

Increasing affordability of alcohol in New Zealand

Background

New Zealand and international evidence finds that lower prices of alcohol are associated with heavy drinking and that heavy drinkers are more likely to drink cheaper alcohol. Increasing the price of cheap alcohol (eg, as through excise taxes or minimum pricing schemes) is, therefore, an important tool in a package of measures that governments can use to reduce alcohol consumption and alcohol-related harm.

We investigated trends over time in alcohol prices and affordability to inform government policy on the price of alcohol for sale in New Zealand.

Method

We used data from Stats NZ to calculate alcohol affordability (price of alcohol relative to income), using Consumer Price Index (CPI) measures to estimate price and income from the Quarterly Employment Survey. Minutes of work needed to earn a standard drink* was calculated for an 'average employee' using median income from the Household Labour Force Survey. Averagely priced standard drinks were calculated from CPI data and discounted standard drinks were calculated from the Liquor Information Pricing Service website (www.lips.co.nz).

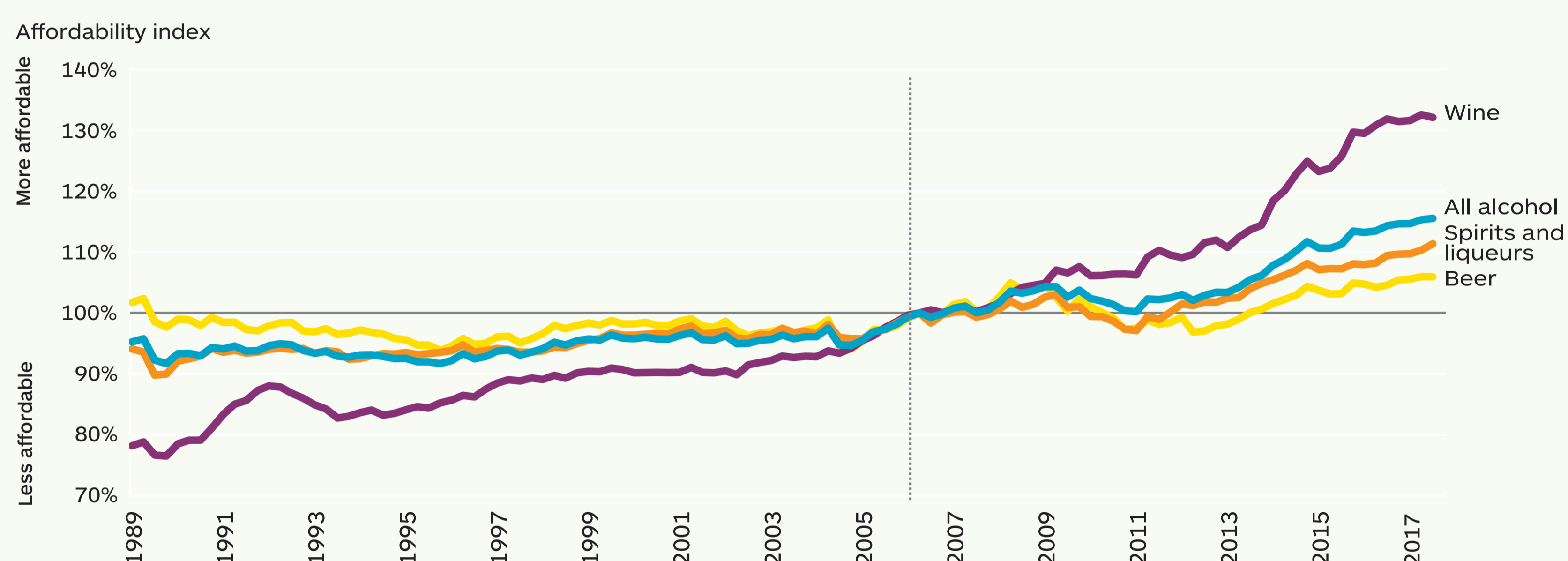
* A standard drink contains 10g of pure alcohol, which is equivalent to one 330ml can of 4% beer, 100ml glass of 12.5% wine or a 30ml shot of 42% spirit.

Based on the report: Imlach, F. Trowland, H. (2018). *Trends in affordability of alcohol in New Zealand*. Wellington: Health Promotion Agency. Available at: <http://www.hpa.org.nz/research-library/research-publications>

KEY FINDINGS

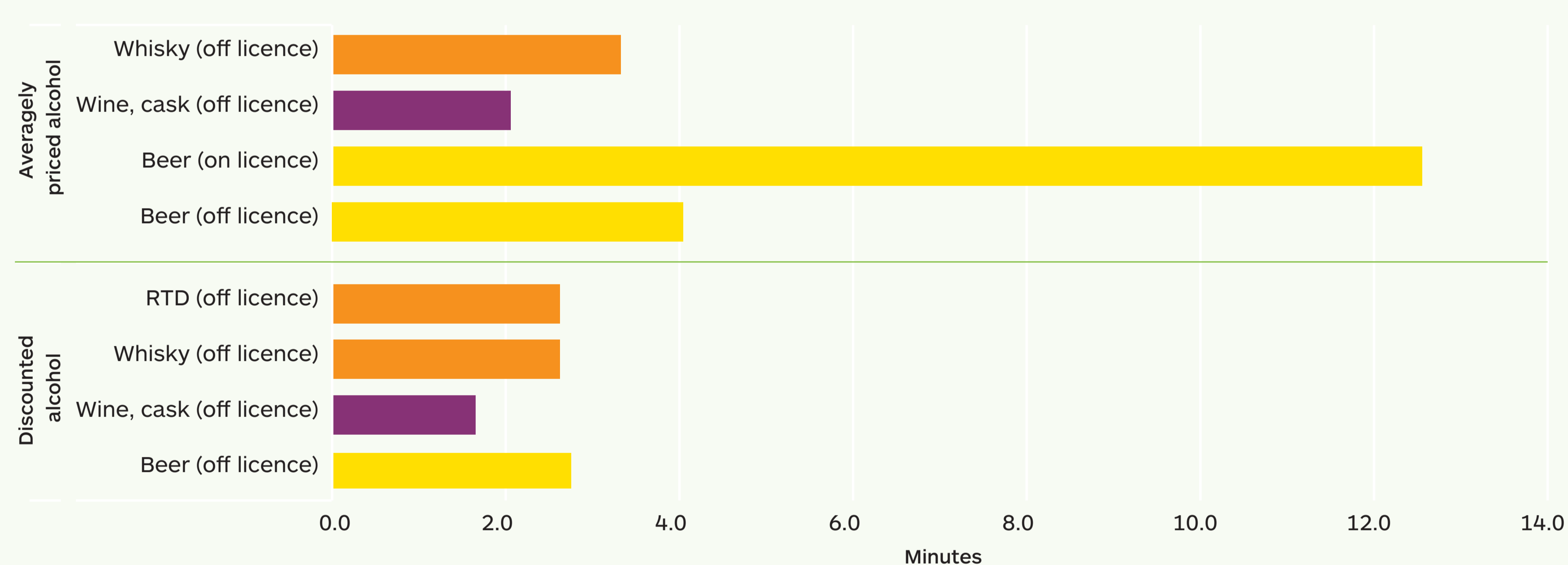
- Alcohol is now more affordable in New Zealand than in the 1980s, due to incomes increasing at a faster rate than alcohol prices.
- The affordability of beer, spirits and liqueurs increased by around 10% from 2012 to 2017 but the affordability of wine increased by around 20%.
- In 2017, it took just over two minutes of work for an average employee to earn enough money to buy one standard drink of *averagely priced* cask wine purchased from a supermarket or liquor store. It took just over one-and-a-half minutes for an average employee to buy a *discounted* standard drink of cask wine (based on the cheapest advertised prices).

Affordability of alcohol in New Zealand over time



Data sources: Alcohol CPI from CPI level 3 classes for NZ (Qrtly-Mar/Jun/Sep/Dec); average hourly earnings from Quarterly Employment Survey (Employees), from Infoshare (Stats NZ, <http://archive.stats.govt.nz/infoshare>). Note: The series are all scaled to equal 100% in June 2006.

Minutes an average employee needs to work to earn a standard drink (2017)



Data sources: Averagely priced alcohol from CPI Level 3 Classes for New Zealand (Qrtly-Mar/Jun/Sep/Dec), from Infoshare (<http://archive.stats.govt.nz/infoshare>); lowest 1% of discounted alcohol from Liquor Information Pricing Service (LIPS, www.lips.co.nz); median hourly earnings from the Household Labour Force Survey, from NZ.Stat (<http://nzdotstat.stats.govt.nz/wbos>).

IMPLICATIONS

- The Health Promotion Agency's low-risk drinking advice recommends no more than five standard drinks on any single drinking occasion for men, and no more than four standard drinks for women, to reduce the risk of injury. In 2017, it took just over 10 minutes for an average employee to earn enough money to buy six standard drinks of the cheapest advertised alcohol (and exceed the current low-risk drinking advice).
- Addressing the increasing alcohol affordability in New Zealand through alcohol pricing policies has the potential to reduce alcohol consumption and alcohol-related harm. Such policies would need to account for increases in incomes relative to alcohol prices to have maximum impact.