A submission to the BC Standing Committee on Finance and Government Services regarding the 2015 BC Budget

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The **Centre for Addictions Research of BC (CARBC)** (1) at the University of Victoria (www.carbc.ca) was established in 2003 with a $10 million endowment from the BC Addictions Research Foundation. The Centre's mission is to be an internationally recognized centre dedicated to the study of psychoactive substance use and addiction that supports community-wide efforts to promote health and reduce harm. It has been host to several interdisciplinary research programs with faculty, staff and graduate students from many schools/departments including psychology, sociology, health information sciences, community medicine, nursing, economics, political science, geography and anthropology. Understanding the harms associated with alcohol use and policy responses to these have been major research priorities for the Centre.

14 October, 2014

Summary

Minimizing the availability of low priced alcohol protects public health and safety, government revenues and Canadian industries. Minimum prices for alcoholic beverages in British Columbia are lower than in most other provinces and have not kept pace with inflation. The 2014 BC Government Review of liquor laws specifically recommended updating and increasing minimum alcohol prices and linking these to beverage strength (2). While other measures that will increase alcohol availability and generally lower prices have been implemented, key minimum pricing recommendations have only been implemented in bars and not in the much larger liquor store market.

It is recommended that as a matter of urgency:

- minimum prices and markups for alcohol in BC are adjusted to give consumers incentives for purchasing lower alcohol products in liquor stores,
- minimum prices for liquor store sales are set at a minimum of $1.50 per Canadian standard drink (equals 17.05 mL of pure alcohol),
- minimum prices in bars and restaurants are set at a minimum of $3.00 per Canadian standard drink ie is linked directly to alcohol content, and
- minimum prices be regularly adjusted to keep pace with inflation.

An info graphic illustrating the concept of minimum pricing as a public health strategy and some key research findings is attached.

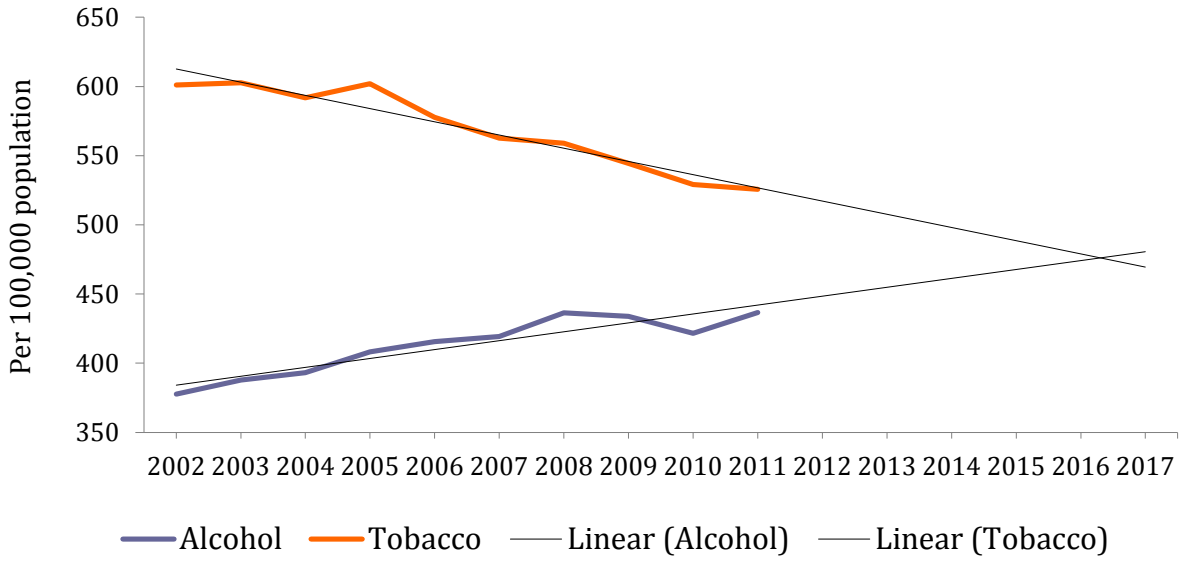
Submission

In January 2014 the BC government issued a landmark report on BC's liquor laws, the culmination of an extensive consultation exercise led by the Honourable John Yap MP (2). The major objectives of the Review were to modernize BC's liquor laws while maintaining or increasing government revenues and protecting public health. The BC Government has publicly endorsed all 73 recommendations, most of which will increase the availability of alcohol and thereby risk increasing alcohol-related harms in the community. However, three recommendations (#16, 17 and 18), if implemented effectively, can ensure that other major objectives of the review will still be achieved, i.e., protecting both government revenue and the public's health. Each of these recommendations is concerned with extending and updating minimum alcohol prices both in bars and liquor stores.

The harm associated with alcohol consumption in British Columbia is substantial. The BC Vital Statistics Agency identified 18,752 alcohol-related deaths over the ten-year period between 2002 and 2011 (6% of all deaths) of which 538 involved individuals aged under 25 years (https://www.vs.gov.bc.ca/stats/annual/2011/, Table 39). The majority of these deaths identified by physicians involved some form of chronic disease, including 2,415 cancer cases. Analysis by the BC Centre for Disease Control shows there have been 187,909 hospital admissions caused by hazardous alcohol use between 2002 and 2011 of which 11,931 involved children

and teenagers (3). The trend in alcohol-related hospital admissions has been upwards in contrast to a downward trend for tobacco-related illnesses (see Figure 1 below)

Figure 1. BC Hospitalization Rates caused by Alcohol and Tobacco



Source: BC alcohol and other drug monitoring project (www.AODmonitoring.ca)

Eliminating cheap alcohol can simultaneously reduce serious alcohol-related harms, help stabilize local markets and protect government revenues. To date, some limited implementation of the minimum pricing recommendations has occurred. A three dollars per "drink" (12 ounces of beer, 5 ounces of wine or 1.5 ounces of spirits) minimum price for bars and restaurants was introduced in June 2014 in order to offset the introduction of happy hours. While this does prevent very cheap drinks, still the net effect of this policy implementation is cheaper alcohol in bars and restaurants which in turn places upward pressure on alcohol-related harms in BC.

The purpose of this submission is to encourage full implementation of all three recommendations on minimum pricing as part of the 2015 budget as a matter of urgency. Specifically, we recommend:

1. Giving consumers price incentives to select low alcohol content drinks so as to maintain government revenue, protect profitability of the alcohol sector and improve health and safety outcomes
2. Setting minimum prices across all alcoholic beverages sold in liquor stores so that no beverage can be sold for less than $1.50 per standard drink (=17.05mL of pure alcohol) in liquor stores. Some beverages can be purchased currently for less than $0.75 per standard drink. These prices place British Columbia well below the average for minimum price rates among Canadian provinces (4).

3. Setting minimum bar prices to three dollars per standard drink instead of per "serve" as at present. This would mean that the minimum bar price for 12 ounces of 8% alcohol/volume beer would be proportionately higher than for 12 ounces of 5% alcohol/volume beer.
4. Adjusting minimum prices with the cost of living at least annually, ideally quarterly, so that their real value does not erode over time.

Background

Studies published in international peer-reviewed scientific journals have demonstrated that the price of alcohol directly effects the level of its consumption and related harms. Specifically, such studies in British Columbia have shown that increases in minimum alcohol prices are associated with reductions in alcohol-related deaths and hospital admissions (5), (6). Other Canadian studies have shown that setting higher minimum prices for higher alcohol content wines and beers shifts consumer preferences and consumption towards lower alcohol content varieties of those beverages (7).

There are at least 10,000 different alcoholic products available for sale in BC varying in terms of beverage type (beer, wine, spirits, coolers etc.), alcoholic strength, price, caffeine content and volume. The risk that each of these products will be consumed in a hazardous way is not equal. The products that pose the greatest risk to health and safety are high in alcohol content and low in price. These risks are best measured by their price per "standard drink." A "standard drink" contains 13.45 g or 17.05 mL of pure alcohol. That is equivalent to the amount of alcohol in 12 ounces of 5% strength beer, 5 ounces of 12% strength wine or 1.5 ounces of 40% strength spirits.

The research evidence shows quite clearly that even heavy drinkers are influenced by the price and availability of alcohol. In particular, the price of the cheapest alcohol most directly affects the heaviest alcohol consumers. Local research shows that increases in BC minimum alcohol prices are associated with reductions in alcohol-related deaths and hospital admissions – both of which mostly involve heavier drinkers (6, 7). In Saskatchewan, increased minimum prices led to both reduced consumption and increased government revenues (7). Saskatchewan police also observed reductions in night-time disorder on weekends after the measure was introduced. A report prepared by UK-based academics conservatively estimated that increasing minimum prices in BC to $1.50 per standard drink would result in 1,346 fewer crimes being committed each year (8).

At the present time, rates of minimum prices in British Columbia tend to be lower than several other jurisdictions, especially for high-strength products. Because minimum prices are not calculated according to the strength of the alcohol products, the prices per standard drink (=17.05 mL ethanol) tend to be higher for low alcohol products and lower for high-strength ones. Manitoba has recently eliminated this perverse incentive for consumers to choose high-strength cheap alcohol as

illustrated in the Table below. This shows how unlike other provinces the minimum price per standard drink is at a constant of $1.38 for beers between 3.5% and 5% strength and then rises to $2 for high-strength beer. Saskatchewan is the only other province in which high-strength beer has a higher minimum price than others. Similar minimum price incentives favouring high strength products also apply in BC for coolers, wines and spirits, see: http://www.carbc.ca/Portals/0/PropertyAgent/558/Files/343/PriceIncentive.pdf.

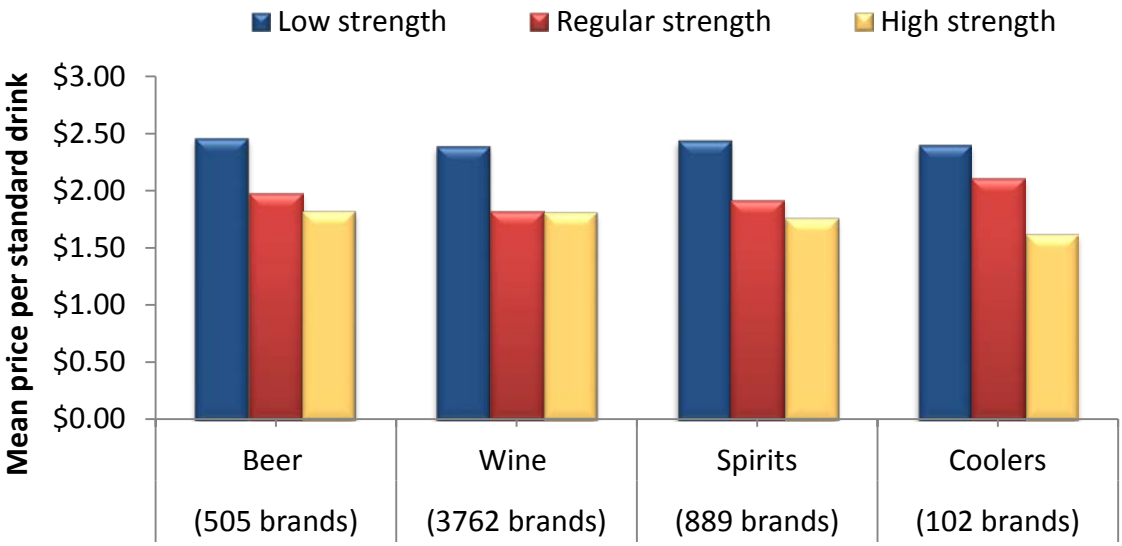
Table 1: A comparison of provincial minimum prices per standard drink (17.05 mL of ethanol) for 341mL bottles of beer (includes sales taxes), August 2014

	3.5% alcohol beer		5% alcohol beer (standard strength)		8% alcohol beer	
Province	On premise	Off premise	On premise	Off premise	On premise	Off premise
QC	n/a	$1.37	n/a	$1.05	n/a	$0.68
BC	$5.01	$1.99	$3.51	$1.39	$2.07	$0.87
MB	$3.63	$1.38	$2.54	$1.38	$1.59	$2.00
SK	$3.22	$2.26	$2.25	$1.55	$1.41	$1.62
ON	$3.23	$1.71	$2.26	$1.22	$1.41	$1.13
NB	$2.06	$1.64	$1.44	$1.15	$0.90	$0.71

Comprehensive analyses of all relevant published articles show that a 10% increase in the price of all alcoholic drinks leads to a 4% to 5% reduction in their consumption (9). However, it is not necessary to increase prices across the board to obtain public health benefits. In BC, higher alcohol content drinks tend to be less expensive than their low alcohol content equivalents because the BC Liquor Distribution Board does not base prices on alcohol content (10). For example, a 7% strength cooler may be half the price per standard drink of a 5% cooler. Similarly for an 8% strength beer compared with one that contains just 4% alcohol (see Fig. 2).

An analysis of average prices per standard drink by beverage strength and market share is provided in an appendix to the submission. The perverse relationship between average price of a standard drink and beverage strength is also illustrated in the Figure 2 above. Following Canada's National Alcohol Strategy (11), we recommend that consumers be given price incentives to encourage consumption of lower alcohol content beverages. This can simultaneously address the first two key terms of reference of the Review (i.e., maintaining or increasing government revenue while reducing health and social harms).

Figure 2. Price Per Standard Drink by Alcohol Strength and Beverage Type for All Brands Sold in BC in 2012/2013



Source: CARBC data note (see appendix)

Both minimum prices and markups of alcoholic beverages in BC have not kept up with inflation over the past three decades (12). Given the importance of price as a determinant of consumption and harm, we recommend minimum prices and markups are indexed to the cost of living and updated at least annually. We also recommend that this policy be set out in legislation as it is in Ontario so that prices are automatically indexed yearly.

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