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► [Does minimum pricing reduce alcohol consumption? The experience of a Canadian province.](#)

Stockwell T., Auld C., Zhao J. et al.
Addiction: 2012, 107(5), p. 912–920.

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The Canadian province of British Columbia offered a confirmatory real-world test of whether plans in Britain to impose a high minimum price for a unit of alcohol really will reduce consumption, first step in the chain expected to lead to improved public health and productivity and reduced crime.

Summary Over the 21 years from April 1989 to April 2010 the Canadian province of British Columbia set minimum prices per litre for different types of alcoholic beverages. Though not actually setting a fixed per unit price, the impact of the adjustments in price in the province offer a real-world test of per-unit pricing policies whose potential impacts have been modelled for [England](#) and [Scotland](#), and which their respective governments [plan to implement](#) to improve public health and productivity and reduce crime.

The rates were implemented by the British Columbia Liquor Distribution Branch, a public agency with a monopoly on alcohol distribution which sells alcohol through its own off-licence shops and through private stores. The retail prices of draft beers and ciders served in on-licence premises are less directly influenced by these rates, so the study confined itself to packaged products, responsible for the great majority of the alcohol consumed in the province. For beers, wines and spirits, the most popular drinks, by the end of the study period the government's pricing policies effectively set the minimum price per standard drink containing 17.05ml of alcohol at between [0.72 and 1.35](#) Canadian dollars.

The impact on overall consumption of the periodic adjustments in minimum prices were

assessed by relating total sales of alcohol per **adult or older teenager** in the population to a given proportional increase in average minimum prices, weighted to reflect how much of each type of alcohol was sold and adjusted for inflation. Adjustments were made for trends in household income and the average price of alcohol plus seasonal and other trends unrelated to price. Calculations for individual beverage types assessed both the impact of a change in minimum price relative to other drinks (sales of which may for example have increased as the price of the focal beverage rose in relative terms) and in absolute terms over time.

Main findings

Relative to other drinks, the findings equate to a 10% increase in the minimum price of a given alcoholic product reducing its consumption by 15–16%. Focusing just on that beverage, after a 10% increase consumption of spirits fell by 7%, wine by 9% and beer by 1.5%.

All these figures are subject to drinkers switching to different types of drink as prices change. However, it was also possible to estimate change in overall consumption of legally sold packaged alcohol in relation to average overall minimum prices. These figures equated to a 10% increase in minimum price being associated with a 3.4% drop in consumption.

The authors' conclusions

The results suggest that minimum pricing at the levels implemented over the study period in British Columbia effectively reduced both beverage-specific and overall consumption; a 10% increase in the minimum price of a given type of beverage reduced its consumption by about 16% relative to all other beverages, and a simultaneous 10% increase in the minimum prices of all types reduced total consumption by 3.4%.

These findings are consistent with the principle that increasing the price of alcohol reduces consumption, and contribute to the case for using minimum pricing as a strategy intended to reduce the burden of injury, illness and death associated with drinking.

Effects of price changes may be even greater in other circumstances. In the province minimum prices for some products – beers, ciders, and **'coolers'** in particular – were maintained at a relatively low level; only for spirits and liqueurs were minimum prices maintained at a level consistent with increases in the cost of living. This pattern may have encouraged switching between beverage types. The impact of an increase in minimum price may be larger if prices are set at higher levels and affect more consumers, or smaller if minimum prices are set at lower levels.

Apart from some technical limitations on the study, only packaged, legally sold alcohol was included, so the impact on overall consumption may have been over-estimated to the extent that consumers switched to on-licence or black market alcohol in response to increases in the minimum prices of retail alcohol. However, packaged, legally sold alcohol forms the great bulk of all alcohol consumed in the province, so there is unlikely to have been significant switching to more expensive on-licence alternatives. Also, the estimate for total alcohol consumption is based on the assumption that this depends on a weighted average of the minimum prices of different beverage types. If this assumption is false, so too may be the resulting estimate.

of Saskatchewan form a substantial part of the evidence that in the real world something close to the minimum per unit pricing being contemplated for the UK has reduced consumption in ways predicted by mathematical models for the UK.

Price increases had a greater estimated impact in Saskatchewan than in British Columbia, possibly because in the former prices increased across virtually all beverage types, while in British Columbia only the minimum price of spirits increased with any regularity. Neither study was able to determine whether, as expected, the heaviest drinkers cut back most when the cheaper drinks they favour were hardest hit by the price rises, an important way in which health benefits would be generated. The Saskatchewan study did however show that consumption reductions were greatest in respect of the strongest products in most beverage categories, which also were the cheapest per unit of alcohol.

One difference from Britain is that in both provinces a provincial authority supplies alcohol through its own outlets and to private outlets, offering a relatively direct, loophole-free way of controlling price to the consumer by increasing price to retailers, and a direct mechanism via which high prices bolster government revenue. In Britain the proposal is that a minimum unit price would be set by government to which retailers would have to adhere. The simplicity of the proposal should make it difficult for retailers to find loopholes. Taxation adjustments may divert some of the higher margins on drinks to government income. Without this there is the potential [noted](#) by the European Commission that minimum per unit pricing could counter-productively increase the incentive for the alcohol industry to market the affected products due to higher profit margins. That margins and industry revenue will increase was acknowledged by impact assessments for [Scotland](#) and [England](#).

Findings has described the state of play in the UK in this [hot topic](#) entry. Broadly Scotland has already passed the required legislation but faces legal challenges over implementation, while for England and Wales in November 2012 the government announced a consultation on a minimum price, having accepted the general principle after some reluctance.

Even if it is accepted that consumption will fall if a minimum per unit price substantially raises the floor price of alcohol, there remains the much more complicated and value-laden issue of assessing whether on balance this is a good thing. In the featured study and most others, public health and productivity gains and crime reduction are the main elements of the benefits expected from such policies. The ['benefits'](#) drinkers themselves feel they get are rarely valued in to the calculations. The greatest losers in this sense are expected (by UK government impact assessments, [1](#) [2](#)) to be the poorest regular drinkers, though they too stand to gain in health terms if they respond as expected by cutting their drinking.

[Other critics](#) have argued that the adverse consequences experienced by drinkers themselves should normally be considered offset by the benefits they gain; consequences are among the 'costs' they are prepared to 'pay' for the benefits. To do otherwise is the same, they suggested, as treating skiing as utterly socially wasteful because only the accident costs suffered by skiers are considered while taking no account of the fact that that skiers generally derive at least some enjoyment from their risky activity. Neglect of benefits other than limited health gains is sometimes justified on the basis that risky drinkers must be ill-informed or irrational consumers, an unwarranted assumption say these critics.

Calculations for Britain in particular have been dominated by productivity gains due to less drink-related unemployment, [unrealistically assuming](#) no countervailing benefits. Yet in the absence of full employment, vacancies left by drinkers will usually be filled by someone else, ending perhaps via a chain of job changes in

someone currently unemployed gaining a job.

In the recent past at least one [UK government analysis](#) has also argued that drinking produces social and business benefits for society as a whole due to "alcohol's capacity to act as a catalyst in social interactions and leisure experiences ... promoting social cohesion," but then as now there is no study on which estimates of these benefits could be based, so they are omitted from calculations.

Such consideration may have a very large impact on the presumed cost-savings from minimum price policies expressed in monetary terms and too on the balance of pros and cons, though not on the more concrete estimates of lives saved and prolonged, illnesses and injuries averted, crimes not committed, and resultant quality of life improvements due to less drinking. These in themselves may be considered good enough reasons to curtail the availability of alcohol, even if some drinkers are thereby deprived of the benefits they feel they get from drinking, or pay more to sustain these and lose out in the form of less money for other purposes. For more extended discussion see this Effectiveness Bank [hot topic](#) entry.

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[Effects of beverage alcohol price and tax levels on drinking: a meta-analysis of 1003 estimates from 112 studies](#) REVIEW 2009