



Canadian Centre on Substance Abuse
... Working to reduce alcohol- and drug-related harm

Centre canadien de lutte contre l'alcoolisme et les toxicomanies
... œuvrer à la réduction des méfaits liés à l'alcool et aux drogues

Alcohol Price Policy Series: Reducing Harm to Canadians

The Issue

A significant number of Canadians drink alcohol at levels and in patterns that increase their risk of harm. Extensive research reveals that pricing and taxation policies are among the most effective strategies to reduce alcohol consumption, as well as alcohol-related harm and costs. Addressing alcohol-related harm in Canada requires a **targeted approach** aimed at the heaviest drinkers, as well as a **population-wide approach** to address the large number of people who sometimes drink in ways that increase their risk of harm, especially as this latter group accounts for a substantial proportion of total alcohol-related harm.

Background

Drinking trends in Canada

- About 26% of Canadians (five million people in total) are considered risky drinkers. The people in this group overindulge once a month or more often, increasing their risk of alcohol-related harm.
- The heaviest drinkers consume the majority of alcohol in Canada. For example, in 2004, the 20% of heaviest drinkers drank about 70% of the total alcohol consumed, as measured by self-report survey. This group is at the highest risk of harm and accounts for a substantial portion of society's healthcare and law enforcement costs.
- That being said, there are more moderate-risk drinkers than high-risk drinkers in Canada. Because of their numbers, this group actually accounts for more alcohol-related harms and costs.
- Risky drinking is common among underage drinkers. Approximately 30% of underage Canadians who drank alcohol in the past year overindulged monthly or more often in the past year.

For the purposes of this brief, risky drinking is defined for women as having more than three drinks or for men more than four drinks on any single occasion once per month or more often. This measure is outlined in Guideline 2 of *Canada's Low-Risk Alcohol Drinking Guidelines* (2011).

Alcohol-related costs

Moderate- and high-risk alcohol consumption is associated with substantial health and social harm that costs governments billions of dollars each year. CCSA's *The Costs of Substance Abuse in Canada* study (2006) estimated that alcohol-related costs to Canadian society, including healthcare and policing costs, amounted to \$14.6 billion per year in 2002.

Key Recommendations

To reduce alcohol consumption and its related costs and harm, this brief recommends the following evidence-informed alcohol pricing policies:

- Index prices to inflation to ensure alcohol does not become cheaper compared to other goods over time.
- Base prices (including minimum prices) on alcohol content, creating price incentives for lower strength (less hazardous) products and price disincentives for higher strength products for all beverage types, regardless of retailer.
- Implement and increase minimum prices to remove the inexpensive sources of alcohol favoured by risky drinkers, including many young adult drinkers.

Implementing these pricing policies would fulfil three of the 41 recommendations from [Canada's National Alcohol Strategy](#) (2007).

Existing pricing policies should be reviewed in light of these three policy recommendations. The following table analyzes alcohol pricing policies from six provinces across Canada, scoring them based on how closely they presently fulfill the primary recommendations outlined above.

Table 1. Overview of alcohol pricing policies from six provinces across Canada

Prov.	Retail alcohol sales structure	Sets minimum prices	Prices adjusted for alcohol content	Prices indexed to inflation	Comments
BC	Mixed government and private	<p>✓ in government stores</p> <p>✗ in private retailers</p>	✗	✗	<p>British Columbia does not set minimum prices per standard unit of alcohol. This allows inexpensive sources of alcohol to be available.</p> <p>Private retailers account for approximately 45% of sales. Minimum alcohol prices apply only to government-operated stores.</p>
AB	Wholly private	<p>✗ in liquor stores</p> <p>✓ in licensed establishments</p>	✓ (in progress)	✗	Privatization of retail alcohol sales in Alberta makes the implementation of pricing policies more challenging.
SK	Mixed government and private	<p>✓ in government stores</p> <p>✓ in licensed establishments</p>	✓	✓	<p>Saskatchewan has a mixed sales system that allows off-premise sales from 440 privately operated hotels and a small number of specialty wine stores.</p> <p>In 2010, Saskatchewan became the first province to comprehensively adjust minimum prices for alcohol content to create more uniform prices per standard drink across beverage types and container sizes. Its adapted volumetric pricing will also generate a more uniform price per standard drink within beverage classes.</p>

Prov.	Retail alcohol sales structure	Sets minimum prices	Prices adjusted for alcohol content	Prices indexed to inflation	Comments
ON	Mixed government and private	✓	✓ in liquor stores, except fortified wines ✗ in licensed establishments	✓	<p>Ontario technically has a mixed sales structure. Its 450 Beer Stores operate privately under a partnership among three breweries; it also licenses specialty wine outlets connected to grocery stores and allows sales from on-site winery and distillery stores that are privately owned and operated.</p> <p>Ontario has a complex system of minimum prices that applies to all categories of products sold in government liquor stores with adjustments for alcohol content in most categories. Mark-ups for higher strength fortified wines are lower than those for other wines.</p> <p>Ontario sets minimum price of \$2 per standard drink for alcohol sold in licensed establishments. However, these prices generally do not take alcohol content into account so price per standard drink varies. Ontario also restricts price discounting such as happy hour promotions and two-for-one drink sales.</p>
QC	Mixed government and private	✓ for beer ✗ for wine, spirits	✗	✓	As it allows beer and wine to be sold in grocery stores, Quebec has highest retail outlet density in Canada (one store for every 342 people).
NB	Wholly government	✓ for beer, wine, spirits ✗ for coolers, ciders	✗	✗	New Brunswick has relatively high minimum prices as well as the lowest outlet density of all jurisdictions in Canada.

Notes:

✗ Indicates the policy is not in effect.

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Information presented in this table is based on data collected in December 2010. Pricing data was not provided by Yukon, Northwest Territories, Nunavut Manitoba, Nova Scotia, or Newfoundland and Labrador.

What More Can Be Done?

Include a public health and safety perspective in alcohol policy decision making:

- Include decision makers from public health departments and agencies when reviewing or developing alcohol policy, including pricing policy.
- Consider data and other evidence from finance, health and safety departments when making decisions about alcohol policy.

Implement additional policies to prevent drink discounting:

- Prohibit selling discontinued alcoholic products at prices below mandated minimum pricing limits.
- Prohibit other sources of inexpensive alcohol (e.g., happy hours, two-for-one specials).

Address unintended impacts that may result from policy changes:

- Monitor the unintended consequences of the recommended price policies, such as the consumption of alcohol in non-beverage forms (e.g., hand sanitizer), black market alcohol production and smuggling, or a rise in the consumption of U-brew/U-vin products.
- Divert a portion of any increases in revenue from alcohol to the development, implementation and evaluation of programs to assist vulnerable populations that will be most impacted by increases in minimum prices.

Conduct and share research and evaluations related to alcohol prices:

- Conduct ongoing research into the effect of alcohol pricing policies on alcohol sales and associated revenue, consumption, and alcohol-related harm and costs.
- Share information on pricing policies with other jurisdictions and researchers in Canada.
- Routinely collect alcohol consumption data, including volume, patterns, drink of choice, price paid, place of purchase and consumption, and socio-demographic variables.

References

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