

May 24, 2017

The Honourable Percy Mockler, Senator  
Chair, Standing Senate Committee on National Finance  
Senate of Canada  
Ottawa ON K1A 0A4

The Honourable Wayne Easter, MP  
Chair, Standing Committee on Finance  
House of Commons  
Ottawa ON K1A 0A6

Dear Senator Mockler, Dear Mr. Easter:

Bill C-44, the Budget Implementation Act, contains a provision that would increase the excise duty rates on alcohol products by 2% and automatically adjust them annually using the Consumer Price Index as of April 2018. We strongly encourage the federal government to retain this provision.

The government's primary motive for the proposed excise tax adjustment might be fiscal, but from a public health perspective it is a gold-standard policy. Alcohol pricing is an effective lever for reducing harms related to alcohol use. The price of alcohol directly influences the level of its consumption and, correspondingly, increases in alcohol prices are associated with reductions in alcohol-related harms at a population level. Study after study confirms this:

- A meta-analysis of over 110 studies concluded that alcohol prices and taxes are inversely related to drinking, including heavy drinking, and these effects are large in comparison to other prevention policies and programs.<sup>1</sup>
- A study in Alaska showed decreases in alcohol-related deaths ranging from 11 to 29% with each taxation increase.<sup>2</sup> Studies in the UK that examined the impact of the duty escalator tax found similar results.<sup>3</sup>
- A meta-analysis reported that doubling tax rates decreases alcohol-related mortality by an average of 35%, with further reductions in violence, crime, and road fatalities.<sup>4</sup>
- A systematic review found that, among underage populations, increased taxes were significantly associated with reduced consumption (e.g. binge drinking) and alcohol-related harms (e.g. alcohol-related road fatalities).<sup>5</sup>
- Modelling studies that estimate the impacts of price and tax changes unanimously predict that increases in price and taxation lead to large gains in health and life expectancy and represent a cost-effective approach to harm prevention and health improvement.<sup>6,7,8</sup>
- These measures do not appear to have negative impacts on the heaviest drinkers or people with low incomes. With increases in the price of alcohol, people in these groups tend to reduce their alcohol expenditure and, in fact, experience substantially reduced morbidity and mortality rates.<sup>9</sup>

Of all the strategies to influence the final price of alcohol, excise tax is the most effective and efficient because it is the first tax to be added to the wholesale price of alcohol, and markups and retail sales taxes (GST, HST and PST) multiply its effects. For these reasons the World Health Organization recommends increased prices through measures such as excise taxation as part of its [Global Strategy to Reduce Harmful Use of Alcohol](#). Canada's [National Alcohol Strategy](#) and the Canadian Public Health Association's [2011 position paper on alcohol](#) also point to increases in alcohol pricing, including excise duties adjusted to the CPI, as a key tool to reduce harms.

Adjusting prices to inflation maintains the integrity of the pricing system by ensuring that the price of alcohol does not diminish over time relative to other goods. Most developed countries automatically adjust excise tax rates for alcohol to the cost of living annually. Canada stopped doing so in the late 1980s, with only periodic revenue-neutral increases since then to compensate for changes in the GST; as a result, the real value of excise taxes has greatly diminished over the years.

Many people drink without causing harm to themselves or others, but alcohol is a causal factor in more than 200 disease and injury conditions. There is a causal relationship between harmful use of alcohol and a range of behavioural and psychiatric disorders, other non-communicable conditions, injuries, including those from impaired driving, and mortality. This is a dose-response relationship – the more one drinks, the higher the risk – so these outcomes are directly related to the amount consumed.<sup>10</sup> Both average consumption over time and amount consumed per occasion are predicted by the price of alcohol. To reject the excise tax adjustments in Bill C-44 would be to allow rising alcohol-related harms to go unchecked.

Apart from the revenues the proposed excise tax adjustment will generate for the federal government, it also is likely to lead to savings for provincial governments, thanks to lower spending on health care, law enforcement, corrections, and other issues related to alcohol problems. More importantly, it will be a net benefit to public health. For these reasons we urge Parliament to retain this element of Bill C-44.

Yours sincerely,

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CC: The Honourable Bill Morneau, Minister of Finance  
The Honourable Dr. Jane Philpott, Minister of Health

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<sup>1</sup> Wagenaar, A. C., Salois M. J., Komro, K. A. (2009). Effects of beverage alcohol price and tax levels on drinking: a meta-analysis of 1003 estimates from 112 studies. *Addiction*, 104: 179–90.

<sup>2</sup> Wagenaar, A. C., Maldonado-Molina, M. M., Wagenaar, B. H. (2009). Effects of alcohol tax increases on alcohol-related disease mortality in Alaska: time-series analyses from 1976 to 2004. *American Journal of Public Health*, 99: 1464–70.

<sup>3</sup> Burton, R., Henn, C., Lavoie, D., et al. (2016). A rapid evidence review of the effectiveness and cost-effectiveness of alcohol control policies: An English perspective. *Lancet*; 389: 1558–80.

<sup>4</sup> Wagenaar, A. C., Tobler, A. L., and Komro, K. A. (2010). Effects of alcohol tax and price policies on morbidity and mortality: a systematic review. *American Journal of Public Health*, 100: 2270–2278.

<sup>5</sup> Elder, R., Lawrence, B., Ferguson, A., et al. (2010). The effectiveness of tax policy interventions for reducing excessive alcohol consumption and related harms. *American Journal of Preventative Medicine*, 38: 217–29.

<sup>6</sup> Hill-McManus, D., Brennan, A., Stockwell, T., et al. (2012). Model-based appraisal of alcohol minimum pricing in Ontario and British Columbia. Sheffield, England: University of Sheffield.

<sup>7</sup> Lhachimi, S. K., Cole, K. J., Nusselder, W. J., et al. (2012). Health impacts of increasing alcohol prices in the European Union: a dynamic projection. *Preventive Medicine*, 55: 237–43.

<sup>8</sup> Angus, C, Gillespie, D, Ally, AK, and Brennan, A. (2015). Modelling the impact of minimum unit price and identification and brief advice policies using the Sheffield Alcohol Policy Model Version 3. Sheffield England: University of Sheffield.

<sup>9</sup> Holmes, J., Meng, Y., Meier, et al. (2014). Effects of minimum unit pricing for alcohol on different income and socioeconomic groups: a modelling study. *Lancet*, 383, 1655–64.

<sup>10</sup> Corrao, G., Bagnardi, A., Zambon, A., Arico, S. (1999). Exploring the dose-response relationship between alcohol consumption and the risk of several alcohol-related conditions: a meta-analysis. *Addiction*, 94: 1551–73.