HEALTH OFFICERS COUNCIL OF BRITISH COLUMBIA

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October 16, 2014

Honourable Dan Ashton, Chair
Select Standing Committee on Finance and Government Services
Room 224, Parliament Buildings
Victoria, B.C., V8V 1X4

Re: Budget 2015 Consultations

Dear Honourable Ashton and Committee Members:

We are writing to the Select Standing Committee on Finance and Government Services in relation to government expenses and revenues associated with alcohol, in light of the recent Liquor Policy Review led by Mr. John Yap[i].

The final report highlighted evidence-based economic strategies that are known to reduce harms associated with alcohol consumption, and we believe your committee is well placed to impact the health of British Columbians through your ability to influence decisions with respect to alcohol pricing.

The Health Officers Council of BC is a registered society in British Columbia of public health physicians who, among other activities, advise and advocate for public policies and programs directed to improving the health of populations. Physicians involved in HOC include medical health officers in BC and the Yukon, physicians at the BC Centre for Disease Control, Ministry of Health, First Nations Health Authority and university departments as well as private consultants. HOC is independent from these organizations and as such positions taken by HOC do not necessarily represent positions of the organization for which the members work.

We have previously commented[ii] on the costs and other harms associated with alcohol, recommended some financial strategies to mitigate these harms and are pleased with the opportunity submit the following recommendations for budget building consideration in line with the recommendations from Mr. Yap's report that have been committed to by Government.

Alcohol is not an ordinary commodity[iii]; rather the harms associated with alcohol containing beverages impose substantial human and financial costs on British Columbians. The human impacts are related to acute and chronic diseases, mental and substance use disorders, injuries, and deaths. The total costs (direct and indirect) of alcohol for BC were estimated at $2.22 billion for 2002 (the last date of available data), which works out to be $536 per person[iv].

Government incurs substantial direct costs related to providing health, social and criminal justice services to deal with the harms associated with alcohol. The BC Provincial Health Officer recently estimated that the direct cost of providing health and enforcement services related to alcohol was $910 million in 2002, which exceeded the estimated alcohol related government revenue of $848 million[v]. In

other words, there was an estimated alcohol-related deficit of $62 million. This results in a direct alcohol-associated harm costs/alcohol revenues ratio of 1.07
(= $910 million/$848 million).

Unfortunately the trend for alcohol-associated harms in BC is on an upward trajectory. For example the number of alcohol related hospitalizations since 2002 increased 47%, from about 15,000 admissions to about 22,000 admissions in 2011[vi], while the total population increase for the same period was only 10%.

This increase in harms (and costs) has been associated with increased availability of alcohol. From 2002 to 2008 the number of government, rural agency, and in particular private liquor stores increased rapidly from 786 to 1294 (a 64 % increase)[vii] . In particular the trend towards privatization of liquor outlets contributed to increase per capita sales[viii] and increased consumption. The rapidly rising density of private liquor stores in British Columbia was associated with a significant local-area increase in rates of alcohol-related death[ix].

The Health Officers Council has noted that many of the recommendations from the liquor policy review by Mr. Yap that have been announced and implemented will result in further increased availability of alcohol products, and we have also noted a scarcity of announcements and implementation of measures to protect public health and safety. Consequently we are very concerned that these policy changes will accelerate the trend of increasing harms and costs, and we encourage the finance committee to use its influence to help address these concerns.

Cost is an important and well established determinant of the harms associated with alcohol[x], i.e. higher prices reduce harms, lower prices increase harms. Specifically, studies in British Columbia have shown that increases in minimum alcohol prices are associated with reductions in alcohol-related deaths and hospital admissions[xi,xii].

Given the powerful effect of pricing measures on reducing harms associated with alcohol, from a financial budgeting perspective we recommend that BC adopt the following policy objectives and implement the following specific measures to protect and promote public health and minimize social harms:

Policy Objectives:

In the shorter term eliminate the alcohol-associated harm deficit by ensuring that direct government expenses due to alcohol-associated harms do not exceed direct alcohol revenues by using financial and other strategies to prevent and reduce the harms and related costs associated with alcohol.

For the longer term work to continuously to decrease the direct alcohol-associated harm costs/alcohol revenues ratio, as well as to decrease the overall absolute burden of alcohol associated illness, injury, disability and death.

We suggest that this can be accomplished in part by using the following financial strategies:

1. Price products according to the pure alcohol concentration. This will reduce harms associated with alcohol by incenting use of lower alcohol products, while maintaining or increasing revenue. This means base all pricing on the per “standard drink” metric. A “standard drink” is

equivalent to the amount of pure alcohol in 12 ounces of 5% strength beer, 5 ounces of 12% strength wine or 1.5 ounces of 40% strength spirits (contains 13.45 g or 17.05 mL of pure alcohol)[xiii].

2. Establish an overall minimum pricing structure to eliminate the alcohol-associated harm deficit. This measure can be expected to both reduce harms due to the effect of price on consumption, and would also generate revenue due to the higher prices. We support the Center for Addictions Research of British Columbia's recommendation[xiv] of setting minimum prices across all alcoholic beverages sold in liquor stores and other outlets so that no beverage can be sold for less than $1.50 per standard drink. This should include de-listed products and specials.

3. Establish minimum prices based on the standard drink metric (i.e. based on alcohol content, not per serve) for on-premise consumption to avoid incenting heavy consumption i.e. set the minimum price at $3.00 per standard drink for on-premise consumption. This would mean resetting the current "happy hour" policy so that minimum prices are based on alcohol content, not volume of drink served.

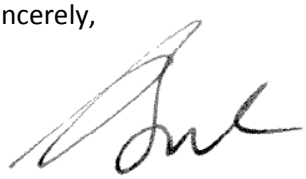
4. Set minimum prices for alcohol beverages that appeal to youth i.e. high-strength coolers, high-strength ciders and high-strength beers at levels that significantly exceed lower alcohol product prices to incent purchase of lower alcohol products by younger people.

5. Index all prices to inflation at least annually to maintain the real cost of alcohol; plus add an increment to make up for the alcohol-associated deficit. This will maintain prices as well as revenues to counter the inflation costs of health and social services and to ensure that the alcohol-associated deficit does not re-develop once eliminated.

6. Invest in regularly tracking the direct government costs of harms associated with alcohol, compare these to government revenues, and report publically. As mentioned the last cost estimate was produced in 2006, based on 2002 data. Due to the high costs of alcohol-associated harms it is critical that these be closely monitored, especially during this period of time of substantial policy change. Use the information to correct any imbalance between economic interests and the health, safety, and well-being of British Columbians.

Thank your for considering these recommendations, and in the interest of preventing serious illnesses, injuries, and death we look forward to their implementation as soon as possible

Sincerely,



Dr. Charl Badenhorst, Chair

Cc Dr. Perry Kendall, Provincial Health Officer
Dr. Tim Stockwell, Director, Centre for Addictions Research, BC

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[v] Kendall P. Public Health Approach to Alcohol Policy: An Updated Report from the Provincial Health Officer. BC Ministry of Healthy Living and Sport; 2008 December
[vi] Thompson K, Stockwell T, Vallance K, Giesbrecht N, Wettlaufer A. Reducing Alcohol Harms and Costs in British Columbia: A Provincial Summary Report. Victoria, British Columbia: Centre for Addictions Research BC; CARBC Bulletin #10. 2013.
[vii] Stockwell T., Zhao J., Macdonald S., et al. Changes in Per Capita Alcohol Sales During the Partial Privatization of British Columbia's Retail Alcohol Monopoly 2003–2008: A Multi-Level Local Area Analysis. Addiction. 2009;104:1827-36.
[viii] Ibid.
[ix] Stockwell T, Zhao J, Macdonald S, Vallance K, Gruenewald P, Ponicki W, Holder H, Treno A. Impact on Alcohol-Related Mortality a Rapid Rise in the Density of Private Liquor Outlets in British Columbia: A Local Area Multi-Level Analysis. Addiction. 2011:106:768-776.
[x] Babor, T, et al. 2010. op. cit.
[xi] Zhao J, Stockwell T, Martin G, Macdonald S, Vallance K, Treno A, et al. The relationship between minimum alcohol prices, outlet densities and alcohol-attributable deaths in British Columbia, 2002–09. Addiction. 2013;108(6):1059-69.
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[xiii] Canada's Low-Risk Alcohol Drinking Guidelines. http://ccsa.ca/Eng/topics/alcohol/drinking-guidelines/Pages/default.aspx
[xiv] Thompson, K, et al 2013 op. cit.