The Case for a Minimum (Floor) Price for Alcohol in WA

What is minimum pricing? How does it work?
Minimum pricing is a regulatory measure that sets a floor price per standard drink below which alcohol cannot be sold. A minimum price would reduce retailers’ ability to heavily discount and sell alcohol at very cheap prices. It is targeted towards reducing drinking among the heaviest drinkers, while having minimal impact on moderate drinkers. This is because heavier drinkers tend to buy cheaper alcohol, and more of it, compared to lighter drinkers. There are no silver bullets for preventing alcohol harms, and a minimum price is not expected to fix all problems on its own. It will contribute to preventing harm as part of a comprehensive approach.

Why in WA and why now?
Cheap alcohol has never been more available. Packaged liquor accounts for more than 80% of alcohol sold in Australia, a market increasingly dominated by supermarket-owned chains, which use low-price alcohol as a key marketing strategy. WA has seen an increase in liquor outlets, and particularly big box liquor barns with a heavy focus on low prices. Retail competition has led to aggressive discounting, resulting in very low-cost alcohol being available. For example, alcohol is now promoted and sold for as little as 24 cents per standard drink.

Price controls are a particularly effective strategy for addressing harm from alcohol. States and territories are able to introduce minimum pricing, but alcohol tax reform would need to happen at the federal level. To date, there has been little political will federally for alcohol tax reform, despite a strong evidence base and regular calls for action. Minimum pricing would complement an appropriate alcohol tax system.

What would the minimum price be? What products would it affect?
Modelling will need to be conducted to determine an appropriate level that would effectively reduce drinking and harms, particularly among heavy drinkers. Based on minimum prices discussed elsewhere, an appropriate price may be between $1 and $1.50 per standard drink. Only the cheapest alcohol products would be affected, such as cheap bottled wine and cask wine. Currently, bottles of wine can be sold for under $3 each and a 4L wine cask for $9. It is unlikely to affect drinks bought at pubs, clubs and restaurants as these would be above the threshold.

What countries have a minimum price?
Canada, Scotland, some Eastern European countries and several US states already have minimum alcohol prices. Wales will introduce minimum pricing in 2019, Ireland is expected to introduce it soon, and other countries will likely follow. A recent review of NT liquor laws recommended minimum pricing, and the NT Government plans to implement a floor price of $1.30 from October 2018.

What is the evidence for it?
There is compelling evidence that as the price of alcohol increases, drinking reduces (including for heavy drinkers). Reducing drinking reduces the risks of alcohol-related harms. Minimum pricing is expected to have the greatest impact on heavy drinkers. Moderate drinkers, irrespective of income, will be only minimally, if at all, affected by a minimum price. The Canadian experience shows that a 10% increase in the minimum price reduced alcohol use by between 3% and 8%. The price increase also had a significant impact on alcohol-related traffic offences, alcohol-related violence, alcohol-related hospital admissions, chronic illness hospital admissions and alcohol-related deaths. Australian modelling of a $1 per standard drink minimum price estimated that the heaviest consumers would reduce the volume of wine and beer purchased by around 16 litres and 2 litres, respectively, per person per year. Modelling of a $2 per standard drink minimum price estimated the heaviest drinkers would reduce their alcohol use by around 6.3 standard drinks per week.

What impact will it have on heavy, dependent drinkers?
A minimum price is expected to reduce alcohol use among heavy, dependent drinkers. Research with Scottish drinkers attending an alcohol treatment centre found that over two-thirds, across different socioeconomic levels, were predicted to reduce their alcohol use. Purchasing behaviours of dependent drinkers show that very few, if any, are likely to substitute alcohol for other substances, drink illicit alcohol or turn to crime to fund their addiction. Instead, dependent drinkers are more likely to report turning to positive coping strategies when funds are not available, such as seeking treatment or going without alcohol. Access to appropriate support services will be important for those who would be most affected by minimum pricing.

What impact will it have on young people?
Young people are particularly sensitive to the price of alcohol. A WA survey of young people showed that price is a significant factor in their purchasing behaviour, and young people aged 18 to 29 years tend to buy more cheap alcohol than older age groups. A survey of young, high risk drinkers aged 16 to 19 years found that almost half (42%) cited price as a reason why they chose a particular beverage; this study also showed that young people drank less when they paid more per standard drink.
July 2018

References


Contact the McCusker Centre for Action on Alcohol and Youth for more information or to discuss further.

Phone: Julia Stafford at 08 9266 9079
Email: j.stafford@curtin.edu.au