, and below-cost sale strategies (these are limitations of general taxation).

Cons

Additional revenue goes to alcohol manufacturers and retailers rather than to the government...but this limitation could be offset by imposing a Social Responsibility Levy (cf. *Alcohol etc. [Scotland] Bill 2010*).

Bans on discounts and promotions

Discounts and promotions (e.g., happy hour, toss the boss, '2 for 1') are associated with increased alcohol consumption binge drinking (e.g., Thombs et al., 2009).



Regulating such marketing practices holds promise for reducing alcohol consumption and related harms (Kuo et al., 2003; Purshouse et al., 2010).

Bans in several EU states & USA but little empirical research evaluating their effectiveness.

Regulatory frameworks

In Australia, these alcohol marketing practices are governed by codes of practice operate which vary according to each State and Territory.



E.g., Tasmania has no guidelines governing alcohol promotions, whereas South Australia operates a mandatory code.

Point-of-purchase (POP) promotions

i.e., Promotional merchandise in off-trade venues available upon purchase of a given product (e.g., free cooler bag with two bottles of wine).

An increasingly popular, unregulated marketing strategy.

Little research has evaluated the impact of POP promotions on consumption (Jones & Barrie, 2010).

On balance...

No single panacea or 'magic bullet' for tackling alcohol misuse.

This research focused on alcohol pricing and taxation levers. Each policy holds some promise of making inroads into alcohol misuse and are optimal when used in conjunction with one another.

Australia ranks fifth in strength of alcohol control policies (Brand et al., 2007). Building on this basis, public health advocates are lobbying for alcohol to be discussed as part of the federal tax summit scheduled for 4-5 October 2011.



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