

OPHA Issue Series

Alcohol Pricing

Strategies to Reduce Alcohol-Related Harms and Costs in Ontario

Facts

- Increasing alcohol prices results in both financial and health benefits by reducing overall rates of consumption as well as high-risk drinking and associated harms and costs.ⁱ
- While alcohol pricing policies are often perceived as “punishing the many for the sins of the few”, research from the UK is clear on the positive effects of pricing policies on different segments of the population.ⁱⁱ
- Many studies have shown that raising alcohol taxes or prices reduced alcohol-related harms such as violence, crimes, vehicle crashes, chronic diseases, transmission of STDs, and suicide.ⁱⁱⁱ
- Increased alcohol prices protect young people by delaying the age of drinking, slowing their progression toward drinking larger amounts, and reducing the amount of heavy drinking.^{iv}
- In British Columbia, a 10 % increase in minimum alcohol prices was associated with a decrease in alcohol-related deaths, traffic offences and assaults.^v
- In Saskatchewan, a 10% increase in minimum alcohol prices significantly reduced consumption of all types of alcoholic beverages, traffic offences and assaults.^{vi}
- Manitoba has the highest revenue and net government income per capita among the western provinces in Canada from its sales of alcohol while also mitigating alcohol harms. It has done this through raising prices of alcohol.^{vii}

What Works

Controlling Physical Availability of Alcohol: Policy, Rationale and Current Ontario Landscape		
Proposed Policy	Rationale	Current Ontario Landscape
General pricing to ensure alcohol is priced to deter harmful drinking, kept at pace with inflation and set to reflect alcohol content. ^{viii}	<p>Gives consumers an incentive to avoid higher strength alcohol beverages and select lower strength alcohol beverages.</p> <p>Cheap high-strength products facilitate heavier drinking patterns.</p> <p>Prevents inexpensive alcohol products from emerging (often favoured by young adults and risky drinkers).</p>	<p>Pricing per unit of alcohol is in place in retail outlets in most categories except fortified wine.</p> <p>Pricing per unit of alcohol is in place for alcohol sold in on-premise establishments.</p>

Proposed Policy	Rationale	Current Ontario Landscape
<p>Indexed minimum unit pricing (iMUP) for all alcohol beverages automatically indexed to provincial inflation rates and not undermined by pricing loopholes.^{viii}</p> <ul style="list-style-type: none"> Recommended minimum price: \$1.71 per standard drink (2017 rates) for off-premise outlets^{viii} Recommended minimum price: \$3.42 per standard drink (2017 rates) for on-premise outlets such as bars, clubs and restaurants^{viii} 	<p>To ensure the cost of alcohol increases with the cost of living and does not become cheaper than other goods over time.</p> <p>Canadian alcohol producers support minimum prices.^{ix}</p> <p>Youth and high-risk drinkers are ‘price sensitive’ and generally reduce alcohol consumption in response to higher prices.^x</p>	<p>Ontario currently a leader among Canadian provinces and territories in this policy area.^{viii}</p> <p>Ontario has minimum pricing for all types of alcohol sold at off-premise and on-premise outlets but not uniformly and consistently applied.</p> <p>Ontario’s minimum prices fall below the recommended prices and have lagged significantly behind, especially for wine.</p> <p>Pricing loopholes allow alcohol to be sold for less than the government-established minimum prices. For example,</p> <ul style="list-style-type: none"> Government-run liquor stores may undercut minimum prices by as much as 70% for poorly performing (‘de-listed’) products Minimum prices do not apply to ferment-on-premise outlets <p>“Buck-a-Beer” launched in 2018, lowered the minimum retail floor price to \$1.00 for beer (<5.6 % ABV).^{xi} Does not apply to on-premise sales.</p>

Recommendations

- Strengthen Ontario’s pricing policies by increasing minimum prices to the recommended minimum of \$1.71 per standard drink for off-premise sales and \$3.42 per standard drink for on-premise sales, and close loopholes that undermines government-set minimum prices
- Set prices that reflect alcohol content and are adjusted to inflation

Call to action for Ontario

- Conduct a formal review and impact analysis of the health and economic effects of alcohol in Ontario.
- Support and develop a provincial alcohol strategy.
- Bring all government ministries together to ensure health and safety implications are considered when developing new public policy or making changes to existing policies.

Contact

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What's Possible...

A healthy alcohol culture supported by
a comprehensive provincial strategy to
reduce harm and costs.

Sources

ⁱ Stockwell T, Auld C. et al (2012); Stockwell T, Zhao J, et al (2012)). Stockwell T, Auld C. et al (2013); Zhao, J. et al (2013); Stockwell T, Zhao, J. et al (2015) – see <https://www.uvic.ca/research/centres/cisur/> for these papers.

ⁱⁱ MODEL-BASED APPRAISAL OF ALCOHOL MINIMUM PRICING IN ONTARIO AND BRITISH COLUMBIA: A Canadian adaptation of the Sheffield Alcohol Policy Model Version 2; University of Sheffield, December 2012.

ⁱⁱⁱ Centre for Addiction and Mental Health, Evidence Exchange Network (EENet), 2018. [Raising alcohol prices and decreasing availability reduces alcohol-related harms.](#)

^{iv} Flanagan, Greg (2016). [Canadian Centre on Policy Alternatives. Balancing Convenience with Social Responsibility Liquor Regulation in Manitoba.](#)

^v Zhao J, Stockwell T, Martin G, Macdonald S, Vallance K, Treno A, Ponicki W, Tu A, and Buxton J. (2013) The relationship between changes to minimum alcohol prices, outlet densities and alcohol attributable deaths in British Columbia in 2002-2009. *Addiction*, 108: doi: 10.1111/add.12139. Stockwell T, Zhao, J. et al (2015) – see <https://www.uvic.ca/research/centres/cisur/> for paper.

^{vi} Stockwell T, Zhao J, Giesbrecht N, Macdonald S, Thomas G, Wettlaufer A. The raising of minimum alcohol prices in Saskatchewan, Canada: impacts on consumption and implications for public health. *Am J Public Health*. 2012 Dec;102(12); Stockwell T, Zhao, J. et al (2016) Assessing the impacts of Saskatchewan's minimum alcohol pricing regulations on alcohol-related crime. *Drug and Alcohol Review*, 36, 492–501.

^{vii} Flanagan, Greg (2016). [Canadian Centre on Policy Alternatives. Balancing Convenience with Social Responsibility Liquor Regulation in Manitoba](#)

^{viii} Stockwell, T., Wettlaufer, A., Vallance, K., Chow, C., Giesbrecht, N., April, N., Asbridge, M., Callaghan, R.C., Cukier, S., Davis-MacNevin, P., Dube, M., Hynes, G., Mann, R., Solomon, R., Thomas, G., Thompson, K. (2019). [Strategies to Reduce Alcohol-Related Harms and Costs in Canada: A Review of Provincial and Territorial Policies.](#) Victoria, BC: Canadian Institute for Substance Use Research, University of Victoria.

^{ix} Thompson, K et al. (2016). Minimum alcohol pricing policies in practice: A critical examination of implementation in Canada. *Journal of Public Health Policy*, doi:10.1057/s41271-016-0051-y.

^x Public Health Agency of Canada (2018). [The chief public health officer's report on the state of public health in Canada: Preventing problematic substance use in youth;](#) Canadian Centre on Substance Abuse (2015). [Social Reference Prices for Alcohol: A Tool for Canadian Governments to Promote a Culture of Moderation.](#)

^{xi} Government of Ontario, News Release. August 7, 2018. [Premier Doug Ford Announces Return of 'Buck-a-Beer' to Ontario.](#)