IPH response to HM Treasury Consultation on Alcohol Structures.

12 June 2017

The Institute of Public Health in Ireland
www.publichealth.ie

Dublin Office:
5th Floor Bishops Square
Redmond’s Hill
Dublin 2, D02 TD99
Ph: + 353 1 478 6300

Belfast Office:
Forestview
Purdy’s Lane
Belfast BT8 7AR
Ph: + 44 28 9064 8494
Introduction

The Institute of Public Health in Ireland

The remit of the Institute of Public Health in Ireland (IPH) is to promote cooperation for public health between Northern Ireland and the Republic of Ireland in the areas of research and information, capacity building and policy advice. Our approach is to support Departments of Health and their agencies in both jurisdictions, and maximise the benefits of all-island cooperation to achieve practical benefits for people in Northern Ireland and the Republic of Ireland.

IPH plays a significant role in the development of alcohol policy across the island of Ireland. In 2012, at the request of the Chief Medical Officers in Northern Ireland and the Republic of Ireland, the North South Alcohol Policy Advisory Group (NSAPAG) was established, which is chaired by IPH. The aim of the Group is to contribute to reducing alcohol related harm on the island of Ireland. In 2014 the NSAPAG published a briefing paper ‘Reducing alcohol-related harm by addressing availability. Maximising benefits from North South cooperation’.
Key points

• IPH welcomes the opportunity to submit views on the introduction of a new duty band for cider and perry in the UK. We consider that the primary aim of the new taxation should be to protect and promote public health in all UK jurisdictions.

• Alcohol-related harm is estimated to cost £900 million annually in Northern Ireland (DHSSPS, 2010). IPH recognises the substantive national and international evidence supporting taxation as an effective measure in reducing consumption and alcohol-related harms (WHO, 2013; OECD, 2015).

• The UK weekly low-risk consumption level of alcohol can currently be exceeded for less than £2.24, based on the cheapest white cider available (Alcohol Health Alliance UK, 2016).

• Revised taxation of white cider, linking it appropriately to alcohol strength, is likely to contribute positively to the goals of the Northern Ireland New Strategic Direction and Alcohol and Drugs Phase 2 and Making Life Better.

• Restricting the accessibility of very cheap white ciders through taxation can help reduce the accessibility of cheap alcohol to underage drinkers. Cider was the second most commonly drink seized by the PSNI from underage drinkers.

• It is essential therefore to reduce the immediate risk of alcohol-related harms to child and adolescent health as well as hindering later transition to harmful drinking patterns in adulthood.

• The rate of alcohol-related deaths in Northern Ireland’s most deprived communities is four times that of the least deprived communities (DoH, 2016a).
• Restricting accessibility of very cheap white ciders through taxation can contribute to Northern Ireland policy goals to reduce alcohol-related harm among the heaviest drinkers, binge drinkers and among those in lower socio-economic groups. Therefore this measure has potential positive impacts in reducing stark inequalities in alcohol-related harm.

• The Republic of Ireland’s tax system ensures that white cider cannot be sold at extremely low prices. Cider above 6.0% ABV is taxed at a higher rate and overall cider is taxed at a similar rate to beer. There is a weaker association between cider and harmful drinking in the Republic of Ireland compared to Northern Ireland (Angus et al., 2014a&b; Holmes, 2017).

• Reducing alcohol consumption can have positive impacts for society, including reductions in alcohol-related deaths and hospital admissions, lower levels of violence and crime as well as reduced risk for those affects by other people’s drinking such as children and partners/other family members.
IPH welcomes the opportunity to comment on the proposals to introduce a new duty band for cider and perry below 7.5%ABV. High strength ‘white ciders’ are available in Northern Ireland at very low prices. This is significant in terms of public health in the region.

Alcohol has a significant impact on individuals, families and society in Northern Ireland. Excessive alcohol consumption has been associated with increased levels of alcohol-related harm. Alcohol-related harms have a significant impact on the economy and health and social care system. Alcohol-related harm is estimated to cost £21bn annually in the UK (Home Office, 2012). In Northern Ireland, the cost of alcohol-related harm is estimated to be upwards on £900m per annum, with costs to health care, emergency services and the wider economy accounting for the greatest proportion of these costs (DHSSPS, 2010).

In Northern Ireland, the New Strategic Direction on Alcohol and Drugs Phase 2 is a cross sectoral strategy which aims to reduce alcohol-related harms. The strategy contains a number of key priorities including targeting those at risk and/or vulnerable; alcohol related crime including anti-social behaviour; tackling underage drinking; and good practice in respect of alcohol related education and prevention.

Tackling health inequalities remains a policy priority within the New Strategic Direction on Alcohol and Drugs Phase 2 and within Making Life Better – a whole system strategic framework for public health (DHSSPS, 2014a). In the 2013 survey of adult drinking patterns in Northern Ireland, excessive (and therefore harmful) alcohol consumption was associated with lower-socioeconomic status including a greater risk of exceeding the daily limit and binge drinking (DHSSPS, 2014b). Whilst there has been a slight decrease in alcohol related deaths over the last five years (38.9 deaths per 100,000 population in 2008/09 – 2010/11 to 33 deaths per 100,000 population in 2012/13 – 2014/15), alcohol-related deaths among those living in the most deprived areas are more than double the Northern Ireland average and more
than four times the rate in the least deprived areas (DoH, 2016).

Governments in Northern Ireland and the Republic of Ireland are committed to progressing minimum unit pricing of alcohol as measure to help tackle alcohol-related harm. Minimum unit pricing is included within the Public Health (Alcohol) Bill which is currently going through the Seanad in the Republic of Ireland.

It is acknowledged that alcohol is taxed twice; in the form of excise duty and Value Added Tax (VAT). For the purposes of this consultation, taxation refers to excise duty only.

Our submission to this consultation will address questions 1, 2 and 4 only.
Question 1.
Do you agree that there is a case for a new still cider and perry band below 7.5% ABV?

Yes.

IPH welcomes this consultation and strongly supports the proposals to introduce a new still cider and perry band below 7.5% ABV. There are clearly differences in the way in which alcohol products are currently taxed that allow for the availability of high strength ciders at low prices. Current duty rates mean that cider is taxed at a rate lower than other alcohol products and cider is taxed by volume as opposed to alcohol content, resulting in stronger drinks. The wide variation across the current cider and perry duty band has significant implications for drinking patterns and contributes to increased availability of a range of low price, high strength products.

Importantly, European Union Directives on the taxation of alcohol products prevent the excise duty on wine and cider from being as directly linked to alcohol content as is the case with beer and spirits (which have tighter, more defined excise categories). Changing these directives can only be done by unanimous agreement of all EU member states. However, the planned withdrawal of the UK is a major consideration within the context of this project.

Directive 92/83/EEC sets out the structures of excise duties on alcohol and alcoholic beverages, the categories of alcohol and alcoholic beverages subject to excise duty, and the basis on which the excise duty is calculated. Directive 92/84/EEC sets out the minimum rates that must apply to each category of alcoholic beverage (European Commission, 2017).
Question 2.
Where do you think the lower threshold should be set? Please provide evidence to support your answer.

IPH would be supportive of the introduction of a new duty band that would be aligned or similar to, current thresholds in place in the Republic of Ireland. Comparable duty rates in Northern Ireland and the Republic of Ireland could help contribute to cross-border harmonisation of alcohol prices and reduce cross-border shopping to avoid excise tax in one or other jurisdiction. Table 1 illustrates the current bands and rates of duty set by Revenue in the Republic of Ireland.

**Table 1**: Cider duty rates in the Republic of Ireland 2016

<table>
<thead>
<tr>
<th>Description or Usage</th>
<th>Rate of Duty (€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Still and sparkling, not exceeding 2.8% volume</td>
<td>47.23 per hectolitre</td>
</tr>
<tr>
<td>Still and sparkling, exceeding 2.8% volume but not exceeding 6.0% volume</td>
<td>94.46 per hectolitre</td>
</tr>
<tr>
<td>Still and sparkling, exceeding 6.0% volume but not exceeding 8.5% volume</td>
<td>218.44 per hectolitre</td>
</tr>
<tr>
<td>Still, exceeding 8.5% volume</td>
<td>309.84 per hectolitre</td>
</tr>
</tbody>
</table>

(Revenue, 2016)

The current tax system in the Republic of Ireland ensures that white cider cannot be sold at extremely low prices. Table 1 highlights the current duty rates in the Republic of Ireland, wherein the wide band which currently exist in the UK has been split as follows: <2.8% ABV and >2.8% to 6.0% ABV, with duty rate for the higher band twice that of the lower band. The rate of duty on cider is higher in the Republic of Ireland, and therefore more comparable to other alcohol products, unlike the UK, where cider is taxed at a much lower rate than all other drinks. The proposed new duty bands will potentially bring the UK in
line with the Republic of Ireland, which also has important implications for Northern Ireland in the context of all-island approaches to tackling alcohol-related harm.

Cider is the one category of alcohol which has not been affected by a reduction in sales in recent years. Although the market is small in comparison to beer, cider sales have increased by 50% per head of population in England and Wales in the last 10 years (MESAS, 2016). In Scotland, cider accounts for 7% of total alcohol sales, with most (70%) as off-trade sales (Beeston et al, 2013). A similar pattern is observed in Northern Ireland, where cider accounts for 5% of total alcohol sales, with the majority of cider sales (77%) made in the off-trade sector (Angus et al, 2014a).

Cider of 7.5% ABV attracts the lowest level of duty of any alcohol product at any strength (Alcohol Health Alliance, 2016). The current duty bans enable manufacturers to produce and sell ciders of 7.4% ABV to avoid the higher rate of duty.

In a survey of almost 500 alcohol products, Alcohol Health Alliance UK (2016) reported that alcohol was sold at prices as low as 16pence per unit of alcohol. If the low-risk drinking limit of 14 units per week was applied, weekly consumption of alcohol could be purchased for £2.24 across the UK, based on the cheapest white cider available (16p per unit).
Question 4. We would welcome evidence on the impacts a new still cider and perry duty band could have. This includes, but is not limited, to the impacts on: consumers; businesses; public health.

The following response will focus on the impacts on public health.

Expected impacts on alcohol consumption

Alcohol has become increasingly affordable across the UK and Ireland. Alcohol pricing measures are one of the most effective ways of reducing alcohol-related harm, improving public health, and reducing the social and economic burden of alcohol on individuals and wider society. Increasing the cost of alcohol is widely recognised as one of the most effective ways to address alcohol-related harms (WHO, 2013). Findings from systematic reviews indicate that alcohol prices and taxes are inversely related to consumption (OECD, 2015). Increasing taxes or the price of alcohol has been shown to be more effective than other prevention policies and programmes (Wagenaar et al., 2009; WHO, 2009; OECD, 2015). An increase in the price of alcohol has been found to reduce alcohol consumption, hazardous and harmful drinking and alcohol dependence, as well reduce harm to the individual and those affected by someone else’s drinking (Meier et al, 2008; Rabinovich et al., 2012). Drinking among young people, binge and harmful drinkers are considered to be most influenced by price (Booth et al., 2008). The Organisation for Economic Cooperation and Development recognises that raising alcohol prices can improve population health, and doing so in the cheapest segment of the market may be more effective in tackling harmful drinking (OECD, 2015).

An increase in excise duty is not a threat to economies, as portrayed by sectoral interests, but an opportunity, where there is a large burden of alcohol-related harm (OECD, 2015). Evidence indicates that those who consume alcohol increase their drinking when prices are lowered, and decrease their
consumption when prices rise; the same is true of heavy or dependent drinkers (Barbor, 2010). A review by Xu and Chaloupka (2011) found that adolescents and young people are more responsive to changes in prices than the general population, implying that the implementation of tax policies not only could produce immediate public health benefits but may be significant in determining future drinking patterns across the life-course. In their minimum unit pricing modelling study, Angus et al (2014a) estimated a reduction of 63 deaths and 2,425 fewer hospital reductions per year for 50p per minimum unit price of alcohol in Northern Ireland. The authors estimated savings of at least £0.8m in the first year and £177m over the first 20 years following the implementation of a minimum unit price of at least 45p.

**Expected impacts on alcohol-related harms**

Increasing the cost of alcohol has been associated with reductions in alcohol-related harm such as violence and crime, death from live cirrhosis, other drug use, sexually transmitted infection, risky sexual behaviour and drink driving deaths. A review by Wagenaar et al (2009) concluded that doubling the level of alcohol excise duty would reduce alcohol-related mortality by an average of 35%, drink driving deaths by 11%, sexually transmitted infections by 6%, violence by 2% and crime by 1.4%.

From a public finance perspective, raising alcohol taxes also is among the most cost-effective instruments to reduce harm and promote public health (Anderson et al., 2009).

Holm et al (2014) analysed the cost effectiveness of six interventions aimed at preventing alcohol abuse in the Danish population, including a 30% increase in taxation. The study examined changes in incidence, prevalence and mortality of alcohol-related diseases and injuries. Cost-effectiveness was evaluated by calculating incremental cost-effectiveness ratios for each intervention. Taxation emerged as cost-saving with clear evidence that population-level interventions were more effective than individual focused or health education type interventions. A ban on alcohol advertising, limited hours of retail sale and increased taxation had the highest probability of being cost-saving and should
thus be first priority for implementation.

Expected impact on inequalities in alcohol-related harms, vulnerable drinkers

Low cost alcohol has been associated with more regular and increased consumption of alcohol, with greater impact on certain population sub-groups. Findings from the Northern Ireland Adults’ Drinking Survey show inequalities in drinking patterns. In Northern Ireland, adult drinkers in routine or manual occupations (75%) were more likely to exceed daily limits than those in higher managerial and professional occupations (57%) (DHSSPS, 2014b).

In Northern Ireland in the period 2010 – 2014, there were 15.6 alcohol-related deaths per 100,000 population. This number increased in 33 deaths per 100,000 population in the most deprived areas compared to 7.9 deaths per 100,000 in the least deprived areas. The number of alcohol-related hospital admissions for Northern Ireland as a whole has been on the increase from 665 per 100,000 in 2008/09 - 2010/11 to 719 per 100,000 in 2012/13 – 2014/15. In the most deprived areas, alcohol-related hospital admission are more than double the Northern Ireland rate (1,600 per 100,000 population) five times the rate in the least deprived areas (318 per 100,000 population) (DoH, 2016b).

The proposals outlined in the consultation will have important implications for particular drinkers in Northern Ireland who often consume large quantities of low cost, high strength ciders. Strong and cheap drinks are the alcohol products favoured by the heaviest drinkers; the drinkers who are most at risk of alcohol-related illnesses and death. They are also favoured by young people, who generally have the least disposable income and have the highest prevalence of binge drinking (Meier et al., 2008; Hunt et al, 2011).

Heavy and dependent drinkers are among the most vulnerable groups in terms of consumption of cheap, high strength alcohol product such as cider and in particular white cider. A study of alcohol pricing and purchasing among heavy drinkers in Edinburgh and Scotland in 2011/12 revealed a median weekly intake of alcohol was 184.8 units. 95% of all purchases were made in off-licences, of which cider accounted for 83% of all off-sale units sold below 30p
per unit. A quarter of the participants in this study reported consumption of white cider, of which 45% consumed white cider exclusively. White cider drinkers were more likely to be younger, males and drink more alcohol within the week of study. There was evidence of an association between being a consumer of white cider and living in deprivation (Black et al., 2014; Chick and Gill, 2015).

A comparison with pilot data collected in 2008/09 showed that a fall in alcohol affordability has been off-set by very heavy drinkers switching to cheaper alternatives. White cider was an important ‘buffer’ in that it facilitated heavy drinkers to resort to a cheaper alternative when finances were limited. The authors concluded that as long as cheap alcohol is available, falling affordability is cushioned by trading down (Black et al., 2014; Chick and Gill, 2015).

Street drinkers are also among the vulnerable consumers of cheap alcohol such as white cider. Research by Goodall (2011) found that around 50% of street drinkers claim to drink more than three litres of white cider per day; 42% had been drinking white cider for more than ten years.

The affordability and strength of white cider make it very attractive to underage drinkers with considerable immediate risks, as they are able to get very drunk so cheaply (Goodall, 2011). White ciders have been consistently found to be among the top drinks chosen by young people who are known to have alcohol-related problems (Alcohol Concern 2015). Recently published data on seizures of alcohol among underage drinkers in Northern Ireland, revealed cider was the second most commonly seized alcoholic drink, with 732 seizures between September 2014 and July 2015 and 316 seizures between September 2015 and July 2016 (The Detail, 2017). In the last five years, there have been 655 hospitalisation admissions for under 18s with alcohol-related conditions, excluding those presenting to accident and emergency departments. Data from 2014 revealed 519 under 18s are receiving long term care for alcohol addiction in Northern Ireland.
For further information on this submission, please contact

Dr Joanna Purdy
Public Health Development Officer
Institute of Public Health in Ireland
Forestview
Purdy’s Lane
Belfast
BT8 7AR
Tel: +44 28 9064 8494
Email: joanna.purdy@publichealthie

Dr. Helen McAvoy
Director of Policy
Institute of Public Health in Ireland
5th Floor, Bishop’s Square
Redmond’s Hill
Dublin
D02 TD99
Tel: +353 1 478 6300
Email: helen.mcavoy@publichealth.ie

Prof Roger O’Sullivan
Interim Chief Executive
Institute of Public Health in Ireland
Forestview
Purdy’s Lane
Belfast
BT8 7AR
Tel: +44 28 9064 8494
Email: roger.osullivan@publichealth.ie


White cider consumption and heavy drinkers: a low-cost option but an unknown price. *Alcohol and Alcoholism* 49 (6) 675-680.


