Passage of the

Alcohol (Minimum Pricing) (Scotland) Bill 2011

SPPB 173
Passage of the

Alcohol (Minimum Pricing) (Scotland) Bill 2011

SP Bill 4 (Session 4), subsequently 2012 asp 4

SPPB 173
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Foreword

Purpose of the series

The aim of this series is to bring together in a single place all the official Parliamentary documents relating to the passage of the Bill that becomes an Act of the Scottish Parliament (ASP). The list of documents included in any particular volume will depend on the nature of the Bill and the circumstances of its passage, but a typical volume will include:

- every print of the Bill (usually three – “As Introduced”, “As Amended at Stage 2” and “As Passed”);
- the accompanying documents published with the “As Introduced” print of the Bill (and any revised versions published at later Stages);
- every Marshalled List of amendments from Stages 2 and 3;
- every Groupings list from Stages 2 and 3;
- the lead Committee’s “Stage 1 report” (which itself includes reports of other committees involved in the Stage 1 process, relevant committee Minutes and extracts from the Official Report of Stage 1 proceedings);
- the Official Report of the Stage 1 and Stage 3 debates in the Parliament;
- the Official Report of Stage 2 committee consideration;
- the Minutes (or relevant extracts) of relevant Committee meetings and of the Parliament for Stages 1 and 3.

All documents included are re-printed in the original layout and format, but with minor typographical and layout errors corrected.

Documents in each volume are arranged in the order in which they relate to the passage of the Bill through its various stages, from introduction to passing. The Act itself is not included on the grounds that it is already generally available and is, in any case, not a Parliamentary publication.

Outline of the legislative process

Bills in the Scottish Parliament follow a three-stage process. The fundamentals of the process are laid down by section 36(1) of the Scotland Act 1998, and amplified by Chapter 9 of the Parliament’s Standing Orders. In outline, the process is as follows:

- Introduction, followed by publication of the Bill and its accompanying documents;
- Stage 1: the Bill is first referred to a relevant committee, which produces a report informed by evidence from interested parties, then the Parliament debates the Bill and decides whether to agree to its general principles;
- Stage 2: the Bill returns to a committee for detailed consideration of amendments;
- Stage 3: the Bill is considered by the Parliament, with consideration of further amendments followed by a debate and a decision on whether to pass the Bill.

After a Bill is passed, three law officers and the Secretary of State have a period of four weeks within which they may challenge the Bill under sections 33 and 35 of the
Scotland Act respectively. The Bill may then be submitted for Royal Assent, at which point it becomes an Act.

Standing Orders allow for some variations from the above pattern in some cases. For example, Bills may be referred back to a committee during Stage 3 for further Stage 2 consideration. In addition, the procedures vary for certain categories of Bills, such as Committee Bills or Emergency Bills. For some volumes in the series, relevant proceedings prior to introduction (such as pre-legislative scrutiny of a draft Bill) may be included.

The reader who is unfamiliar with Bill procedures, or with the terminology of legislation more generally, is advised to consult in the first instance the Guidance on Public Bills published by the Parliament. That Guidance, and the Standing Orders, are available for sale from Stationery Office bookshops or free of charge on the Parliament’s website (www.scottish.parliament.uk).

The series is produced by the Legislation Team within the Parliament’s Chamber Office. Comments on this volume or on the series as a whole may be sent to the Legislation Team at the Scottish Parliament, Edinburgh EH99 1SP.

Notes on this volume

The Bill to which this volume relates followed the standard 3 stage process described above.

Annexes B to E of the Health and Sport Committee’s Stage 1 Report were originally published on the web only. The material contained in each of those annexes is reproduced in this volume in full after the Stage 1 Report (with additional material relevant to reports by the Finance Committee and the Subordinate Legislation Committee included after each of those reports). Annexe B includes a number of pieces of supplementary written evidence provided in response to a request by the Health and Sport Committee for additional views on a specific point – the paper sent to witnesses in making this request was not included in the original Stage 1 Report, but is included here, after the Annexe B material, as is one other piece of supplementary written evidence omitted from the Stage 1 Report. A briefing paper for the Health and Sport Committee by NHS Health Scotland which was not included in the Stage 1 Report is also included after the other written evidence and various other items of correspondence (such as the Scottish Government’s response to the Stage 1 Report) are also included at the appropriate places.

A large number of studies and other pieces of additional evidence are cited in the evidence provided to the Health and Sport Committee (and elsewhere, such as in the Financial Memorandum and the Policy Memorandum). Perhaps the most frequently cited were the reports by the University of Sheffield. Those reports were not formally submitted to the Health and Sport committee as evidence and so are not reproduced in this volume; for clarity, however, the various University of Sheffield reports are available as follows:

- 2008 study (commissioned by the UK Government):

- 2009 study (commissioned by the Scottish Government):
- 2010 update to 2009 study:
  http://www.shef.ac.uk/polopoly_fs/1.96510!/file/scotlandupdate.pdf
- 2012 update to 2009 study:
  http://www.shef.ac.uk/polopoly_fs/1.156503!/file/scotlandjan.pdf

Other published documents drawn to the attention of the committees’ considering the Bill that is the subject of this volume but not formally submitted as evidence (and so not reproduced in this volume) include:

- an Institute of Fiscal Studies report:
- a paper by Professor Christine Godfrey from the University of York, which can be found at page 257 of the following House of Commons Health Committee report:
  http://www.publications.parliament.uk/pa/cm200910/cmselect/cmhealth/151/151ii.pdf
- the Scottish Government’s Business and Regulatory Impact Assessment:
- the Scottish Government’s Equality Impact Assessment:
  http://www.scotland.gov.uk/Topics/People/Equality/18507/EQIASEarch/AlcoholMinimumPricing

Web-links to other external sources or documents not incorporated in this volume have not been checked prior to publication, with the result that links which were effective in the original documents may not remain effective in this volume (although links to documents on the Scottish Parliament’s own website have been updated – in particular, links to documents that are included in this volume now link to the appropriate place in this volume rather than back to the Parliament’s website). The Scottish Parliament is not responsible for the content of external Internet sites. The links in this volume will not be monitored after publication, and no guarantee can be given that all currently effective links will continue to be effective.

Readers may also like to note that an almost identical measure to that contained in section 1 of the Bill which is the subject of this volume was also included in the Alcohol etc. (Scotland) Bill (SP Bill 34 (Session 3)) as introduced (as section 1 – although that section was left out by amendment during that Bill’s Parliamentary passage). Additional material relevant to this Bill can therefore also be found in the Passage of the Alcohol etc. (Scotland) Bill 2009 volume (SPPB 153) (when published).
Alcohol (Minimum Pricing) (Scotland) Bill

[AS INTRODUCED]

An Act of the Scottish Parliament to make provision about the price at which alcohol may be sold from licensed premises; and for connected purposes.

Minimum price of alcohol

1 Minimum price of alcohol

(1) The Licensing (Scotland) Act 2005 is amended as follows.

(2) In schedule 3 (premises licences: mandatory conditions), before paragraph 6B insert—

“6A(1) Alcohol must not be sold on the premises at a price below its minimum price.

(2) Where alcohol is supplied together with other products or services for a single price, sub-paragraph (1) applies as if the alcohol were supplied on its own for that price.

(3) The minimum price of alcohol is to be calculated according to the following formula—

MPU \times S \times V \times 100

where—

MPU is the minimum price per unit,

S is the strength of the alcohol, and

V is the volume of the alcohol in litres.

(4) The Scottish Ministers are to specify by order the minimum price per unit for the purposes of sub-paragraph (3).

(5) For the purposes of sub-paragraph (3), where—

(a) the alcohol is contained in a bottle or other container, and

(b) the bottle or other container is marked or labelled in accordance with relevant labelling provisions,

the strength is taken to be the alcoholic strength by volume as indicated by the mark or label.

(6) The Scottish Ministers are to specify by order the enactments which are relevant labelling provisions for the purposes of sub-paragraph (5).”
(3) In schedule 4 (occasional licences: mandatory conditions), before paragraph 5B insert—

“5A(1) Alcohol must not be sold on the premises at a price below its minimum price.

(2) Where alcohol is supplied together with other products or services for a single price, sub-paragraph (1) applies as if the alcohol were supplied on its own for that price.

(3) The minimum price of alcohol is to be calculated according to the following formula—

\[ \text{MPU} \times S \times V \times 100 \]

where—

\( \text{MPU} \) is the minimum price per unit,
\( S \) is the strength of the alcohol, and
\( V \) is the volume of the alcohol in litres.

(4) The Scottish Ministers are to specify by order the minimum price per unit for the purposes of sub-paragraph (3).

(5) For the purposes of sub-paragraph (3), where—

(a) the alcohol is contained in a bottle or other container, and

(b) the bottle or other container is marked or labelled in accordance with relevant labelling provisions,

the strength is taken to be the alcoholic strength by volume as indicated by the mark or label.

(6) The Scottish Ministers are to specify by order the enactments which are relevant labelling provisions for the purposes of sub-paragraph (5).”.

(4) In section 146—

(a) in subsection (4)(a), for “or 150(2)” substitute “, 150(2), paragraph 6A(4) of schedule 3, or paragraph 5A(4) of schedule 4”,

(b) in subsection (5)(a), for “or 123(6)” substitute “, 123(6), paragraph 6A(4) of schedule 3, or paragraph 5A(4) of schedule 4”.

Miscellaneous repeal

2 Repeal of section 1 of Alcohol etc. (Scotland) Act 2010

Section 1 of the Alcohol etc. (Scotland) Act 2010 is repealed.

General

3 Commencement

(1) This section and section 4 come into force on the day of Royal Assent.

(2) The other provisions of this Act come into force on such day as the Scottish Ministers may by order appoint.

(3) An order under this section may include transitional, transitory or saving provision.
4 Short title

The short title of this Act is the Alcohol (Minimum Pricing) (Scotland) Act 2012.
Alcohol (Minimum Pricing) (Scotland) Bill

[AS INTRODUCED]

An Act of the Scottish Parliament to make provision about the price at which alcohol may be sold from licensed premises; and for connected purposes.

Introduced by: Nicola Sturgeon
On: 31 October 2011
Bill type: Executive Bill
These documents relate to the Alcohol (Minimum Pricing) (Scotland) Bill (SP Bill 4) as introduced in the Scottish Parliament on 31 October 2011

ALCOHOL (MINIMUM PRICING) (SCOTLAND) BILL

EXPLANATORY NOTES
(AND OTHER ACCOMPANYING DOCUMENTS)

CONTENTS

1. As required under Rule 9.3 of the Parliament’s Standing Orders, the following documents are published to accompany the Alcohol (Minimum Pricing) (Scotland) Bill introduced in the Scottish Parliament on 31 October 2011:

   • Explanatory Notes;
   • a Financial Memorandum;
   • a Scottish Government Statement on legislative competence; and
   • the Presiding Officer’s Statement on legislative competence.

A Policy Memorandum is printed separately as SP Bill 4–PM.
EXPLANATORY NOTES

INTRODUCTION

2. These Explanatory Notes have been prepared by the Scottish Government in order to assist the reader of the Bill and to help inform debate on it. They do not form part of the Bill and have not been endorsed by the Parliament.

3. The Notes should be read in conjunction with the Bill. They are not, and are not meant to be, a comprehensive description of the Bill. So where a section or schedule, or a part of a section or schedule, does not seem to require any explanation or comment, none is given.

4. In these Notes “the 2005 Act” means the Licensing (Scotland) Act 2005 (asp 16).

COMMENTS ON SECTIONS

Section 1 – Minimum price of alcohol

5. Section 1(2) inserts new paragraph 6A into schedule 3 to the 2005 Act and introduces a further mandatory condition of premises licences granted under that Act. The condition is that alcohol must not be sold on the premises at a price below its minimum price.

6. Inserted paragraph 6A(2) concerns the application of the condition where alcohol is supplied along with other products or services, for example, where a bottle of beer is packaged with and sold with a branded glass or a bottle of wine is sold with food as part of a “meal deal.” In these circumstances the minimum price would be the minimum price that would apply to the alcohol if sold on its own. That is, the package must be sold at (or above) the minimum price and no account is taken of the elements of the package which are not alcohol.

7. Inserted paragraph 6A(3) sets out the formula by which the minimum price is to be calculated as minimum price per unit (MPU) x strength of the alcohol (S) x volume of the alcohol in litres (V) x 100.

8. By way of example, if the minimum price per unit was set at 45p per unit of alcohol:
   (a) the minimum price for a standard sized (700ml) bottle of spirits at 37.5% ABV would be £11.82 (0.45 x 37.5/100 x 0.7 x 100 = £11.82),
   (b) the minimum price for a 500ml super-strength can of beer at 9% ABV would be £2.03 (0.45 x 9/100 x 0.5 x 100 = £2.03),
   (c) the minimum price for a standard size (750ml) bottle of wine at 12.5% ABV would be £4.22 (0.45 x 12.5/100 x 0.75 x 100 = £4.22),
   (d) the minimum price for a case of 24 440ml cans of beer at 4% ABV would be £19.01 (0.45 x 4/100 x 0.440 x 24 x 100 = £19.01),
   (e) the minimum price for a 2 litre bottle of strong cider at 6% ABV would be £5.40 (0.45 x 6/100 x 2 x 100 = £5.40),
These documents relate to the Alcohol (Minimum Pricing) (Scotland) Bill (SP Bill 4) as introduced in the Scottish Parliament on 31 October 2011

(f) the minimum price for a 25ml measure of spirits at 37.5% ABV would be 43 pence \((0.45 \times 37.5/100 \times 0.025 \times 100 = £0.43)\),

(g) the minimum price for a 275 ml pre-mixed spirit and mixer at 5% ABV would be 62 pence \((0.45 \times 5/100 \times 0.275 \times 100 = £0.62)\). Note that the addition of a mixer does not affect the minimum price,

(h) the minimum price for a strong pint (568ml) of lager at 5% ABV would be £1.28 \((0.45 \times 5/100 \times 0.568 \times 100 = £1.28)\).

9. Inserted paragraph 6A(4) means that the Scottish Ministers are to specify the minimum price per unit by order. Section 1(4) amends section 146 of the 2005 Act to provide that any such order is subject to the affirmative procedure\(^1\).

10. Section 1(3) makes identical provision in respect of conditions in occasional licences granted under the 2005 Act.

11. Inserted paragraph 6A(5) and (6) sets out how the strength of alcohol is to be determined when calculating the minimum price of alcohol. “Strength” is defined in section 147(1) of the 2005 Act and is defined by reference to the Alcoholic Liquor Duties Act 1979 (c 4) which states that the alcoholic strength of any liquor is to be determined as a ratio of the volume of alcohol in the liquor to the volume of the liquor and expressed as a percentage. This is referred to as the ABV.

12. Pre-packaged drinks generally have to state on the label the drink’s alcoholic strength by volume. Various labelling regimes make this a requirement. For example, regulation 30 of the Food Labelling Regulations 1996 (SI 1996/1499) requires pre-packaged alcoholic drinks, other than EU controlled wine\(^2\), that have a strength of more than 1.2% to be marked or labelled with an indication of the drink’s alcoholic strength by volume to no more than one decimal place and expressed as a percentage. This is referred to as the “declared ABV”. Certain positive and negative tolerances are permitted (for example, beers of not more than 5.5% ABV have a tolerance of plus or minus 0.5%) and these are set out in Schedule 5 to the Regulations. These tolerances mean that it is possible for the strength of alcohol to be different to the declared ABV of that product. Where pre-packaged alcohol is required by certain labelling provisions to indicate a declared ABV it is the declared ABV that should be used in calculating the minimum price of the product rather than the actual strength of the product. Inserted paragraph 6A(6) provides that the Scottish Ministers will specify in an order which labelling provisions can be used for this purpose. The order will be subject to negative procedure\(^3\).

13. Where different alcohol drinks are mixed, for example in a cocktail, the declared ABV must be used for any alcohol to which relevant labelling provisions apply and the ABV for any other alcohol. The minimum price for each alcoholic component of the drink will need to be calculated and then added together to provide a minimum price for the whole drink. Any non-

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\(^1\) This term is defined in section 29 of the Interpretation and Legislative Reform (Scotland) Act 2010 (ILRA). See also paragraph 5 of schedule 3 to the ILRA.

\(^2\) EU controlled wine is defined as wine, grape must, sparkling wine, aerated sparkling wine, liqueur wine, semi-sparkling wine and aerated semi-sparkling wine, Food Labelling Regulations 1996.

\(^3\) Negative procedure is defined in section 28 of ILRA.
alcoholic drink added to the alcoholic products does not require to be included in the calculation as a minimum price does not apply to non-alcoholic drinks.

14. Where pre-mixed alcoholic drinks are sold, for example a gin and tonic, the relevant labelling provisions will apply to these and so they will be marked or labelled with the declared ABV and the declared ABV is to be used in order to determine the minimum price of the drink.

Section 2 – Repeal of section 1 of Alcohol etc. (Scotland) Act 2010

15. Section 1 of the Alcohol etc. (Scotland) Act 2010 (the “Alcohol Act”) has no practical effect as it makes provision for the expiry of amendments made by a section that is not contained in the Act. Section 2, therefore, repeals section 1 of the Alcohol Act.

FINANCIAL MEMORANDUM

INTRODUCTION

16. This document relates to the Alcohol (Minimum Pricing) (Scotland) Bill introduced in the Scottish Parliament on 31 October 2011. It has been prepared by the Scottish Government to satisfy Rule 9.3.2 of the Parliament’s Standing Orders. It does not form part of the Bill and has not been endorsed by the Parliament.

17. The Alcohol (Minimum Pricing) (Scotland) Bill contains a provision to introduce a minimum price of alcohol in order to reduce alcohol consumption, in particular to reduce the consumption of alcohol by harmful drinkers and hence reduce alcohol related harm. The World Health Organisation (WHO) has stated that alcohol policies and interventions targeted at vulnerable populations can prevent alcohol-related harm, but that policies which address the population as a whole can have a protective effect on vulnerable populations whilst also reducing the overall level of alcohol problems. Thus both population-based strategies and interventions and those targeting particular groups, such as harmful drinkers, are required. We consider minimum pricing just such an approach as while it applies equally across the population, we know cheaper alcohol relative to its strength tends to be bought more by harmful drinkers and so, in this sense, it is also a targeted approach.

18. Section 1 of the Bill will introduce a requirement to set a minimum price of alcohol which is considered to carry a significant financial impact. Section 2 of the Bill is a technical provision and will result in no financial impact so is not covered in this Financial Memorandum.

4 WHO (2010) Global strategy to reduce the harmful use of alcohol.
The Scottish Government will publish a Business and Regulatory Impact Assessment and Competition Assessment for section 1 of the Bill separately.

19. For the purposes of this Financial Memorandum, all figures given assume a commencement of provisions in 2012 at the earliest.

20. A table providing an overall summary of the financial impact of the Bill is included at paragraph 72 of this Financial Memorandum.

**Background**

21. The Scottish Government issued a consultation *Changing Scotland’s relationship with alcohol: a discussion paper on our strategic approach* in June 2008 which set out the scale of the alcohol misuse problem in Scotland, and the Scottish Government’s approach to tackling it, drawing on the best available international evidence. Responses to this consultation, and an analysis of these responses, are available on the Scottish Government’s website.

22. The Scottish Government published *Changing Scotland’s relationship with alcohol: A Framework for Action* on 2 March 2009 after considering the consultation responses, and this identifies that sustained action is required in four areas, one of which is reduced alcohol consumption. The Bill focuses on this area.

23. Alcohol is not an ordinary commodity – it is a psychoactive and potentially toxic and addictive substance and is a contributory factor in fifty different causes of illness and death ranging from stomach cancer and strokes to assaults and road deaths. Alcohol-related hospital discharges have more than quadrupled since the early 1980s while mortality has doubled. The harms are not just limited to health and not just experienced solely by the drinker – damage can occur to family and friends, communities, employers, and Scotland as a whole. Alcohol misuse acts as a brake on Scotland’s social and economic growth, costing an estimated £3.56 billion each year (using the study’s mid-point estimate). For the mid-point estimate, this includes £866 million in lost productivity, a cost of £269 million to the NHS and £727 million in crime costs.

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8 [Analysis of Responses to the Consultation on the Scottish Government's Strategic Approach to Changing Scotland's relationship with Alcohol, Scottish Government, 2009](http://www.scotland.gov.uk/Publications/2009/02/24154414/0)
24. Alcohol misuse is no longer a marginal problem, with industry sales data showing that enough alcohol was sold in Scotland in every year since at least 2000 to enable all adults (aged over 16) to exceed the sensible male weekly guideline of 21 units on each and every week. In 2010, average per capita sales in Scotland equated to 22.8 units per person per week representing an 11% increase since 1994. Scottish per capita alcohol sales are now almost a quarter (23%) higher than in England and Wales. Worryingly, significant numbers of children are also regularly drinking alcohol. In 2008 31% of 15 year old boys and girls drank alcohol in the previous week. The consequences of young people’s excessive drinking are significant, with nearly a quarter (23%) of those 15 years olds who have drunk alcohol reporting getting into trouble with the police and almost a fifth (18%) having tried drugs as a consequence of drinking alcohol.

25. International research has shown that the average consumption of alcohol in a population is directly linked to the amount of harm – the more we drink, the greater the risk of harm. As overall consumption has increased in Scotland over recent decades so have the resultant harms.

26. The School of Health and Related Research (ScHARR) at the University of Sheffield undertook a systematic review of the evidence available and found strong and consistent evidence to suggest that price increases have a significant effect in reducing demand for alcohol. The effects of price changes on alcohol consumption were found to be of a substantially larger size than other alcohol policy interventions. Following this review, ScHARR undertook economic modelling of the potential impact of pricing and promotion policies for alcohol in England. The results were published in December 2008 in an Independent Review of the Effects of Alcohol Pricing and Promotion. The work was commissioned by the previous UK Government and was based on information relating to alcohol consumption in England. The modelling demonstrated that increases in the price of alcohol would reduce hazardous and harmful alcohol consumption, alcohol dependence, the harm done by alcohol, and the harm done by alcohol to others in addition to the drinker. Because the harmful consequences of drinking are not confined to the heaviest drinkers, a reduction in overall consumption can be expected to have a positive effect on the whole population as well as reducing harm in high risk groups. As minimum pricing targets price increases at alcohol that is priced cheaply relative to its strength, and cheaper alcohol tends to be bought more by harmful drinkers than moderate drinkers, a

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14 Ibid
minimum pricing policy targets the drinkers causing most harm to themselves and society. In addition, studies show that cheaper alcohol is also attractive to young people.\textsuperscript{21}

27. Following the publication of the ScHARR appraisal, the Scottish Government commissioned ScHARR to undertake analysis using Scottish data, as far as possible, in order to model the potential effect of the introduction of minimum pricing of alcohol (based on volume, strength and a minimum price per unit) (hereafter referred to as “minimum pricing”). The report, \textit{Model-Based Appraisal of Alcohol Minimum Pricing and Off-Licensed Trade Discount Bans in Scotland}, was published on 28 September 2009\textsuperscript{22}. This was then updated, as new data became available, in the report \textit{Model-Based Appraisal of Alcohol Minimum Pricing and Off-Licensed Trade Discount Bans in Scotland using the Sheffield Alcohol Policy Model (v2): An Update Based on Newly Available Data} which was published on 22 April 2010\textsuperscript{23}. The Bill contains a power for the Scottish Ministers to specify by order a minimum price per unit.

\section*{SECTION 1 (MINIMUM PRICE OF ALCOHOL)}

28. The ScHARR work\textsuperscript{24} modelled 21 separate scenarios, including minimum pricing on its own and minimum pricing together with an off-trade discount ban. The results for 10 of these scenarios show the estimated impact of minimum price thresholds alone on alcohol consumption and health, crime and employment related harms. The Scottish Government’s policy intention is to introduce minimum pricing (section 1) and minimum prices per unit from 25p to 70p were modelled. The modelling was subject to sensitivity analyses and details of these is set out in paragraphs 67 to 71 of this document. The model results presented in table 1 show that increasing levels of minimum pricing show steep increases in effectiveness:

\begin{center}
\begin{tabular}{|c|c|}
\hline
Minimum price per unit & Change in consumption (%) \\
\hline
25p & -0.1 \\
30p & -0.3 \\
35p & -1.0 \\
40p & -2.3 \\
45p & -4.3 \\
50p & -6.7 \\
55p & -9.5 \\
60p & -12.3 \\
65p & -15.3 \\
70p & -18.4 \\
\hline
\end{tabular}
\end{center}

29. The results of the modelling show that as the minimum price threshold increases:

\textsuperscript{22} Meier et al. (2009) \textit{Model-Based Appraisal of Alcohol Minimum Pricing and Off-Licensed Trade Discount Bans in Scotland: A Scottish adaptation of the Sheffield Alcohol Policy Model version 2} \url{http://www.scotland.gov.uk/Publications/2009/09/24131201/0}
\textsuperscript{23} Meier et al. (2010) \textit{Model-Based Appraisal of Alcohol Minimum Pricing and Off-Licensed Trade Discount Bans in Scotland using the Sheffield Alcohol Policy Model (v2): An Update Based on Newly Available Data}, University of Sheffield \url{http://www.scotland.gov.uk/Publications/2010/04/20091852/0}
\textsuperscript{24} Op. cit., ScHARR report 2010
more deaths are avoided;
- hospital admissions fall;
- number of crimes reduces;
- absenteeism from work reduces;
- unemployment due to alcohol problems reduces;
- the financial value of harm reductions increases;
- healthcare costs reduce;
- crime costs reduce;
- revenue for alcohol industry increases;
- VAT and alcohol duty receipts mainly reduce.

30. As mentioned previously, the ScHARR results show that minimum pricing will impact most on products priced cheaply relative to their strength. As the ScHARR modelling demonstrates, cheap alcohol (i.e. relatively low price per unit of alcohol) is mostly drunk by harmful and hazardous drinkers.

31. Of the 21 scenarios the ScHARR work modelled, 10 were of minimum pricing combined with an off-trade discount ban. The Alcohol Act, which came into force on 1 October 2011, introduced an off-trade quantity discount ban. The off-trade discount ban modelling was carried out on the basis that all price-based promotions in the off-trade are banned i.e. quantity discounts (such as “3 for 2”, “12 for the price of 10”, “3 bottles for £10”) and price reductions (such as “was £10, now £5”). The Alcohol Act bans quantity discounts in the off-trade so, in this respect, the ScHARR modelling goes further. Data on the prevalence and magnitude of short-term discounts on alcohol in the major multiple retailers were purchased from Nielsen. However no data is available on the magnitude of purchasing that may be required to qualify for the discount, for example, “3 for 2” in effect is a 33% discount for bulk buying. This means that straight discounting from list price cannot be differentiated from quantity-based promotions. In the absence of being able to ascertain the proportion of quantity discounts to price reductions, the model was run incorporating both. The model results show that a total ban on off-trade price-based promotions is estimated to reduce overall consumption by 3.1%. The effect on consumption of the quantity discount ban in the Alcohol Act is likely to be less than 3.1%. Given it is not possible to differentiate between the magnitude of the price-based promotions, it is not possible to quantify how much less. At lower minimum prices per unit, the combined effect of a minimum price and a discount ban is close to the individual effects of the two policies. At higher minimum prices per unit, the marginal increased effectiveness of a discount ban is reduced, as table 2 shows:

---

These documents relate to the Alcohol (Minimum Pricing) (Scotland) Bill (SP Bill 4) as introduced in the Scottish Parliament on 31 October 2011

<table>
<thead>
<tr>
<th>Minimum price per unit</th>
<th>Change in consumption (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>25p</td>
<td>-3.2</td>
</tr>
<tr>
<td>30p</td>
<td>-3.4</td>
</tr>
<tr>
<td>35p</td>
<td>-4.0</td>
</tr>
<tr>
<td>40p</td>
<td>-5.1</td>
</tr>
<tr>
<td>45p</td>
<td>-6.7</td>
</tr>
<tr>
<td>50p</td>
<td>-8.7</td>
</tr>
<tr>
<td>55p</td>
<td>-11.2</td>
</tr>
<tr>
<td>60p</td>
<td>-13.7</td>
</tr>
<tr>
<td>65p</td>
<td>-16.5</td>
</tr>
<tr>
<td>70p</td>
<td>-19.5</td>
</tr>
</tbody>
</table>

32. It is worth noting that the Scottish Government’s preferred policy for the Alcohol Act was to introduce a quantity discount ban combined with a minimum price per unit. The effect of this would have been to ban quantity discounts whilst also creating a floor price for individual alcohol products that retailers would not have been able to go below. This would have prevented retailers carrying out the deep discounting of some individual alcohol products. It is not possible to quantify the extent of this deep discounting.

Costs on the Scottish Administration

33. Research to inform the potential impact of setting a minimum price per unit was undertaken by ScHARR at a cost of £56,000 for the initial report and £31,000 for the updated report (excluding VAT). These costs are not costs associated with this Bill but with the Alcohol Act. In June 2008, the Scottish Government established a Monitoring and Evaluation Reference Group for Alcohol (MERGA) to oversee the development of a portfolio of monitoring and evaluation studies to measure the extent to which the actions set out in the Framework for Action and other alcohol interventions are effective in delivering the intended outcomes. As the portfolio moved from planning to delivery, MERGA was replaced by the Monitoring and Evaluating Scotland’s Alcohol Strategy (MESAS) workstream led by NHS Health Scotland. NHS Health Scotland’s role is to commission, manage and deliver the portfolio of studies, with the Scottish Government’s Alcohol Evidence Group (which comprises a range of key stakeholders) providing strategic direction, advice and governance. NHS Health Scotland is responsible for overall project delivery and reporting. The policy proposal in the Bill will form part of the measures that are to become routinely monitored. It is, therefore, not considered appropriate to apportion a specific cost to any one measure.

34. There will be initial set up costs for the Scottish Government in introducing a minimum price per unit of alcohol in order to provide business advice to licence holders about the necessity to comply with the provision. The costs of these are estimated to be in the region of £90,000 and will be met from within existing public health programme budgets.

35. There will be costs associated with setting and varying the minimum price per unit. A decision has not been taken on the preferred method for revising the minimum price per unit and
These documents relate to the Alcohol (Minimum Pricing) (Scotland) Bill (SP Bill 4) as introduced in the Scottish Parliament on 31 October 2011

how often this would be carried out. A revision methodology will be considered when a specific minimum price per unit is being considered.

Costs on local authorities

36. The position of Licensing Standards Officers (LSOs) was created through the Licensing (Scotland) Act 2005. LSOs work on behalf of local authorities and are responsible for the monitoring and enforcement of the new licensing regime which became fully operational from 1 September 2009. LSOs ensure compliance with any conditions attached to premises licences. The Licensing (Scotland) Act 2005 and associated secondary legislation sets out a number of conditions that are attached to a premises licence including such conditions covering an operating plan, premises manager, staff training, pricing and promotion of alcohol, payment of fees, display of notices, and alcohol display areas. Minimum pricing would be added to this number. The Scottish Government considers business advice to licence holders will be required on the introduction of a minimum price per unit, and has agreed to fund this initial set up cost in order to assist LSOs and avoid costs falling on local government. It is considered there would be an increase in demand for advice to licence holders from LSOs in the run up to introduction and in the period immediately after introduction which would cause a reprioritisation of duties and resources. In the longer term, as licence holders and LSOs become more familiar with the minimum pricing provision, the workload associated with introduction should decrease. The cost of running the licensing system, including the costs of LSOs, are generally recovered by Licensing Boards from fee income in line with The Licensing (Fees) (Scotland) Regulations 2007 (SSI 2007 No. 553). If the costs of implementing minimum pricing were found to increase the workload of LSOs significantly, a review of the level of fee income would be appropriate.

Costs on other bodies, individuals and businesses

Individuals

37. On the introduction of a minimum price, those consumers affected will be those that previously purchased products that were priced below the minimum set. Consumer behaviour will respond to price changes. Consumers may continue to spend the same amount as they did before and so purchase less alcohol; or purchase the same products in less quantity but increase their spending; or switch to other products. This will depend on how responsive they are to changes in actual and relative prices. The SchARR modelling separated drinkers into the categories moderate, hazardous and harmful\(^{26}\). The results show that whilst the introduction of a minimum price for a unit of alcohol may lead to a decrease in consumption, it would result in an increase in consumers’ spending, particularly for hazardous and harmful drinkers. The model takes into account switching behaviour through incorporating elasticities which provide information on the responsiveness of the population to price changes. Table 3 shows the estimated effect on consumers’ spending for each of these groups and for each of the minimum pricing scenarios modelled.

\(^{26}\) Moderate drinkers are classed as those drinking within recommended weekly guidelines (under 21 units for men / under 14 units for women). Hazardous drinkers: men drinking 21-50 units per week; women 14-35 units. Harmful drinkers: men drinking in excess of 50 units per week; women in excess of 35 units.
These documents relate to the Alcohol (Minimum Pricing) (Scotland) Bill (SP Bill 4) as introduced in the Scottish Parliament on 31 October 2011

Table 3: minimum price: impact on consumption and spending

<table>
<thead>
<tr>
<th>Minimum Price per unit</th>
<th>Moderate drinkers</th>
<th>Hazardous drinkers</th>
<th>Harmful drinkers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Change in mean annual consumption per drinker—all beverages (%)</td>
<td>Change in spend per drinker per annum (£)</td>
<td>Change in mean annual consumption per drinker—all beverages (%)</td>
</tr>
<tr>
<td>25p</td>
<td>+0.0</td>
<td>+1</td>
<td>+0.0</td>
</tr>
<tr>
<td>30p</td>
<td>-0.0</td>
<td>+2</td>
<td>-0.0</td>
</tr>
<tr>
<td>35p</td>
<td>-0.3</td>
<td>+3</td>
<td>-0.4</td>
</tr>
<tr>
<td>40p</td>
<td>-0.9</td>
<td>+5</td>
<td>-1.4</td>
</tr>
<tr>
<td>45p</td>
<td>-2.0</td>
<td>+8</td>
<td>-3.2</td>
</tr>
<tr>
<td>50p</td>
<td>-3.3</td>
<td>+12</td>
<td>-5.6</td>
</tr>
<tr>
<td>55p</td>
<td>-5.0</td>
<td>+15</td>
<td>-8.4</td>
</tr>
<tr>
<td>60p</td>
<td>-6.8</td>
<td>+18</td>
<td>-11.3</td>
</tr>
<tr>
<td>65p</td>
<td>-8.8</td>
<td>+21</td>
<td>-14.4</td>
</tr>
<tr>
<td>70p</td>
<td>-10.9</td>
<td>+24</td>
<td>-17.6</td>
</tr>
</tbody>
</table>

38. The greatest impact of minimum pricing, both in terms of reduced consumption and increased spend, is estimated to be on those who currently drink the most. It is estimated that hazardous and harmful drinkers will reduce their consumption most, though still increasing their spend. The effect on moderate drinkers is marginal as they drink less and also tend not to drink cheaply priced alcohol. Taking a 45p minimum price per unit as an example, consumption changes are estimated to be greatest for harmful drinkers (-5.7 units per week, representing a decrease of 7.9%), whilst the model suggests that moderate drinkers are affected in a small way (approximately -0.1 units per week, representing a decrease of 2.0%).

39. Minimum pricing is estimated to lead to reductions in health, crime and employment harms. The higher the minimum price per unit, the greater the estimated reduction in alcohol-related harms. The greatest health benefits accrued from minimum pricing are seen amongst hazardous and harmful drinkers.

40. The following paragraphs and table 4 use a 45p minimum price per unit as an illustrative example. Similar information for other prices modelled from 25p to 70p per unit is provided in the ScHARR report.

41. On health benefits, deaths are estimated to reduce by around 50 within the first year of implementation and a full effect after 10 years of around 225 per annum. For the 10 year effect, deaths are differentially distributed across the groups with around 14 amongst moderate drinkers,

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27 Any differences in figures in paragraphs or tables when figures are added together are due to roundings within the results from the modelling.
These documents relate to the Alcohol (Minimum Pricing) (Scotland) Bill (SP Bill 4) as introduced in the Scottish Parliament on 31 October 2011

around 107 amongst hazardous drinkers and around 105 amongst harmful drinkers. Illness also decreases with an estimated reduction of around 1,000 chronic and acute illnesses within the first year. For the full 10 year effect, illnesses are expected to reduce by around 2,600 per annum differentially distributed across the groups with around 500 amongst moderate drinkers, around 1,000 amongst hazardous drinkers, and around 1,000 amongst harmful drinkers. Hospital admissions are estimated to reduce by around 1,200 in the first year, and a full effect in year 10 of around 4,200 differentially distributed across the groups with around 600 amongst moderate drinkers, around 1,600 amongst hazardous drinkers, and around 2,000 amongst harmful drinkers. Healthcare service costs are estimated to reduce by around £6m in the first year, with a Quality Adjusted Life Years (QALYs) gain valued at around £14m. For the full 10 year effect, the healthcare service costs are estimated to reduce by around £83m, with a QALY gain valued at around £369m.

42. Overall, crime volumes are estimated to fall by around 2,600 offences per annum. The distribution of the effect varies across the groups with reductions of around 100 offences from moderate drinkers, around 700 offences from hazardous drinkers and around 1,600 offences from harmful drinkers. The harm avoided in terms of victim quality of life is valued at around £1m in the first year and around £13m over 10 years. Direct costs of crime are estimated to reduce by around £2m in the first year, and by around £18m over 10 years.

43. Workplace harms are estimated to reduce by around 1,200 fewer unemployed people and around 22,900 fewer sick days per year. The estimated reduction in unemployment comes from the harmful drinking group. The sick days are differentially distributed across the groups with around 5,200 amongst moderate drinkers, around 7,000 amongst hazardous drinkers and around 10,300 amongst harmful drinkers. For the first year, the costs of sick days are estimated to be around £2m and the cost of unemployment around £26m. The costs of sick days and unemployment is estimated at around £237m over 10 years.

44. The estimated societal value of these harms in the first year is estimated at around £52m made up as follows: NHS cost reductions (£6m), value of QALYs saved (£14m), crime costs saved (£2m), value of crime QALYs saved (£1m) and employment related harms avoided (£28m). The societal value of these harm reductions over the 10 year period is estimated at £721m and is distributed across the different groups as follows: £417m for harmful (59%), £189m for hazardous (26%) and £110m for moderate (15%).

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28 A quality adjusted life year is a measure of health outcome which combines quantity of life with quality: where 0 = death and 1 = 1 year in full health. Measured in this way a QALY of 0.5, for example, could be 6 months at full health or 1 year in a health state valued at 0.5.

29 Direct physical and emotional impacts on victims of crime are valued at £81,000 per QALY, Dubourg et al (2005)
45. The effect of a 45p minimum price per unit is estimated to increase overall spend by consumers by around £96m per annum, as shown in Table 5, with harmful drinkers spending around £28m more per annum, hazardous drinkers spending around £45m more per annum and moderate drinkers spending around £21m more per annum. This represents £116 for harmful drinkers, £54 for hazardous drinkers and £8 for moderate drinkers (an average of £25 per drinker per annum for all drinkers). This represents an increased spend of approximately 4.1% overall – split by 4.6%, 4.9% and 2.8% for harmful, hazardous and moderate drinkers respectively. This additional spend needs to be balanced against the benefit of reduced harms.

46. Table 6 summarises the estimated effects on individuals for each of the minimum price scenarios modelled. This illustrates the estimated financial effect on costs to the consumer per annum and the estimated financial value of harm reductions in health, crime and employment in the first year and over 10 years.

Table 4: Financial value of harm reduction (£m): 45p minimum price per unit

<table>
<thead>
<tr>
<th>Year 1</th>
<th>Scotland</th>
<th>Moderate</th>
<th>Hazardous</th>
<th>Harmful</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health costs</td>
<td></td>
<td></td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Crime costs</td>
<td>2</td>
<td>0</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Employment costs</td>
<td>28</td>
<td>0</td>
<td>1</td>
<td>27</td>
</tr>
<tr>
<td>Total direct costs</td>
<td>36</td>
<td>2</td>
<td>4</td>
<td>30</td>
</tr>
<tr>
<td>Health QALYs</td>
<td></td>
<td></td>
<td>14</td>
<td>5</td>
</tr>
<tr>
<td>Crime QALYs</td>
<td>1</td>
<td>0</td>
<td>0</td>
<td>1</td>
</tr>
<tr>
<td>Total societal value</td>
<td>51</td>
<td>6</td>
<td>9</td>
<td>36</td>
</tr>
</tbody>
</table>

Cumulative 10 years

| Health costs    |          |          | 83        | 32      |
| Crime costs     | 18       | 0        | 5         | 12      |
| Employment costs| 237      | 4        | 5         | 228     |
| Total direct costs | 338   | 23       | 42        | 272     |
| Health QALYs    |          |          | 369       | 144     |
| Crime QALYs     | 13       | 0        | 3         | 8       |
| Total societal value | 721  | 110      | 189       | 417     |

Table 5: Effect on drinkers for total population (£m): 45p minimum price per unit

<table>
<thead>
<tr>
<th>Total change in value of sales for population</th>
<th>Scotland</th>
<th>Moderate</th>
<th>Hazardous</th>
<th>Harmful</th>
</tr>
</thead>
<tbody>
<tr>
<td>Off-trade per annum</td>
<td>48</td>
<td>11</td>
<td>21</td>
<td>15</td>
</tr>
<tr>
<td>On-trade per annum</td>
<td>48</td>
<td>10</td>
<td>24</td>
<td>13</td>
</tr>
<tr>
<td>Total per annum</td>
<td>96</td>
<td>21</td>
<td>45</td>
<td>28</td>
</tr>
</tbody>
</table>
Table 6: Summary of financial valuation on health, crime and employment alcohol related harms: minimum price

<table>
<thead>
<tr>
<th>Minimum price per unit</th>
<th>Costs to individuals per annum £m</th>
<th>Health (including QALYs) £m</th>
<th>Crime (including QALYs) £m</th>
<th>Employment £m</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Year 1</td>
<td>Over 10 years</td>
<td>Year 1</td>
<td>Over 10 years</td>
</tr>
<tr>
<td>25p</td>
<td>9</td>
<td>+1</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>30p</td>
<td>20</td>
<td>0</td>
<td>10</td>
<td>0</td>
</tr>
<tr>
<td>35p</td>
<td>39</td>
<td>4</td>
<td>91</td>
<td>1</td>
</tr>
<tr>
<td>40p</td>
<td>66</td>
<td>10</td>
<td>236</td>
<td>2</td>
</tr>
<tr>
<td>45p</td>
<td>96</td>
<td>20</td>
<td>452</td>
<td>4</td>
</tr>
<tr>
<td>50p</td>
<td>123</td>
<td>32</td>
<td>715</td>
<td>6</td>
</tr>
<tr>
<td>55p</td>
<td>148</td>
<td>46</td>
<td>1019</td>
<td>8</td>
</tr>
<tr>
<td>60p</td>
<td>169</td>
<td>60</td>
<td>1331</td>
<td>11</td>
</tr>
<tr>
<td>65p</td>
<td>184</td>
<td>75</td>
<td>1648</td>
<td>13</td>
</tr>
<tr>
<td>70p</td>
<td>191</td>
<td>90</td>
<td>1965</td>
<td>16</td>
</tr>
</tbody>
</table>

Businesses

47. All minimum price scenarios modelled result in estimated increased revenue to the alcohol industry (excluding VAT and duty). The increases can be seen in both the off and on-trade sectors. Higher minimum prices lead to greater additional revenues. The estimates are high-level estimates of revenue changes to the alcohol industry as a whole. It was beyond the remit of the modelling to consider where the change in revenue may accrue i.e. whether the estimated increases benefit retailers, wholesalers or producers, or all of them to some extent.

48. A minimum pricing policy is likely to affect the off-trade sector more than the on-trade sector due to cheaper alcohol being sold in the off-trade sector. The average price of a unit of alcohol in the on-trade for 2010 is £1.34\(^{30}\) whilst for the off-trade the corresponding figure is £0.45. Increases in revenue might be expected to only apply to the off-trade, however, the on-trade sector is also estimated to see increases in revenues due to switching effects. As the differential between prices in the off-trade and on-trade reduces, some drinkers may switch from purchasing in the off-trade to purchasing in the on-trade.

49. Table 7 shows the estimated effects of minimum pricing scenarios on the revenues for the on and off-trade sectors per annum:

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\(^{30}\) Robinson, Craig, McCartney& Beeston (2011) op cit
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Table 7: Effect on revenue for alcohol industry (excluding VAT and duty)

<table>
<thead>
<tr>
<th>Minimum price per unit</th>
<th>Off-trade sector per annum (£m)</th>
<th>On-trade sector per annum (£m)</th>
<th>Total per annum (£m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>25p</td>
<td>+5</td>
<td>+3</td>
<td>+8</td>
</tr>
<tr>
<td>30p</td>
<td>+11</td>
<td>+8</td>
<td>+19</td>
</tr>
<tr>
<td>35p</td>
<td>+24</td>
<td>+15</td>
<td>+39</td>
</tr>
<tr>
<td>40p</td>
<td>+43</td>
<td>+25</td>
<td>+68</td>
</tr>
<tr>
<td>45p</td>
<td>+67</td>
<td>+37</td>
<td>+104</td>
</tr>
<tr>
<td>50p</td>
<td>+91</td>
<td>+49</td>
<td>+140</td>
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<tr>
<td>55p</td>
<td>+112</td>
<td>+63</td>
<td>+175</td>
</tr>
<tr>
<td>60p</td>
<td>+130</td>
<td>+77</td>
<td>+207</td>
</tr>
<tr>
<td>65p</td>
<td>+143</td>
<td>+92</td>
<td>+235</td>
</tr>
<tr>
<td>70p</td>
<td>+148</td>
<td>+109</td>
<td>+257</td>
</tr>
</tbody>
</table>

50. There is estimated to be an increase of between £8m and £257m per annum in revenue for the alcohol industry taking the range of minimum prices per unit from 25p to 70p. The actual effect will depend on the specific minimum price per unit set. The greatest estimated total increase in revenue at a minimum price per unit of 70p (£257m) represents 7% of the estimated value of total alcohol sales for both the on and off-trade sectors (£3,810m\(^3\)) in Scotland in 2010.

51. There will be costs to retailers associated with the implementation of a minimum pricing scheme such as re-pricing products, altering bar codes and shelf tickets. The costs to retailers that operate only in Scotland, will form part of their usual operational practice when altering prices. Those retailers that operate on a UK-wide basis may incur costs associated with a different pricing and promotion regime operating in Scotland. These retailers are predominantly large supermarket chains. There is likely to be a lead in time prior to introduction. That, coupled with the resources available to them, should allow retailers to investigate the most cost effective method of implementing differential pricing across stores in different parts of the UK. There is also the possibility that any additional cost may be offset against the estimated increased revenue from alcohol sales. An alternative approach for those that operate on a UK-wide basis would be to use the Scottish pricing regime across the whole of the UK thus minimising the cost of operating different pricing structures.

52. During the passage of the Alcohol etc. (Scotland) Bill, a series of questions in relation to introducing minimum pricing were posed to groups representing the majority of retailers and producers of alcohol in Scotland: Scottish Grocers Federation (SGF), Wine and Spirits Trade Association (WSTA), Scottish Retail Consortium (SRC) and the Scotch Whisky Association (SWA). The SGF is the trade association for the Scottish convenience store sector, representing most of the Scottish Co-ops, Somerfield, SPAR and local independent retailers. The WSTA represents businesses which work across the entirety of the supply chain in wines and spirits in Scotland and the UK. Their membership includes producers, importers, wholesalers, brand owners and off-licence retailers including supermarkets and specialist stores. The SRC is a retail

These documents relate to the Alcohol (Minimum Pricing) (Scotland) Bill (SP Bill 4) as introduced in the Scottish Parliament on 31 October 2011

trade association and includes major high street retailers and supermarkets to trade associations representing smaller retailers. The SWA is the trade association for the Scotch Whisky industry, and its members account for more than 95% of production and sales of Scotch Whisky.

53. The questions were designed to gauge the likely impact of a minimum price per unit set at a low, medium and high level so prices of 25p, 50p and 70p were used as examples. SGF members estimated that a minimum price per unit of 50p would result in a reduction in sales of 10% and a 70p minimum price per unit would have an estimated reduction in sales of 25%. SWA estimated that a minimum price per unit of 50p would result in a reduction of Scotch whisky sales in Scotland by 23%. As a result of this impact, SWA estimated whisky sales in the Scottish off-trade would be reduced by at least £30m a year. On the question of what the administrative costs of introducing minimum pricing might be, SGF did not provide a figure for this but their view is that a check of all prices would require to be carried out between knowledge of minimum price level and the date of implementation. Additional costs would not be significant for stores with head office support, however for independent / unattached retailers this may be equivalent to one member of staff for several days. If it is assumed that one shopfloor worker earning £6.08 per hour (national minimum wage for those aged 21 and over) is employed for 16 hours, this would cost the employer approximately £117 per worker (including on costs). It is unclear how many retailers would be affected in this way. In 2007 there were 3,224 off-sale liquor licences in force in shops in Scotland32. If this cost was applied to all, then the total incurred would be around £377,000.

54. The modelling estimates that there will be an increase in the value of sales but a decrease in the volume overall. There are various factors that need to be taken into account with the introduction of a minimum price such as the type of alcohol, whether on or off-trade, the specific minimum price per unit set and the volume of alcohol that will be directly affected by a specific minimum price. The producers most affected will be those that deal exclusively or mainly with alcohol that will be affected with the introduction of a minimum price. During the passage of the Alcohol etc. (Scotland) Bill in 2010, two companies were identified as being in this market: Whyte & Mackay and Glen Catrine. Whyte & Mackay estimated that for a minimum price per unit of 50p there were likely to be immediate job losses of 83, but that job losses would be unlikely if the minimum price per unit was 40p. Whyte & Mackay also said that they see the future of the company being driven by the ‘premiumisation’ of their brands – moving away from competing mainly on price, in accordance with the view that Scotch Whisky is a premium product and should be marketed as such. Glen Catrine did not provide any information.

55. Dialogue with the industry has continued and, more recently, similar questions have been asked of members of the Scottish Government Alcohol Industry Partnership, which include SGF, SWA, SRC, WSTA and Whyte & Mackay, in order to obtain an update on the position and responses will be included within the Business and Regulatory Impact Assessment which will accompany the Bill.

56. There may be a loss of trade due to an element of cross-border alcohol tourism and increased internet sales in order to take advantage of those areas in the UK that do not have

33 John Beard, CE, Whyte & Mackay in oral evidence at Health and Sport Committee on 17 March 2010
These documents relate to the Alcohol (Minimum Pricing) (Scotland) Bill (SP Bill 4) as introduced in the Scottish Parliament on 31 October 2011

minimum pricing in place. The WSTA cite the example of higher sales of alcohol in Northern Ireland due to the increase in the numbers of people travelling from the Republic of Ireland to Northern Ireland to take advantage of cheaper alcohol deals. This issue of cross-border shopping has been addressed in a recent report conducted by the Office of the Revenue Commissioners and the Central Statistics Office for the Irish Department of Finance. The report notes that the main causes of price differentials between goods in Northern Ireland and the Republic of Ireland are operating costs, profit margin, taxes and, in particular, the rapid depreciation of Sterling against the Euro (depreciation of around 30% between January and December 2008). These are specific circumstances where it is not just alcohol that is cheaper – people are travelling to do their whole grocery shopping. In the Scottish situation minimum pricing will only raise the price of products priced cheaply relative to their strength. The majority of the population in Scotland live a considerable distance from the English border, so although there may be an element of cross border activity, for most people, purchasing in England would incur both a time and travel cost (e.g. petrol and depreciation). This is likely to outweigh any savings on the price of alcohol. For example, a round trip from Glasgow to Carlisle involves a journey of just under 200 miles. Assuming an average of 40 miles per gallon, and a fuel cost per gallon of around £6.16, (equivalent to 135.6p per litre) the journey would cost around £30 in petrol/diesel alone and take a minimum of 3-4 hours. Additional running costs at the rate of 40p per mile adds £80. The level of any minimum price would determine any potential savings. Assuming that the purchased alcohol costs an average of 35p per unit and assuming a minimum price per unit of 45p, then the consumer would need to buy 300 units of alcohol (or over 30 bottles of wine) simply to break even on the cost of the fuel. To cover the running cost as well would require the purchase of around 110 bottles of wine or over 40 bottles of spirits. If the differential were less then greater quantities of alcohol would need to be bought to make it financially beneficial.

57. Similarly for internet sales, we consider the vast majority of consumers will not be affected as they are unlikely to purchase the type of alcohol that will be affected by a minimum pricing policy through the internet.

58. The Scottish Government is not aware that illegal sales of alcohol are a significant problem. In order to make an assessment of the level of unpaid duty, HMRC makes an estimate, annually, of the size of the illicit market. Currently the methodology only allows consideration of spirits and beer. For the UK, in 2008-09, this estimate was around 2% of total consumption (confidence intervals: 0 - 9%). This figure has been falling since 2005-06. HMRC consider that the majority of the loss is through the practice of Diversion which involves diverting goods in transit, travelling in duty suspension to overseas markets, to the illicit UK market.

59. In evidence to the Health and Sport Committee in 2010 senior police officers indicated that across all eight forces in Scotland there was no evidence that illegal sales of alcohol were an issue nor did they consider that it was likely to become one. However, they indicated that if it

36 AA Running Costs tables: http://www.theaa.com/motoring_advice/running_costs/
37 http://www.hmrc.gov.uk/stats/measuring-tax-gaps-2010.htm.pdf Note that the duty gap is estimated for spirits and beer only.
did become an attractive option for criminal activity then they would, along with HMRC, focus on it if the issue arose.\footnote{http://www.scottish.parliament.uk/s3/committees/hs/or-10/he10-0902.htm#Col2945}

60. In addition, the Scottish Government understands that although the Scottish Crime and Drug Enforcement Agency is aware that there are incidences of illicit alcohol being sold, they, along with HMRC and Trading Standards, do not consider there is a significant problem in Scotland. Any incentive for an increase in illicit sales will depend at what level the minimum price per unit is set.

61. Similarly, home production of alcohol is currently considered to be undertaken on an insignificant scale and it is highly unlikely that any minimum price per unit set would be so high that it would result in a major increase in this activity.

**UK Government**

62. The effects on sales tax (VAT) and duty receipts are estimated to be relatively small due to the counter-balancing nature of the two taxes. Duty is applied to the volume of sales (which is estimated to reduce overall) but the VAT is applied to the monetary value of sales (which is estimated to increase overall).

63. Table 8 shows the estimated effects of minimum pricing scenarios on VAT and duty for the on and off-trade sectors per annum:

<table>
<thead>
<tr>
<th>Minimum price per unit</th>
<th>Off-trade sector per annum (£m)</th>
<th>On-trade sector per annum (£m)</th>
<th>Net effect per annum (£m)</th>
<th>Net effect as % of total VAT and alcohol duties for UK</th>
</tr>
</thead>
<tbody>
<tr>
<td>25p</td>
<td>0</td>
<td>+1</td>
<td>+1</td>
<td>+0.001</td>
</tr>
<tr>
<td>30p</td>
<td>-1</td>
<td>+2</td>
<td>+1</td>
<td>+0.001</td>
</tr>
<tr>
<td>35p</td>
<td>-4</td>
<td>+5</td>
<td>+1</td>
<td>+0.001</td>
</tr>
<tr>
<td>40p</td>
<td>-10</td>
<td>+8</td>
<td>-2</td>
<td>0.002</td>
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<td>45p</td>
<td>-20</td>
<td>+11</td>
<td>-9</td>
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<tr>
<td>55p</td>
<td>-46</td>
<td>+19</td>
<td>-27</td>
<td>0.03</td>
</tr>
<tr>
<td>60p</td>
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<td>+23</td>
<td>-38</td>
<td>0.04</td>
</tr>
<tr>
<td>65p</td>
<td>-79</td>
<td>+27</td>
<td>-52</td>
<td>0.06</td>
</tr>
<tr>
<td>70p</td>
<td>-97</td>
<td>+32</td>
<td>-65</td>
<td>0.07</td>
</tr>
</tbody>
</table>

64. There is estimated to be a net effect of an increase of between £1m and a reduction of £65m in receipts to the Exchequer taking the range of prices from 25p to 70p. The actual effect will depend on the specific minimum price per unit set. Total receipts from VAT in the UK were
£83,616m in 2009-10 and from alcohol duties in the UK were £9,246m\(^{39}\). Taking the maximum effect of a reduction of £65m (70p minimum price), this represents a reduction of 0.07% of total receipts from VAT and alcohol duties in the UK. There are no costs to the UK Government which fall within the terms of the Statement of Funding\(^ {40}\).

**The National Health Service**

65. Alcohol misuse costs the National Health Service (NHS) an estimated £269m each year (paragraph 24). Health harms are estimated to reduce by up to £90m in the first year, and up to £1,965m over 10 years (table 6).

**Wider costs of crime to society**

66. The wider costs of crime to society (not including direct costs to victims) are estimated to reduce by up to £16m in the first year and by up to £138m over 10 years (table 6). The costs of crime include value of property stolen, damaged or destroyed, insurance administration and criminal justice system costs.

**Uncertainty around costs and benefits**

67. The estimates of costs and benefit are derived from the modelling work undertaken by ScHARR. The presentation of results is consistent with an epidemiological approach in reporting the mean values for consumption and impact within the groups the Sheffield team were analysing. Mathematical and econometric models, such as the Sheffield model, are built to simulate complex real world phenomena and as such the models themselves are typically very complex. Probabilistic sensitivity analysis is a specific method of characterising uncertainty around values of individual input variables. It defines inputs as probability ranges (by applying a probability distribution) to determine if one or a combination of variables has an impact on a model’s outcome.

68. The analyses undertaken by the Sheffield team include probabilistic sensitivity analysis around the price elasticities of demand and the use of alternative assumptions around the differential responsiveness of moderate and heavier drinkers\(^ {41} \). This allows a range of estimates on the potential impact of minimum pricing on consumption and harm outcomes to be developed.

69. The 95% confidence intervals for changes in consumption due to each policy tested are quite narrow. For a 40p minimum price per unit for all drinkers the change is estimated to lie between 2.2% and 2.4% i.e. there is a 95% probability that the reduction lies between 2.2% and 2.4%. For an off-trade discount ban for all drinkers the change is estimated to lie between 3.1% and 3.2%; for the combination of these policies for all drinkers the change is estimated to lie between 4.9% and 5.2%.

\(^{39}\) From tables in Government Expenditure and Revenue Scotland 2009-10, a National Statistics publication which estimates the contribution of revenue raised in Scotland toward the goods and services provided for the benefit of Scotland [http://www.scotland.gov.uk/Topics/Statistics/Browse/Economy/GERS/GERS2011tables](http://www.scotland.gov.uk/Topics/Statistics/Browse/Economy/GERS/GERS2011tables)

\(^{40}\) Her Majesty’s Treasury Funding the Scottish Parliament, National Assembly for Wales and Northern Ireland Assembly, Statement of Funding, It sets out the arrangements which apply in setting devolved budgets in the 2010 Spending Review, [http://www.hm-treasury.gov.uk/spend_sr2010_fundingpolicy.htm](http://www.hm-treasury.gov.uk/spend_sr2010_fundingpolicy.htm)

70. Further testing and adjusting of the baseline results took place. For example, scenario analysis was carried out around the differential responsiveness of moderate and heavier drinkers. Following this, the elasticity estimates for hazardous and harmful drinkers were reduced by one third (using a modelling assumption made by Chisholm et al (2004)). Even under this scenario the model showed that harmful drinkers are more responsive to minimum price policies.

71. Additional detail around the sensitivity analyses carried out can be found in pages 61 – 65 of the 2010 ScHARR report.

72. Table 9 summarises the overall financial impact of the Bill.
<table>
<thead>
<tr>
<th>SECTION</th>
<th>SCOTTISH ADMINISTRATION</th>
<th>LOCAL AUTHORITIES</th>
<th>INDIVIDUALS</th>
<th>BUSINESSES</th>
<th>UK GOVERNMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Significant impact</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Section 1</strong> minimum price (25p to 70p per unit) (paragraphs 29 to 66)</td>
<td><strong>Costs</strong></td>
<td>Cost of ScHARR report at £0.09m (paragraph 33).</td>
<td>Minimal following introduction (ongoing) (paragraph 36).</td>
<td>Increase in spend on sales of £9m to £191m per annum depending on the minimum price per unit set (paragraph 46, table 6).</td>
<td>Administrative costs for UK businesses of maintaining different pricing structures in Scotland to the rest of the UK – not quantified by industry (paragraphs 51 to 54)</td>
</tr>
<tr>
<td></td>
<td><strong>Benefits</strong></td>
<td>Health harms: reduction of up to £90m in year 1 (including QALYs), and up to £1965m over 10 years (including QALYs) depending on the minimum price per unit set (paragraph 46, table 6).</td>
<td>Crime harms: reduction of up to £16m in year 1 (including QALYs), and reduction of up to £138m over 10 years (including QALYs) depending on the minimum price per unit set (paragraph 46, table 6).</td>
<td>Crime harms: reduction of up to £16m in year 1 (including QALYs), and reduction of up to £138m over 10 years (including QALYs) depending on the minimum price per unit set (paragraph 46, table 6).</td>
<td>Costs ranging from an increase in VAT and duty of £1m to a reduction of £65m per annum depending on the minimum price per unit set (paragraph 64, table 8).</td>
</tr>
<tr>
<td></td>
<td><strong>SGF</strong></td>
<td>50p minimum price per unit – reduce sales by 10%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
These documents relate to the Alcohol (Minimum Pricing) (Scotland) Bill (SP Bill 4) as introduced in the Scottish Parliament on 31 October 2011

SCOTTISH GOVERNMENT STATEMENT ON LEGISLATIVE COMPETENCE

73. On 31 October 2011, the Cabinet Secretary for Health, Wellbeing and Cities Strategy (Nicola Sturgeon MSP) made the following statement:

“In my view, the provisions of the Alcohol (Minimum Pricing) (Scotland) Bill would be within the legislative competence of the Scottish Parliament.”

PRESIDING OFFICER’S STATEMENT ON LEGISLATIVE COMPETENCE

74. On 27 October 2011, the Presiding Officer (Tricia Marwick MSP) made the following statement:

“In my view, the provisions of the Alcohol (Minimum Pricing) (Scotland) Bill would be within the legislative competence of the Scottish Parliament.”
This document relates to the Alcohol (Minimum Pricing) (Scotland) Bill (SP Bill 4) as introduced in the Scottish Parliament on 31 October 2011

ALCOHOL (MINIMUM PRICING) (SCOTLAND) BILL

POLICY MEMORANDUM

INTRODUCTION

1. This document relates to the Alcohol (Minimum Pricing) (Scotland) Bill introduced in the Scottish Parliament on 31 October 2011. It has been prepared by the Scottish Government to satisfy Rule 9.3.3(c) of the Parliament’s Standing Orders. The contents are entirely the responsibility of the Scottish Government and have not been endorsed by the Parliament. Explanatory Notes and other accompanying documents are published separately as SP Bill 4–EN.

OVERVIEW OF THE BILL

2. The Bill will introduce a minimum price of alcohol below which alcohol must not be sold on licensed premises. The minimum price will be set according to the strength of the alcohol, the volume of the alcohol and the minimum price per unit.

3. The Scottish Government considers the minimum pricing measure in the Bill will help reduce alcohol consumption in Scotland, in particular reducing the consumption of alcohol by harmful drinkers, and reduce the impact that alcohol misuse and overconsumption has on public health, crime, public services, productivity, and the economy as a whole. The minimum pricing measure in the Bill should be seen as part of the wider strategic approach to tackling alcohol misuse set out in Changing Scotland’s Relationship with Alcohol: A Framework for Action.

4. Minimum pricing was included within the Alcohol etc. (Scotland) Bill (the “Alcohol Bill”) when it was introduced in November 2009 but did not receive sufficient support within the Scottish Parliament. Much of the evidence and rationale used in support of minimum pricing during the Alcohol Bill process remains relevant to this Bill. Where new evidence has become available it is included in this document. The consultation on minimum pricing that took place for the Alcohol Bill is still relevant for this Bill, and is included in this document. Further information has been requested from key industry stakeholders on what they consider the impact

of minimum pricing might be on their business and will be included within the Business and Regulatory Impact and Competition Assessment\(^2\) that will be published along with the Bill.

**BACKGROUND**

5. The volume of alcohol use in a country is best estimated from national sales, production and/or taxation data since population surveys invariably underestimate total alcohol consumption\(^3\)\(^4\). These can come from sales data and supply data (e.g. data on production and trade such as Food and Agriculture Organization of the United Nations (FAO) and World Drink Trends (WDT)\(^5\) or tax receipts e.g. HM Revenue and Customs (HMRC) data in the UK). Not all alcohol released for sale will necessarily be consumed, or purchased by individuals resident in the country. However, this is counterbalanced by alcohol consumed abroad, home production, alcohol brought in from abroad, etc.

6. Industry sales data shows that enough alcohol was sold in Scotland annually since at least 2000 to enable all adults over 16 to exceed the sensible male weekly guideline of 21 units on each and every week\(^6\). In 2010, average per capita sales in Scotland equated to 22.8 units per person per week representing an 11% increase since 1994. Scottish per capita alcohol sales are now almost a quarter (23%) higher than in England and Wales. Significantly, while sales have fallen by around 8% from a 2005 peak in England and Wales, there has been no similar decline in Scotland\(^7\). Drinking above the Chief Medical Officers’ recommended guidelines increases the risk of lasting health damage and there is clear evidence that increased consumption is driving increased harm.

7. There were almost 40,000 general hospital discharges in 2009-10\(^8\) due to alcohol related illness and injury, equivalent to more than 100 discharges per day. As figure 1 shows, despite a slight fall over the last two years, alcohol-related discharges in Scotland have more than quadrupled since the early 1980s\(^9\). This increase has been seen in both men and women and experienced across all adult age groups\(^10\).

\(^2\) To be published on the Scottish Government website at [http://www.scotland.gov.uk/Topics/Health/health/Alcohol/resources](http://www.scotland.gov.uk/Topics/Health/health/Alcohol/resources) shortly after publication of the Bill

\(^3\) International Guide for Monitoring Alcohol Consumption and Related Harm. Geneva, World Health Organization, 2000a

\(^4\) ‘How much are people in Scotland really drinking?’ NHS Health Scotland, 2009 [http://www.scotpho.org.uk/alcoholreport](http://www.scotpho.org.uk/alcoholreport)


\(^7\) Ibid.


\(^10\) See Table 8.1 in Monitoring and Evaluating Scotland’s Alcohol Strategy. Setting the Scene: Theory of change and baseline picture – Glossary and Appendices, NHS Health Scotland, 2011
8. Similarly, alcohol-related mortality has more than doubled since the 1980s (figure 2)\textsuperscript{11}. While there was some evidence that mortality rates may be falling (from 2006 onwards), rates increased again in 2010 (including a rise of 7% in male mortality rates). In 2009 (the latest year for which comparable data is available), alcohol-related mortality rates for men in Scotland were nearly double those for men in England & Wales (30 per 100,000 population compared to 16 per 100,000 population). A similar pattern was seen for women, with alcohol-related mortality rates for women in Scotland almost double those for women in England & Wales (15 per 100,000 population compared to 8 per 100,000 population)\textsuperscript{12}.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{alcohol_mortality_rates_scotland_1979-2010.png}
\caption{Alcohol-related mortality rates, Scotland 1979 – 2010}
\end{figure}

\textsuperscript{11} Data from General Register Office for Scotland.

\textsuperscript{12} Beeston C, Robinson M, Craig N, and Graham L. Monitoring and Evaluating Scotland’s Alcohol Strategy. Setting the Scene: Theory of change and baseline picture. Edinburgh: NHS Health Scotland; 2011
9. Recent research suggests that these mortality figures, being based on cases where alcohol use is considered to be the direct cause of death, may significantly underestimate the true scale of the problem. Following well established practice, it estimates that alcohol use is either the wholly or partly attributable\textsuperscript{13} cause of death in 1 in 20 deaths in Scotland (almost twice as many as previously thought). A quarter of male deaths and a fifth of female deaths in the 35-44 year old age group are thought to be alcohol attributable\textsuperscript{14}. Over the last 30 years Scotland has had one of the fastest growing rates of chronic liver disease and cirrhosis in the world, leading the Chief Medical Officer to add alcoholic liver disease to the list of ‘big killers’, alongside heart disease, stroke and cancer. Despite a fall in recent years, rates among 45-64 year olds are still around five times higher for men and four times higher for women than they were in the 1950s and 1960s.

Figure 3: Chronic liver disease and cirrhosis mortality rates per 100,000 population, 1950-2010\textsuperscript{15}

10. Life expectancy in some parts of Scotland is falling way short of life expectancy elsewhere, and the Scottish Government believes alcohol plays a significant part in these inequalities. The impact of alcohol misuse in Scotland’s most deprived communities is stark, with alcohol-related general hospital discharge rates in the 20% most deprived communities (as measured by the Scottish Index of Multiple Deprivation, SIMD) around 7.5 times higher than in the most affluent fifth. Similarly, alcohol-related mortality rates are six times higher in the most deprived areas\textsuperscript{16}.

\textsuperscript{13} The study uses alcohol population attributable fractions. A population attributable fraction is an indirect quantification of mortality due to a specified risk factor. Partly attributable alcohol conditions are conditions (such as some cancers, injuries, etc.) where alcohol is causally implicated in a proportion but not all cases. It can be interpreted as the proportion of the total cases that would not have occurred in the absence of exposure to the risk factor (in this case alcohol use).


\textsuperscript{16} Alcohol Statistics Scotland 2011, Information Services Division, National Health Service, 2011
11. There are significant social and economic costs of excessive alcohol consumption. Excessive drinking can cause families to break up: one in three divorces cites excessive drinking by a partner as a contributory cause\textsuperscript{17}. It is a huge overhead on Scotland’s economy: the total costs of alcohol misuse are estimated at £3.56 billion every year (using the study’s mid-point estimate), equivalent to £900 for every adult living in Scotland\textsuperscript{18}. For the midpoint estimate, this includes £866m in lost productivity, a cost of £269m to the NHS and £727m in crime costs.

12. Excessive alcohol consumption can lead to crime and disorder, with the World Health Organisation pointing to a strong association between alcohol consumption and an individual’s risk of becoming a perpetrator or victim of violence\textsuperscript{19}. Half (50\%) of Scottish prisoners\textsuperscript{20} (including 77\% of young offenders\textsuperscript{21}) said they were drunk at the time of their offence. A recent prison alcohol needs assessment study found that almost three-quarters (73\%) of prisoners in the case study prison had an alcohol use disorder, including over a third (36\%) who were alcohol dependent\textsuperscript{22}. At least 70\% of assaults presenting to Emergency Departments may be alcohol-related, with the majority of these being concentrated at weekends and involving young men\textsuperscript{23}. In addition, 69\% of those accused of homicide (and whose drug status was known) in 2009-10 were either drunk or drunk and under the influence of drugs at the time of the alleged offence\textsuperscript{24}.

13. Alcohol misuse is no longer a marginal problem, with the Scottish Health Survey 2009 finding that 50\% of men and 39\% of women exceeded weekly and/or daily sensible drinking guidelines in the week before the survey (and we know these figures are likely to be underestimates)\textsuperscript{25}. Worryingly, considerable numbers of children are also regularly drinking alcohol with 31\% of 15 year old boys and girls saying they drank alcohol in the previous week. The consequences are significant: with nearly a quarter (23\%) of those 15 years olds who have drunk alcohol reporting getting into trouble with the police and almost a fifth (18\%) having tried drugs as a consequence of drinking alcohol\textsuperscript{26}. Moreover, an audit of Scottish Emergency Departments over a five week period found nearly 650 children were treated for alcohol related problems, including 15 under 12 years old and one as young as eight\textsuperscript{27}. There is international evidence that drinking patterns learnt early in life stay with the individual into adulthood\textsuperscript{28}, including US research that found that those who start drinking before the age of 15 are more than twice as...
likely to become substance dependent, contract sexually transmitted diseases, drop out of school and have criminal records\(^{29}\). This suggests that Scotland may be storing up significant problems for the future.

14. Scots recognise our damaging relationship with alcohol. The Scottish Social Attitudes Survey found that 51% saw alcohol as the drug that causes most problems for Scotland, compared to 22% who said heroin and 9% tobacco. Just 3% of people choose alcohol as the drug that causes least problems\(^{30}\). Similarly, 97% of respondents to the Scottish Crime and Justice Survey 2009-10 felt that ‘alcohol abuse’ was a problem in Scotland, including 74% who thought it was ‘a big problem’ (alcohol was rated as a bigger problem than crime, anti-social behaviour and unemployment)\(^{31}\).

15. Scotland will continue to have a relationship with alcohol. For many people that relationship will remain balanced, positive and enjoyable. However there is also clear evidence that for a large section of the population their relationship with alcohol is damaging and harmful – both to themselves and those around them. The harm caused by alcohol misuse has become a major challenge affecting Scottish society. If the Scottish Government tackles it effectively through the introduction of minimum pricing, set in the context of the wider strategic approach outlined in the Framework for Action, the benefits are clear. The evidence shows that building a healthy and sensible relationship with alcohol will be pivotal to realising our Purpose of creating a more successful country, with opportunities for all of Scotland to flourish through increasing economic sustainable growth and delivering four out of five of our Strategic Objectives. Tackling alcohol misuse will also make a positive contribution to achieving over half of our national outcomes:

- we live longer and healthier lives;
- we have tackled the significant inequalities in Scottish life;
- we have strong, resilient and supportive communities where people take responsibility for their own actions and how they affect others;
- we live our lives safe from crime, disorder and danger;
- we realise our full economic potential with more and better employment opportunities for our people;
- our young people are more successful learners, confident individuals, effective contributors and responsible citizens;
- we have improved the life chances for children, young people and families at risk; and
- our children have the best start in life and are ready to succeed.

\(^{29}\) Odgers, C. L et al (2008), \textit{Is it important to prevent early exposure to drugs and alcohol among adolescents?}, \textit{Psychol Sci}, 19(10), 1037-1044

\(^{30}\) Scottish Social Attitudes Survey 2007: Something to be ashamed of or part of our way of life? Attitudes towards alcohol in Scotland, Scottish Government, 2008

SECTION 1: MINIMUM PRICE OF ALCOHOL

Policy Objective

16. The objective of minimum pricing is to protect and improve public health and attain social benefits by reducing alcohol consumption. The World Health Organisation has stated that alcohol policies and interventions targeted at vulnerable populations can prevent alcohol-related harm, but that policies which address the population as a whole can have a protective effect on vulnerable populations whilst also reducing the overall level of alcohol problems. Thus both population-based strategies and interventions and those targeting particular groups, such as harmful drinkers, are required. We consider minimum pricing just such an approach as while it applies equally across the population, we know cheaper alcohol relative to its strength tends to be bought more by harmful drinkers and so, in this sense, it is also a targeted approach.

The link between price and consumption

17. There is strong evidence from numerous studies conducted in European countries, the United States of America, Canada, New Zealand and elsewhere, that levels of alcohol consumption in the population are closely linked to the retail price of alcohol. As alcohol becomes more affordable, consumption increases. As the relative price increases, consumption goes down. The Wagenaar systematic review considered 100 separate studies reporting over 1,000 statistical estimates over the last 30 years and found that there was a consistent relationship between price and consumption of alcohol: when prices go down, people drink more and when prices go up, people drink less.

18. The RAND Europe report supports the link between alcohol price/income/affordability and consumption, and the direct link between alcohol price/income and harms, and states that this provides strong support for the use of alcohol pricing policies as a potentially effective measure to curb hazardous and harmful drinking in Europe. A systematic review conducted as part of the Independent Review of the Effects of Alcohol Pricing and Promotion, commissioned by the UK Government and carried out by the School of Health and Related Research (ScHARR) at the University of Sheffield, found strong and consistent evidence to suggest that price increases have a significant effect in reducing demand for alcohol. Similarly, a 2011 RAND Europe report sponsored by the Home

34 Wagenaar A.C., Salois M.J., Komro K.A Effects of beverage alcohol taxes and prices on consumption: a systematic review and meta-analysis of 1003 estimates from 112 studies Addiction: 2009, 104
Office confirmed previous findings: that increasing the price of alcohol can be effective in reducing alcohol harms\textsuperscript{37}.

19. Two country-specific examples are illuminating. In Switzerland in 1999, a 30\% to 50\% reduction in taxation on foreign spirits led to a 28\% increase in consumption of spirits. There was no significant change in the consumption of wine or beer where taxation did not reduce\textsuperscript{38}. In March 2004, Finland cut tax on alcohol (by one third) in an effort to reduce the level of alcohol purchasing undertaken by Finns in other EU countries where the price of alcohol was much cheaper. Following the reduction of taxation in Finland, which made alcohol cheaper for all, liver cirrhosis deaths rose by 30\% in just one year, as alcohol consumption increased by 10\%\textsuperscript{39}. Finland subsequently reversed the measure although not until 2008, when alcohol taxes were raised by 15\% for strong alcoholic beverages and by 10\% for other alcoholic beverages. In 2009, total consumption of alcoholic beverages was down around 2\%, there was a 5\% reduction in alcohol related periods of care in hospital and a drop in the number of alcohol related deaths. Continuing the taxation policy in 2009, excise taxes on all alcoholic beverages were raised twice by 10\%, first on 1 January and then again on 1 October\textsuperscript{40}. Consumption and health statistics from 2010 are not yet available. A very recent development on the link between price and consumption is the work undertaken by Professor Tim Stockwell at the University of Victoria, Canada, on the minimum pricing systems operating in two of the Canadian provinces. This work will be considered further as the full findings emerge.

20. Alcohol sales in Scotland have increased by 11\% overall since 1994\textsuperscript{41} and, as figure 4 demonstrates, this increase is being driven by increasing sales in the off-trade\textsuperscript{42}. Off-trade sales increased by 52\% between 1994 and 2010, compared to a fall of 29\% in the on-trade. It is now estimated that around two-thirds of alcohol sold in Scotland is sold through the off-trade\textsuperscript{43}. It is worth noting that the higher per capita sales in Scotland compared with the rest of Great Britain are predominantly explained by higher sales through the off-trade.


\textsuperscript{41} Robinson M, Craig N, McCartney G, Beeston C. 2011 op cit

\textsuperscript{42} Ibid

\textsuperscript{43} Ibid
This document relates to the Alcohol (Minimum Pricing) (Scotland) Bill (SP Bill 4) as introduced in the Scottish Parliament on 31 October 2011

Figure 4: Litres of pure alcohol sold per capita (adults aged 16+) in Scotland and England & Wales, 1994-2010

![Graph showing litres of pure alcohol sold per capita](image)

21. The impact of differential prices across the off and on trade in driving these trends is clear. The average price per unit in the on-trade in 2010 was 134p, compared to just 45p in the off-trade. The differential in average price across sectors has increased significantly over the last decade (figure 5). The on-trade has seen a 43% rise in average price per unit since 2000, compared to a 15% increase in the off-trade.

Figure 5: Average price per unit of alcohol sold in Scotland, by market sector, 2000-2010

![Graph showing average price per unit](image)

22. Off-trade price band data published by NHS Health Scotland demonstrate that a considerable proportion of alcohol is sold very cheaply, with 11% of alcohol sold through the off-trade in Scotland in 2010 retailing at below 30p per unit, 45% below 40p per unit and almost three-quarters (73%) under 50p per unit (figure 6).
23. Price is a key component of affordability. In real terms (taking into account household disposable income per capita) NHS Information Centre report that alcohol is now 44% more affordable in the UK than it was in 1980\(^44\). However, changes in affordability are not uniform across sectors or drink types. Data from the Office for National Statistics demonstrate that while affordability of on-trade alcohol has increased only slowly since 1987 (and has changed little over the last decade), alcohol sold off-trade is significantly more affordable (figure 7). Beer sold off-trade is now almost 130% more affordable in real terms than in 1987, while the equivalent figure for wine and spirits is 98%\(^45\). The impact of increasing affordability in the off-trade is clear: as affordability has increased, off-trade sales have also increased significantly, at the expense of the on-trade (where affordability has remained relatively static).

\(^{44}\) Statistics on Alcohol: England, 2011, The Health and Social Care Information Centre, 2011. The way in which the Information Centre calculates the alcohol affordability index was revised in 2011. The effect of this revision was to reduce the estimated change in affordability from 68% to 44% since 1980. Further details can be found at: http://www.ic.nhs.uk/pubs/alcohol11

This document relates to the Alcohol (Minimum Pricing) (Scotland) Bill (SP Bill 4) as introduced in the Scottish Parliament on 31 October 2011

Figure 7: The Affordability of On and Off-Sales Alcohol: UK, 1987-2010

24. Comprehensive research by ScHARR at the University of Sheffield has been carried out for both the UK Government\textsuperscript{46} and the Scottish Government\textsuperscript{47}. Based on econometric modelling, this research estimates that policies which increase the price of alcohol can bring significant health and social benefits and lead to considerable financial savings in the health service, in the criminal justice system and in the workplace. Detailed findings from the ScHARR Scottish report are included in the Business and Regulatory Impact Assessment\textsuperscript{48} prepared for this Bill. While the ScHARR report should be considered in its entirety, the Scottish Government was interested to note that:

- The model showed a strong and consistent link between the price of alcohol and the demand for alcohol. Increasing the price of alcohol is estimated to reduce consumption and alcohol-related harm.

- The model demonstrated a strong link between price increases, reduced consumption and subsequent reductions in chronic and acute health harms, including cancers, stroke, accidents, injuries and violence. This reinforced the findings from their, and other, systematic reviews.

- Minimum pricing targets price increases at alcohol that is sold cheaply. Cheaper alcohol tends to be bought more by harmful drinkers than moderate drinkers\textsuperscript{49}. So a minimum pricing policy might be seen as beneficial in that it targets the drinkers


\textsuperscript{47} Model-Based Appraisal of Alcohol Minimum Pricing and Off-Licensed Trade Discount Bans in Scotland using the Sheffield Alcohol Policy Model (v2): An Update Based on Newly Available Data http://www.scotland.gov.uk/Publications/2010/04/20091852/0

\textsuperscript{48} To be published on the Scottish Government website at http://www.scotland.gov.uk/Topics/Health/health/Alcohol/resources shortly after publication of the Bill

causing most harm to themselves and society. Studies also show that cheaper alcohol is also attractive to young people\

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- ‘Moderate drinkers’ (i.e. those who drink within sensible drinking guidelines) are estimated to be only marginally affected, simply because they consume only a moderate amount of alcohol and also because they do not tend to buy as much of the cheap alcohol that would be most affected by minimum pricing.
- Although the driver for minimum pricing is the protection and improvement of public health, the Scottish Government notes that while there is an estimated decrease in sales volume, that may be more than offset by the unit price increase, leading to overall increases in revenue from alcohol sales.
- The economy is likely to benefit through a reduction in sick days per year for all categories of drinker (moderate, hazardous and harmful) and less unemployment among harmful drinkers.

**Setting and varying the minimum price per unit**

25. The Scottish Government believes that the minimum price per unit should be set and subsequently varied by the Scottish Ministers subject to the control of the Scottish Parliament. Achieving this through an order allows for flexibility in varying the minimum price per unit, and the Bill therefore provides for an order making power that would be subject to the affirmative procedure. Any draft order proposing a minimum price per unit would be accompanied by a Business and Regulatory Impact Assessment which related to the specific minimum price being proposed.

26. When considering any variation to the minimum price, the Scottish Government considers that it is desirable to have a mechanism that maintains flexibility for Ministers to vary the price when they consider it appropriate to do so. The flexibility is required as it is likely that the minimum price per unit will be varied in the future given the effects of inflation will erode the benefits. For that reason it has not pursued the suggestion made in some responses to its discussion paper (see paragraph 44) that the minimum price should be tied to an existing indicator, for example the Consumer Price Index (CPI), as such an approach may weaken the role of Ministers and the Parliament in assessing the effectiveness of a particular minimum price and considering any proposal to vary it.

27. The Scottish Government does not consider there is a need to form a new Non-Departmental Public Body (NDPB) or other advisory group to advise on a minimum price. It is difficult to see what such a group could contribute in addition to the research already being undertaken through the Monitoring and Evaluating Scotland’s Alcohol Strategy (MESAS) programme. MESAS is a portfolio of seven studies led by NHS Health Scotland on behalf of the Scottish Government aimed at evaluating the success, or otherwise, of alcohol strategy (further details on the portfolio are provided in paragraphs 38-42)\[51\]. MESAS is committed to purchasing quarterly on and off-trade sales data until at least 2013 and has identified the continued procurement of price band data as a priority. These data will allow the impact of minimum

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\[50\] *Ibid*

\[51\] The aims and objectives of MESAS is available on the NHS Health Scotland website: [http://www.healthscotland.com/scotlands-health/evaluation/planning/MESAS.aspx](http://www.healthscotland.com/scotlands-health/evaluation/planning/MESAS.aspx)
pricing on alcohol sales and prices to be monitored, and in turn how changes in price impact on trends in alcohol-related harm.

**Alternative approaches**

28. The following alternative approaches were considered:

**Taxation**

29. The Scottish Government has noted the suggestion that the policy objective of protecting and improving public health by reducing alcohol consumption could, in theory, be achieved through increasing alcohol duty and taxation, and is often cited as a less intrusive method of achieving public health objectives. However, each case needs to be considered separately and the Scottish Government does not consider taxation, on its own, with the current duty regime which is reserved to the UK Government, to be an effective alternative approach for the following reasons:

- The Scottish Parliament presently has no locus in relation to alcohol duty and taxation; however the Scottish Government is pursuing the possibility, under the Scotland Bill, of devolving alcohol duties.

- The Scottish Government believes that independence is the best option for Scotland as this would allow maximum degree of autonomy and flexibility to establish a duty regime that addressed issues of alcohol related harm whilst having regard to the implications for the drinks industry.

- The current alcohol duty and taxation arrangements are inequitable with different types of products taxed at different levels. The UK Government has not addressed this anomalous situation by linking tax and duty to the Alcohol by Volume (ABV) of the product, rather than the type of product. This means the current taxation arrangements are not a basis on which to construct a policy that is fair to all alcohol producers, both foreign and domestic, and so a minimum price based on tax may have a disproportionate effect on some products and not others. The Scottish Government also notes the UK Government’s view, in response to a No. 10 petition: “the [UK] Government does not see alcohol duty as a prime tool for tackling the problems associated with alcohol consumption”. Their view on duty was further set out in their reply to the Health Select Committee Report on ‘Alcohol’: “The primary purpose of alcohol duty is to raise funds for the public finances. Her Majesty’s Treasury (The Treasury) takes a wide range of issues into account when deciding on alcohol taxation.”

- A scheme of taxation that was levied on a unit of alcohol and so treated products of the same strength in the same way would not comply with the current system of excise duty required by EU law. EU directives limit the ability to align duty with alcoholic content. Directives 92/83/EEC and 92/84/EEC make provision for minimum rates of excise duty on alcohol and specify methods for calculating the rate of duty. These Directives mean a rate of duty for wine needs to be based on the

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range of the alcoholic strength of each particular wine, rather than on the actual alcoholic strength of the wine and so prevent there being a scheme of taxation levied on a unit of alcohol. For example, wines of strength 8.5% to 15% would attract the same duty rate.

- Increases in taxation of alcohol will not necessarily result in a proportionate or indeed any increase in the price of alcohol as alcohol tax and duty increases are not always reflected in the price the consumer pays. For example, the Competition Commission’s paper\(^\text{54}\) on pricing practices noted that ten grocery retailers (9 of whom operate across Scotland) engage in below cost selling to varying extents. The Competition Commission further notes that for most grocery retailers, the majority of below-cost sales relates to two or three products groups, alcohol being one. This suggests that tax increases are sometimes absorbed by the retailer, absorbed by the producer or offset against other products. This means the price paid by the consumer can remain static, or reduce, meaning there would be no reduction in consumption and no reduction in harm. To the extent that prices are offset, customers are paying more for other groceries to subsidise alcohol consumption.

- There is evidence that across the board taxation increases do not have a targeted effect on the consumption of alcohol of those most at risk of alcohol related harm\(^\text{55}\). This is because harmful and hazardous drinkers consume a disproportionate amount of cheaper products\(^\text{56}\). A minimum price is a measure that is targeted at lower cost products.

- A straightforward increase in existing duty would impact on high price products as well as cheap ones and so would have a proportionately greater effect on moderate drinkers than a minimum price. When they are passed on taxes affect all drinkers\(^\text{57}\), while minimum pricing only impacts on consumers who currently purchase alcohol below the minimum unit price.

- Recent sales data\(^\text{58}\) estimates that about two-thirds (67%) of all pure alcohol sold in Scotland in 2010 was sold through the off-trade. The average price of a unit of alcohol sold through the off-trade in Scotland was 45p per unit and 134p per unit through the on-trade. Minimum pricing and duty increases apply equally to both the on and off-trade. However, given that more alcohol is consumed in the off-trade than the on-trade and the price of a unit of alcohol is cheaper in the off-trade, a pricing measure that predominantly affects the off-trade is likely to be more effective at tackling alcohol harms.

- It is difficult to see how a taxation scheme could be devised that could be targeted on low-cost products in the same way that a minimum price would be. For a tax system to result in increases in the price of low-cost products but not in the price of high-


\(^{55}\) E.g. Gruenwald et al developed a model which shows that price increases targeted at the lowest cost brand would produce a greater reduction in sales than across the board price increases. Gruenwald, P J Ponicki, W R Holder, H D and Romelsjö A (2006) *Alcohol Prices, Beverage Quality, and the Demand for Alcohol: Quality Substitutions and Price Elasticities* Alcoholism Clinical and Experimental Research 30 1: 96-105

\(^{56}\) Booth et al (2008), op. cit.

\(^{57}\) Hunt P, Rabinovich I, Baumberg B (2011) op cit

cost products the rate of duty would have to be higher for low-cost products. This could be difficult to administer and would provide an incentive for retailers to increase prices rather than pay increased tax. One of the perceived advantages of taxation is that it increases revenue for the State rather than for the alcohol industry, however if a taxation scheme provided an incentive to raise prices to avoid paying tax then this would not be as effective in increasing revenue to the State.

- Ideally the Scottish Government would have the ability to use both taxation and minimum pricing as complementary tools to vary the price of alcohol: minimum pricing being particularly useful to ensure that increases in price are passed on to the consumer and in raising the price of the cheapest alcohol.

Ban on off-trade discounts

30. The Alcohol etc. (Scotland) Act 2010 bans quantity discounts in the off-trade. The policy objective of this is to discourage customers from buying more alcohol than they had originally intended. The Scottish Government’s intention had been to introduce a ban on quantity discounts in the off-trade together with minimum pricing, however this was not achieved. The Scottish Government considers that without minimum pricing alongside a quantity discount ban, it is likely that retailers may offer straight discounts from list price by simply lowering the price of individual alcohol products. Straight discounting, offering a product for less than the previously advertised price, is also used within the alcohol off-trade, particularly in supermarkets. Even if a ban on straight discounting could be introduced, the same problem remains if minimum pricing is not introduced i.e. that retailers may simply lower the price of individual alcohol products.

Self-Regulation or industry involvement in setting price

31. The Scottish Government considers that its aim of protecting and improving public health by reducing consumption and the alcohol industry’s aim of maximising sales and profit are incompatible. The Scottish Government believes the robustness of minimum pricing must be protected by ensuring that alcohol manufacturers, retailers and others with an interest in alcohol production, sales and marketing are not involved in the setting of a minimum price, or subsequent variations of that price. The Scottish Government, therefore, does not consider self-regulation or industry involvement in setting a price is either desirable or compatible with EU law and in particular Article 101 of the Treaty on the Functioning of the EU which would prohibit the alcohol industry from being involved in the setting of a minimum price.

Preventing the sale of alcohol below cost

32. The present UK Government originally undertook to ban the sale of alcohol below cost, however difficulties were encountered in determining what would constitute “cost price” (which will vary by product and over time). In the review of pricing polices carried out for the Home Office59 the authors note that the literature on bans on alcohol sales below cost is the least developed of any price based option. Bans on below cost sales (in other markets) are usually intended to protect small retailers and producers and enable new entrants into the market. The Home Office study further found that: ‘The few studies available from the US and Europe seem to suggest that bans on sales below cost increase prices without necessarily protecting smaller

This document relates to the Alcohol (Minimum Pricing) (Scotland) Bill (SP Bill 4) as introduced in the Scottish Parliament on 31 October 2011

retailers, although a recent study on the longer-term effect on such bans shows that prices can actually go down\(^6\). The UK Government has now opted for an alternative approach of banning the sale of alcohol below duty and VAT, as set out on 18 January 2011 in a ministerial statement by James Brokenshire, Parliamentary Under-Secretary of State for Crime and Safety\(^6\).

Preventing the sale of alcohol below duty and VAT

33. The Scottish Government recognises that this approach, now being pursued by the UK Government and also suggested by the Scotch Whisky Association during the Alcohol Bill process, would be a form of minimum pricing. However, the Scottish Government is not aware of any evidence or modelling to suggest that a minimum price fixed in this way would achieve its objective of protecting and improving public health.

34. The Scottish Government also notes that taxes are not fixed by reference to their anticipated effects on health and that, because excise duties are not imposed uniformly, this approach may have a disproportionate effect on some products and not others. As the foundations for this approach are anomalous (being based on the type of drink rather than the alcohol content), and the minimum price would be likely to be so low as to have little or no effect on public health, the Scottish Government does not believe this approach would be effective nor does it consider that it would be able to justify restricting the market in this way.

The Canadian minimum pricing model

35. The Scottish Government considered the Canadian minimum pricing model, known as “Social Reference Pricing”, where minimum prices are set by the Government of each province\(^6\). The Scottish Government noted that the primary purpose of the Canadian minimum pricing scheme is to prevent discount pricing practices that would drive problematic levels of consumption and fuel youth drinking, however the Scottish Government did not consider it a model that should be replicated in Scotland. In particular, the Canadian arrangements categorise different types of products and create bandings for different strengths of beer. The Scottish Government is concerned that the adoption of the Canadian scheme in Scotland would be unfair to the spirits industry in comparison to beer producers. The Scottish Government is therefore of the view that a minimum price based solely on the ABV of the product is a fairer and more robust approach.

ENFORCEMENT OF LICENCE CONDITIONS

36. The provisions in the Bill create new conditions of premises licences and occasional licences granted under the Licensing (Scotland) Act 2005 (“the 2005 Act) which will be enforced through the existing mechanisms provided for by that Act. The requirement not to sell alcohol below a minimum price would be a condition of premises licences and occasional licences granted under the 2005 Act, as this will capture all those licensed to sell alcohol in Scotland.

\(^6\) Ibid
\(^6\) http://www.publications.parliament.uk/pa/cm201011/cmhansrd/cm110118/wmstext/110118m0001.htm#1101187000012
\(^6\) Minimum pricing occurs in 8 out of 10 Canadian provinces : Alberta and Quebec do not have minimum prices.
37. The 2005 Act provides that each local authority must appoint one or more Licensing Standards Officers (LSOs). Part of the role of the Licensing Standards Officer is to supervise the compliance by licence holders with the conditions of their licence and other requirements of the 2005 Act. The 2005 Act further sets out the functions of LSOs. If the LSO believes that any condition to which the premises licence or occasional licence is subject has been or is being breached, the LSO may (1) issue a notice to the holder of the licence requiring such action to be taken to remedy the breach as may be specified in the notice and (2) if in the case of a premises licence such a notice is not complied with to the satisfaction of the LSO, to make a premises licence review application in respect of the licence.

38. Following receipt of an application for a licence review, the licensing board may hold a hearing to consider the circumstances of the particular case and whether any sanction is appropriate. The sanctions available to licensing boards range from a written warning through to a licence suspension or revocation.

MONITORING AND EVALUATION

39. In 2008, the Scottish Government tasked NHS Health Scotland to lead the development and delivery of a monitoring and evaluation plan to assess the success of the alcohol strategy. A Monitoring and Evaluation Reference Group on Alcohol (MERGA) was established with representatives from NHS Health Scotland, Scottish Government, Information Services Division (ISD) Scotland, NHS Boards, Police, Voluntary Sector and research/evaluation specialists to develop a portfolio of studies. The resulting portfolio of seven studies was peer-reviewed by experts from both the alcohol policy and evaluation fields.

40. As the portfolio moved from planning to delivery, MERGA was replaced by the Monitoring and Evaluating Scotland’s Alcohol Strategy (MESAS) workstream led by NHS Health Scotland. NHS Health Scotland’s role is to commission, manage and deliver the portfolio of studies, with the Scottish Government’s Alcohol Evidence Group (which comprises a range of key stakeholders) providing strategic direction and advice.

41. The key objectives of MESAS are:
   - to track the implementation progress and reach of key actions in order to inform any necessary amendments or adjustments;
   - to assess the extent to which intended outcomes are achieved and are attributable to the actions currently being taken forward by the Scottish Government;
   - to identify any unintended outcomes or displacement effects, including differential effects or outcomes which may impact on health inequalities.

42. One of the key studies within the portfolio assesses trends in alcohol sales / consumption and, in turn, how these trends impact on alcohol-related harm. MESAS is committed to purchasing quarterly on and off-trade sales data (Scotland and England & Wales) until at least 2013 and has identified the continued procurement of price band data as a priority. The existing portfolio is therefore designed to monitor the impact of minimum pricing on alcohol-related harm. This includes the potential to assess whether minimum pricing has a differential impact in terms of gender, age and deprivation through the analysis of mortality and morbidity data.
43. In addition, in reviewing the current study portfolio the Alcohol Evidence Group highlighted the need to measure potential short/intermediate responses individuals in different groups may make to the introduction of minimum pricing, including identifying any unintended consequences. Priority will therefore be given to expanding the portfolio to address these potential gaps. NHS Health Scotland is currently developing proposals to broaden the evaluation, including potentially through joint funding arrangements with other external organisations.

CONSULTATION

44. Discussion and debate on minimum pricing started in Autumn 2007 when the Scottish Government announced its intention to look at minimum pricing as a way to reduce alcohol consumption. A comprehensive package of measures, including minimum pricing, was published for consultation in June 2008 in Changing Scotland’s relationship with alcohol: a discussion paper on our strategic approach. The discussion paper set out a range of proposals and ideas to address the growing trend of alcohol misuse. The Scottish Government received 259 responses from individuals and 207 responses from organisations. In addition, two MSPs submitted the results of consultations they had carried out with constituents; the Scottish Prison Service provided the views of prisoner and prison service staff; East Renfrewshire Council and Dundee Drug and Alcohol Action Team submitted the views of young people in their area; Young Scot provided the results of a survey and focus groups they carried out on behalf of the Scottish Government; and Scottish Government Ministers also received 53 letters or e-mails on the subject. As part of the consultation process, the Scottish Government held a Youth Summit to gather views on alcohol and its impacts on young people.

45. The Scottish Government commissioned an analysis of the written responses to the discussion paper from Hexagon Research and Consulting. Specific issues raised in the consultation that are relevant to this Bill are discussed under the relevant section headings in this document, including alternative approaches.

Key Findings

Pricing of alcohol

46. Although the discussion paper asked respondents to comment on the principles on which a minimum pricing scheme for alcohol should be based, most respondents commented on whether a scheme should be established. There was no consensus amongst individual respondents with 49% in favour of introducing minimum retail pricing and 43% against. However, two thirds (65%) of organisations were in favour, while just under a quarter (23%) were opposed. Of those, 90% of health organisations were supportive of minimum pricing, as were 84% of local government bodies, whilst 61% of trade and business sector organisations were opposed.

64 Analysis of Responses to the Consultation on the Scottish Government’s Strategic Approach to Changing Scotland’s relationship with Alcohol, Scottish Government, 2009
http://www.scotland.gov.uk/Publications/2009/02/24154414/0
47. Most of the organisations that supported minimum pricing for alcohol did not comment on the proposed principles on which a scheme should be based outlined in the discussion paper but the majority of those that did suggested that minimum prices should be based on alcoholic strength and should apply across both off and on-sales. Those respondents in favour of the proposals supported the rationale put forward in the discussion paper, e.g. that the increasing affordability of alcohol is one of the main drivers in higher consumption and harm. Reasons given by those who expressed opposition to minimum retail pricing included minimum pricing being perceived as a form of taxation, opposition to the Government setting prices and to the likely impact of increasing the price of alcohol on ‘responsible’ drinkers and people on low incomes.

48. Further consultation on minimum pricing took place during the passage of the Alcohol Bill - minimum pricing was included in the Bill as introduced. During this process numerous discussions took place with stakeholders including:

- Alcohol Concern
- Alcohol Focus Scotland
- Aldi GmbH
- Anheuser-Busch InBev
- Asda Stores Ltd
- Association of Chief Police Officers Scotland
- British Liver Trust
- British Medical Association
- Convention of Scottish Local Authorities
- Co-op
- Diageo plc
- The Edrington Group Ltd
- Federation of Small Businesses
- William Grant & Sons
- Marks and Spencer plc
- Wm Morrison Supermarkets plc
- J Sainsbury plc
- The Scottish Government Alcohol Industry Partnership
- The Scottish Grocers’ Federation
- Scottish Health Action on Alcohol Problems
- The Scottish Licensed Trade Association
- The Scotch Whisky Association
- Tesco plc
- The Wine and Spirits Trade Association
This document relates to the Alcohol (Minimum Pricing) (Scotland) Bill (SP Bill 4) as introduced in the Scottish Parliament on 31 October 2011

- Whyte and MacKay Ltd.

49. Consultation meetings to discuss draft provisions on the Alcohol Bill, including minimum pricing, took place with the Scottish Government Alcohol Industry Partnership (SGAIP) and with the Law Society of Scotland Licensing Committee. The SGAIP has been informed of the contents of this draft Bill, and discussions will continue during the Bill process.

50. During the passage of the Alcohol Bill, there was growing recognition that addressing price is an important element of any long-term strategy to tackle alcohol misuse. Support for minimum pricing is also growing and is coming from all quarters - all 17 of Scotland’s public health directors in NHS Scotland, the four UK Chief Medical Officers, British Medical Association, the Royal Colleges, Association of Chief Police Officers in Scotland, Scottish Licensed Trade Association, Church of Scotland, various children’s charities, Tennent’s, Molson Coors. Support for minimum pricing from respondents to a survey conducted by TNS-BMRB which has run from August 2009 to March 2011 has shown support of around 58% (August-September 2009) to support of around 45% (March 2011).

51. The European Commission and the Office of Fair Trading have been kept informed of the proposals throughout the development process. The Scottish Government will continue to engage with these bodies.

SECTION 2: REPEAL OF SECTION 1 OF ALCOHOL ETC. (SCOTLAND) ACT 2010

Policy Objective

52. To remove section 1 of the Alcohol Act as it has no practical effect as it makes provision for the expiry of amendments made by a section that is not contained in the Act. Section 2, therefore, repeals section 1 of the Alcohol Act.

Alternative approaches

53. None.

Consultation

54. None.

EFFECTS ON EQUAL OPPORTUNITIES, HUMAN RIGHTS, ISLAND COMMUNITIES, LOCAL GOVERNMENT, SUSTAINABLE DEVELOPMENT ETC.

Equal opportunities

55. The Bill’s provisions do not discriminate on the basis of age, gender, race, religion, disability or sexual orientation.
Human rights

56. The Scottish Government is satisfied that the provisions of the Bill are compatible with the European Convention on Human Rights.

57. The Bill provides for an amendment to existing licence conditions under the 2005 Act. This could give rise to issues under Article 1 of Protocol 1 should the amendment amount to an interference with a licence-holder’s property rights. However the rights under Article 1 of Protocol 1 are not absolute and they may be interfered with if this can be justified in the public interest, is proportionate and is in accordance with the law. In relation to section 1, the Scottish Government considers that any interference could be justified, proportionate and in accordance with the law. The provision is, therefore either compatible with the ECHR or capable of being exercised in a manner that is so compatible.

Island communities

58. The Bill has no differential impact upon island communities. The provisions of the Bill apply equally to all communities in Scotland.

Local government

59. Minimum pricing will directly impact upon local authorities and the Convention of Scottish Local Authorities (COSLA) was consulted on minimum pricing during the passage of the Alcohol Bill. The Scottish Government is satisfied that the Bill has no detrimental impact on local authorities.

Sustainable development

60. The Bill will have a positive impact on sustainable development by reducing the negative social and economic cost of alcohol misuse.
ALCOHOL (MINIMUM PRICING) (SCOTLAND) BILL

DELEGATED POWERS MEMORANDUM

PURPOSE

1. This memorandum has been prepared by the Scottish Government in accordance with Rule 9.4A of the Parliament’s Standing Orders, in relation to the Alcohol (Minimum Pricing) (Scotland) Bill. It describes the purpose of each of the subordinate legislation provisions in the Bill and outlines the reasons for seeking the proposed delegated powers. This memorandum should be read in conjunction with the Explanatory Notes and Policy Memorandum for the Bill.

2. The contents of this Memorandum are entirely the responsibility of the Scottish Government and have not been endorsed by the Scottish Parliament.

OUTLINE OF BILL PROVISION

3. The Bill contains a provision to introduce a minimum price of alcohol from licensed premises. The Scottish Ministers consider that the effect of this provision will be to help reduce alcohol consumption in Scotland, in particular the consumption of alcohol sold cheaply relative to its strength, and reduce the impact that alcohol misuse and overconsumption has on public health, public services, society, productivity and the economy as a whole. The provision of the Bill should be considered as part of the Government’s wider strategic approach to tackling alcohol misuse set out in Changing Scotland’s Relationship with Alcohol: A Framework for Action.

4. Further information about the Bill’s provision is contained in the Explanatory Notes and Financial Memorandum published separately as SP Bill 4–EN, and in the Policy Memorandum published separately as SP Bill 4–PM.

SUBORDINATE LEGISLATION POWERS - DETAIL

Section 1(2) and (3) – Power to specify the minimum price per unit of alcohol (inserted paragraph 6A(4) and paragraph 5A(4))

Power conferred on: the Scottish Ministers
Power exercisable by: order made by Scottish statutory instrument

This document relates to the Alcohol (Minimum Pricing) (Scotland) Bill (SP Bill 4) as introduced in the Scottish Parliament on 31 October 2011

Parliamentary procedure: affirmative procedure

Provision
5. Section 1(2) inserts a new paragraph 6A into schedule 3 to the Licensing (Scotland) Act 2005 and introduces a further mandatory condition of premises licences granted under that Act. The condition is that alcohol must not be sold on the premises at a price below the minimum price. New paragraph 6A(4) provides that the Scottish Ministers will make an order specifying the minimum price per unit. The minimum price per unit is used to calculate the minimum price of alcohol. Section 1(3) makes the same provision in respect of occasional licences by inserting a new paragraph 5A into schedule 4 to the Licensing (Scotland) Act 2005 and new paragraph 5A(4) provides that the Scottish Ministers will make an order specifying the minimum price per unit.

Reason for taking power
6. A minimum price for alcohol (based on volume, strength and a minimum price per unit) is provided for in the Bill, with the price per unit to be specified by the Scottish Ministers by order subject to affirmative procedure. This allows the Scottish Ministers to review in future and vary the price per unit, subject to the approval of Parliament. This strikes a balance between the importance of the issue and providing flexibility to respond to changing circumstances, making proper use of Parliamentary time and scrutiny. Flexibility is required because it is likely that the minimum price per unit will need to be varied in future given that inflation may otherwise erode the benefits of the measure. The Bill provides for what the Scottish Ministers consider to be the best pricing mechanism to achieve the policy objective, which is minimum pricing. There is evidence that supports tackling alcohol-related harm through pricing mechanisms, which can be considered without the price per unit having been specified. Further evidence and research into pricing will be considered before the Scottish Ministers exercise their judgement and specify a price per unit.

Choice of procedure
7. Where subordinate legislation is provided for, the appropriate level of parliamentary scrutiny must be considered. The Bill provides for the parliamentary procedure that the Scottish Ministers consider most appropriate. The affirmative procedure is appropriate so that Parliament is able to take evidence from the Scottish Ministers on the rationale for the particular minimum price per unit proposed.

Section 1(2) and (3) – Power to specify the relevant labelling provisions (inserted paragraph 6A(6) and paragraph 5A(6))

Power conferred on: the Scottish Ministers
Power exercisable by: order made by Scottish statutory instrument
Parliamentary procedure: negative procedure

Provision
8. Section 1(2) inserts a new paragraph 6A into schedule 3 to the Licensing (Scotland) Act 2005 and introduces a further mandatory condition of premises licences granted under that Act. The condition is that alcohol must not be sold on the premises at a price below the minimum
price. New paragraph 6A(3) sets out a formula to calculate the minimum price. The formula comprises the minimum price per unit, the volume of the alcohol and the strength of the alcohol. New paragraph 6A(5) provides that where alcohol is contained in a bottle or other container and this is marked or labelled in accordance with relevant labelling provisions, then for the purposes of the formula, strength is to be taken as the alcoholic strength by volume indicated on the mark or label. New paragraph 6A(6) provides that the Scottish Ministers will make an order specifying the enactments which are relevant labelling provisions. Section 1(3) makes the same provision in respect of occasional licences by inserting a new paragraph 5A into schedule 4 to the Licensing (Scotland) Act 2005 and new paragraph 5A(6) provides that the Scottish Ministers will make an order specifying the enactments which are relevant labelling provisions.

**Reason for taking power**

9. The formula used to calculate the minimum price includes the strength of the alcohol and in terms of section 147 of the Licensing (Scotland) Act 2005, strength is to be determined in accordance with section 2 of the Alcoholic Liquor Duties Act 1979 (which provides a ratio for calculating alcoholic strength by volume). However, that notwithstanding, where alcohol is contained in a bottle or other container and this is marked or labelled with an alcoholic strength by volume in accordance with relevant legislation on labelling (e.g. regulation 30 of the Food Labelling Regulations 1996), then for the purposes of the formula, strength is to be taken as the alcoholic strength by volume indicated on the mark or label. Under EU law, the strength indicated on a mark or label is afforded certain tolerances and may be rounded up or down, meaning that this figure (known as “declared ABV”) is not necessarily the same as that which may be arrived at by applying the ratio in section 2 of the Alcoholic Liquor Duties Act 1979 (the actual strength of the alcohol). Being able to rely upon strength as indicated on the mark or label is more straight-forward for industry. Furthermore, the relevant labelling provisions are found in secondary legislation. These provisions may change over time. Rather than refer in primary legislation to these provisions (as they stand at this time), providing that the Scottish Ministers will specify by order (subject to scrutiny by Parliament) what these provisions are allows a flexibility to update these provisions in future without having to amend primary legislation.

**Choice of procedure**

10. Negative procedure is considered the appropriate level of scrutiny because this order would simply specify relevant labelling provisions found in other legislation; it would be a short and purely technical order.

**Section 3(1) – Power to commence provisions of the Bill**

- **Power conferred on:** The Scottish Ministers
- **Power exercisable by:** Order made by Scottish statutory instrument
- **Parliamentary procedure:** The order must be laid before Parliament under section 30 of the Interpretation and Legislative Reform (Scotland) Act 2010.
Provision

11. Section 3(1) of the Bill provides that Scottish Ministers may by order bring the provision of the Bill into force. Section 3(3) provides that the commencement order may make transitional, transitory or saving provision.

Reason for taking this power

12. It is appropriate for the Bill to be commenced at such a time as the Scottish Ministers consider suitable. It is standard procedure for such commencement provisions to be dealt with by subordinate legislation.

Choice of procedure

13. As is now usual for commencement orders, the default laying requirement applies (as provided for by section 30 of the Interpretation and legislative Reform (Scotland) Act 2010.)
Health and Sport Committee

2nd Report, 2012 (Session 4)

Stage 1 Report on the Alcohol (Minimum Pricing) (Scotland) Bill

Published by the Scottish Parliament on 7 March 2012
# Remit and membership

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Health and Sport Committee

Remit and membership

Remit:

To consider and report on health policy, the NHS in Scotland, anti poverty measures, equalities, sport and other matters falling within the responsibility of the Cabinet Secretary for Health, Wellbeing and Cities Strategy apart from those covered by the remit of the Economy, Energy and Tourism Committee.

Membership:

Jackson Carlaw
Bob Doris (Deputy Convener)
Jim Eadie
Mary Fee (until 21 December 2011)
Richard Lyle
Fiona McLeod
Duncan McNeil (Convener)
Gil Paterson
Dr Richard Simpson
Drew Smith (from 22 December 2011)

Committee Clerking Team:

Clerk to the Committee
Douglas Wands

Senior Assistant Clerk
Rodger Evans

Assistant Clerk
Rebecca Lamb

Committee Assistant
Andrew Howlett
INTRODUCTION

Procedure

1. The Alcohol (Minimum Pricing) (Scotland) Bill (“the Bill”) was introduced by Nicola Sturgeon MSP, Deputy First Minister and Cabinet Secretary for Health, Wellbeing and Cities Strategy (“the Cabinet Secretary”), on 31 October 2011. The Bill is accompanied by Explanatory Notes (SP Bill 4–EN), which include a Financial Memorandum, and a Policy Memorandum (SP Bill 4–PM), as required by the Parliament’s Standing Orders. The Health and Sport Committee was subsequently designated lead committee on the Bill. Under Rule 9.6 of the Parliament’s Standing Orders, it is for the lead committee to report to the Parliament on the general principles of the Bill.

Purpose of the Bill

2. The Bill, if passed, would reform the law in line with the Scottish Government’s strategy on tackling alcohol misuse, *Changing Scotland’s Relationship with Alcohol: A framework for Action*.¹

3. Section 1 sets out amendments to the Licensing (Scotland) Act 2005 which would introduce a price below which a unit of alcohol cannot be sold, in the pursuance of reducing alcohol consumption and related harms.

4. Section 2 has no practical effect as it seeks to repeal section 1 of the Alcohol etc. (Scotland) Act 2010, which makes provision for the expiry of amendments made by a section that is not contained in the Act.

Scottish Government consultation

5. The areas covered by the Bill were included in the Scottish Government’s consultation, *Changing Scotland’s relationship with alcohol: a discussion paper on*

our strategic approach, published for consultation in June 2008. The consultation set out a range of proposals and ideas to address the growing trend of alcohol misuse and received 259 responses from individuals and 207 responses from organisations. In addition, two MSPs submitted the results of consultations that they had carried out with constituents; the Scottish Prison Service provided the views of prisoners and prison service staff; East Renfrewshire Council and Dundee Drug and Alcohol Action Team submitted the views of young people in their areas; Young Scot provided the results of a survey and of focus groups that they held on behalf of the Scottish Government, and Scottish Government ministers also received 53 letters or e-mails on the subject.

6. As part of the consultation process, the Scottish Government also held a Youth Summit to gather views on alcohol and its impacts on young people. The Government commissioned an analysis of the written responses from Hexagon Research and Consulting.

Previous legislation

7. Proposals to introduce a minimum price below which a unit of alcohol must not be sold on licensed premises were contained within the Alcohol etc. (Scotland) Bill (the 2009 “Alcohol Bill”) when it was introduced in November 2009. These measures were removed at Stage 2, and an amendment lodged at Stage 3 to reintroduce a section on minimum pricing failed to receive sufficient support within the Scottish Parliament.

8. The consultation, detailed above, and much of the evidence included in the documents accompanying the current Bill, were originally presented by the Scottish Government in support of the 2009 Alcohol Bill. New evidence, where available, has been included.

Committee consideration

9. The Committee would like to record its thanks to those who gave evidence to, or otherwise participated in, its inquiry into the general principles of the Bill.

10. The Committee wishes to draw attention to the unbalanced relationship with alcohol that now prevails in Scotland and which represents one of the biggest public health challenges that we face today. This was a recurring theme throughout its evidence taking, some of the starkest figures being:

- At least 900 children suffer with foetal alcohol syndrome or foetal alcohol spectrum disorder;\(^2\)
- It is estimated that 65,000 children live with a parent with an alcohol problem;\(^3\)

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\(^2\) BBC News Scotland article, 7 March 2011. Available at: [http://www.bbc.co.uk/news/uk-scotland-12666093](http://www.bbc.co.uk/news/uk-scotland-12666093)

\(^3\) Scottish Government webpage, Alcohol and its impact on health. Available at: [http://www.scotland.gov.uk/Topics/Health/health/Alcohol/health](http://www.scotland.gov.uk/Topics/Health/health/Alcohol/health)
• One in three divorces cites excessive drinking by a partner as a contributory cause;⁴

• 77% of young offenders said they were drunk at the time of committing their offence;⁵

• 69% of people accused of homicide were either drunk or drunk and under the influence of drugs at the time of the alleged offence;⁶

• Liver disease is now the second commonest cause of death in the under 65s⁷, and

• Alcohol kills three people in Scotland every day.⁸

Formal evidence

11. The Committee issued a call for written evidence on 1 November 2011, with a closing date of 12 December 2011. 95 written submissions were received in response to the call for evidence. Of those respondents who made their opinion clear, 85% were in favour and 15% were opposed to minimum pricing. Those in favour tend to come from the health, licensing and on-trade sectors, while those who are opposed tend to be from the alcohol manufacturing and off-trade sectors.⁹

12. The Committee call for evidence raised a number of themes in respect of the policy. These included: how targeted the policy is; empirical evidence, including the link between price and harm; the potential unintended consequences, such as the impact on Scotland’s alcohol industry; and the legality of the policy.¹⁰

13. Following the closing date for the call for written evidence, the Committee agreed a programme of oral evidence sessions comprising of seven panels spread over five committee meetings. 28 witnesses attended in total.

14. Extracts from the minutes of all meetings at which the Bill was considered are attached at Annex A. Where written submissions were made in support of oral evidence, they are reproduced, together with the extracts from the Official Report of each of the relevant meetings, at Annex B. All other written submissions are included at Annex C.

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⁴ Alcohol (Minimum Pricing) (Scotland) Bill, Policy Memorandum, paragraph 17. Available at: http://www.scottish.parliament.uk/S4_Bills/Alcohol%20(Minimum%20Pricing)%20(Scotland)%20Bill/Policy_Memo.pdf

⁵ Action for Children Scotland. Written submission to the Health and Sport Committee.

⁶ Alcohol (Minimum Pricing) (Scotland) Bill, Policy Memorandum, paragraph 17. Available at: http://www.scottish.parliament.uk/S4_Bills/Alcohol%20(Minimum%20Pricing)%20(Scotland)%20Bill/Policy_Memo.pdf

⁷ Alcoholic Focus Scotland. Written submission to the Health and Sport Committee. MIN04

⁸ Alcoholic Focus Scotland. Written submission to the Health and Sport Committee. MIN04


Reports from other committees
15. The Financial Memorandum was scrutinised by the Finance Committee, which sought written evidence from affected organisations, took oral evidence from affected organisations followed by oral evidence from the Scottish Government Bill team and then reported to the Health and Sport Committee. The report is attached at Annexe D. The provisions within the Bill for making subordinate legislation were considered by the Subordinate Legislation Committee. Its report to the Health and Sport Committee is attached at Annexe E. These reports are discussed in detail later in this report.

MINIMUM PRICING

Background

A minimum price of alcohol
16. Section 1 of the Bill would amend the Licensing (Scotland) Act 2005 (“the 2005 Act”) to introduce a further mandatory condition of premises and occasional licences granted under that Act. The condition would be that alcohol must not be sold on the premises at a price below the minimum price. This section would also require that, where alcohol was supplied along with other products or services – for example, where a bottle of beer was packaged with and sold with a branded glass or where a bottle of wine was sold with food as part of a “meal deal” – the minimum price would be the minimum price that would apply to the alcohol if sold on its own, with no account taken of the non-alcohol elements of the package.\(^{11}\)

17. The Bill also sets out the formula by which the minimum price would be calculated as minimum price per unit (MPU) \(\times\) strength of the alcohol (S) \(\times\) volume of the alcohol in litres (V) \(\times\) 100. The Explanatory Notes on the Bill set out a number of examples of minimum prices for different beverages calculated using the formula.

18. The Scottish Ministers would have the power to specify the minimum price per unit by order subject to the affirmative resolution procedure.

Evidence base

Policy Memorandum
19. In its Policy Memorandum on the Bill, the Scottish Government refers to several studies in support of the measures on minimum pricing, including the Wagenaar systematic review, which considered 100 separate studies reporting over 1,000 statistical estimates over the last 30 years and found that there was a consistent relationship between price and consumption of alcohol.\(^{12}\)

20. The Scottish Government also refers to two studies by the School of Health and Related Research (ScHARR) at the University of Sheffield, one commissioned

\(^{11}\) Alcohol (Minimum Pricing) (Scotland) Bill, Explanatory Notes, paragraph 6. Available at: http://www.scottish.parliament.uk/S4_Bills/Alcohol%20(Minimum%20Pricing)%20(Scotland)%20Bill /Ex_Notes_and_FM.pdf

\(^{12}\) Alcohol (Minimum Pricing) (Scotland) Bill, Policy Memorandum, paragraph 17. Available at: http://www.scottish.parliament.uk/S4_Bills/Alcohol%20(Minimum%20Pricing)%20(Scotland)%20Bill /Policy_Memo.pdf
by the UK Government and published in 2008\textsuperscript{13}, and the other commissioned by the Scottish Government.\textsuperscript{14} These use econometric modelling and estimate that policies which increase the price of alcohol can bring significant health and social benefits and lead to considerable financial savings in the health service, in the criminal justice system and in the workplace.\textsuperscript{15}

21. The evidence from these studies, referred to in the Policy Memorandum, is the same as that presented by the Scottish Government during the passage of the previous Alcohol Bill.

22. However, the second of the studies by ScHARR, detailed above, was republished using the most up to date Scottish data in January 2012.\textsuperscript{16} Although the Committee was able to view the updated report in advance of the oral evidence session with the Cabinet Secretary for Health, Wellbeing and Cities Strategy, it was not published in time for other witnesses who gave oral evidence to the Committee as part of its Stage 1 scrutiny to be able to comment.

Results from Canada

23. Professor Timothy Stockwell of the University of Victoria, British Columbia, and colleagues are in the process of publishing results of a recent study looking at the effect of ‘Social Reference Pricing’ ("SRP") on alcohol consumption in British Columbia.\textsuperscript{17}

24. The Canadian model differs from that proposed in the Bill in a number of ways, such as:

- In Canada, floor prices differ between and within different types of alcoholic drinks and there is not a price per unit of alcohol;
- Increases in floor prices are not simultaneous which would potentially allow substitution behaviour and ‘trading down’;
- In Canada, alcohol is sold in liquor stores and not in supermarkets, which may limit the read across to the impact on Scottish industry and its response;
- All alcohol distribution is state controlled;

\textsuperscript{13} University of Sheffield, (2008) Independent Review of the Effects of Alcohol Pricing and Promotion, Available at: \url{http://www.dh.gov.uk/prod_consum_dh/groups/dh_digitalassets/documents/digitalasset/dh_091364.pdf}
\textsuperscript{15} Alcohol (Minimum Pricing) (Scotland) Bill, Policy Memorandum, paragraph 24.
\textsuperscript{16} ScHARR, University of Sheffield (2009) Model-Based Appraisal of Alcohol Minimum Pricing and Off-Licensed Trade Discount Bans in Scotland (v2) second update. Available at: \url{http://www.sheffield.ac.uk/polopoly_fs/1.150021!/file/scotlandupdatejan2012.pdf}
\textsuperscript{17} Does minimum pricing reduce alcohol consumption? The experience of a Canadian province. To be published in the journal Addiction.
• Some states in Canada prohibit products perceived to be particularly harmful e.g. Alberta banned beer over 11% strength;

• In Canada, some end-of-line below-SRP selling is permitted;

• The revenue from SRP in Canada goes to provincial government.

25. Nevertheless the study does provide empirical evidence on the impact on consumption of raising floor prices of alcoholic drinks, and the Committee agreed to hold an oral evidence session via video-conferencing with Professor Stockwell on 10 January 2012.

Linking price and consumption
26. The study by Stockwell et al found that a 10% increase in the average minimum prices, of various types of alcohol over the period 1989-2010, led to a reduction of 3.4% in total alcohol consumption. This is one of the studies the Scottish Government refers to in its Policy Memorandum—

“There is strong evidence from numerous studies...that levels of alcohol consumption in the population are closely linked to the retail price of alcohol. As alcohol becomes more affordable, consumption increases. As the relative price increases, consumption goes down.”

18

27. This statement echoed much of the evidence on the effect of price variation received by the Committee, both written and oral. The submission made by the University of the West of Scotland states—

“[I]ncreasing the price of alcohol will reduce consumption and resulting problems, at all levels of drinking, including harmful/dependent drinkers. Alteration of price and availability are the most powerful interventions available to policy makers in reducing alcohol related problems.”

19

28. A number of submissions made to the Committee, predominantly from manufacturers and retailers, call into question the link between price, consumption and harm, and highlight a number of international examples such as Scandinavia where prices are high but they still experience significant alcohol related harms. They also point out that price is the same across the UK, yet Scotland experiences a 23% higher level of both consumption and harm.

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29. In her oral evidence to the Committee, Professor Anne Ludbrook, Professor of Health Economics at the University of Aberdeen, argued—

“The levels of alcohol consumption in different countries can be explained by cultural differences. However, as far as each country is concerned, there

18 Alcohol (Minimum Pricing) (Scotland) Bill, Policy Memorandum, paragraphs 17 and 19.
19 University of the West of Scotland. Written submission to the Health and Sport Committee, MIN 89.
is very strong evidence that price affects the amount consumed at different points in time.”

30. Professor Stockwell made a similar argument when comparing the variation in outcomes across provinces of raising floor prices of alcoholic drinks—

“The best way to see whether a policy works is to look at changes in a province over time. In the evidence from Saskatchewan…the level of consumption goes in one direction and then goes in the other direction after an increase in the minimum price. That is a more effective and scientifically appropriate way of judging the effectiveness of the price increase than comparing it with another place that has a different culture, different laws and who knows how many other differences.”

Impact on related harms

31. Referring again to the example in Saskatchewan, Professor Stockwell suggested that this not only demonstrated the effect of price increases on consumption, but also provided anecdotal evidence of the impact on public order issues in city centres—

“In the months after the pricing change, the chief of police in one of the big cities in Saskatchewan…commented on a dramatic reduction in public order problems around late-night entertainment venues in cities at the weekends. He said that crime had gone right down and that public order problems had reduced.”

32. Commenting more generally, Professor Stockwell said—

“[T]here is also evidence that price and taxation have an impact on harm. We do not necessarily need to worry about effects on consumption.”

33. He also told the Committee—

“Theoretically, from a purely public health perspective, the idea of pricing ethanol in such a way that the more ethanol someone purchases for their consumption, the more expensive it will be, what is proposed in Scotland is perfect. I guess that it would be more perfect if the same could be done for excise taxes as well, but that is another issue.”

34. In its Policy Memorandum on the Bill, the Scottish Government refers to the RAND report on ‘The affordability of alcoholic beverages in the European Union’ (Rabinovich et al 2009), which reports a statistically significant association between alcohol consumption at the population level and three alcohol-related harms. It states that a 1% increase in alcohol consumption at a population level is associated with an increase of:

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26 Alcohol (Minimum Pricing) (Scotland) Bill, Policy Memorandum, paragraph 18.
35. During her oral evidence to the Committee, the Cabinet Secretary, Nicola Sturgeon, acknowledged the importance of real-life data when considering the effectiveness of policy measures, and conceded that "there is a lack of hard evidence around minimum pricing because no other country has done it in the form that we are proposing."28

36. In that regard, she stressed the importance of the Canadian research, but also emphasised that direct comparisons could not be drawn—

"The benefit of...hard evidence creates the real interest around Professor Stockwell’s Canadian work. I am not suggesting that we can just read across from Canada to Scotland, because the systems that Canada has in place are different from the system that we propose. Nevertheless, Professor Stockwell’s work is the first empirical evidence that we have had that demonstrates and proves the link between price and consumption, and it is therefore very valuable."29

Conclusion
37. The Committee believes that there is strong evidence to link price with alcohol consumption and that there is a direct link between consumption and harm. The overwhelming evidence that the Committee received supports this.

38. The Committee welcomes the publication of the empirical evidence from Canada and, while recognising the host of differences in geography, culture, policy motivations, state ownership of outlets etc., notes the value that this has brought to the debate in terms of reinforcing the link between price and consumption.

Econometric modelling as a decision-making tool
39. The SchARR study commissioned by the Scottish Government quantifies the projected impact that the introduction of various minimum prices would have on consumption and related harms in Scotland using econometric modelling. This uses statistical methods and real life data to assess the effects of different economic theories.

40. Whilst giving evidence to the Committee, Professor Alan Brennan, Professor of Health Economics and Decision Modelling at the University of Sheffield, was asked to outline the methodology of the SchARR study—

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“The central methodology is to look at how consumption varies across the
population. We split consumption into age, sex and drinking level—moderate,
hazardous or harmful—sub-groups, and then consider the effects of policy
inputs on consumption, particularly with respect to pricing...We separate
beers, wines, spirits and ready-to-drinks, or alcopops. We separate on and
off-trade and look at prices in self-reported data from the expenditure and
food survey for Scotland and in market research data supplied by Nielson.
We get a big set of evidence on levels of consumption and prices and,
essentially, we do a what-if analysis”.30

41. Professor Brennan went on to describe how this study modelled the impact of
minimum pricing on related harms—

“The second half of the methodology is to look at the relationship between
consumption and harms. We work on the idea of risk functions—if
consumption is higher, the risk of various health harms is higher. In our risk
model, consumption changes reduce the risk of mortality and illness for
around 50 different conditions.”31

42. In his oral evidence to the Committee, Dr John Holmes, Public Health
Research Fellow at the University of Sheffield, argued that “there is clear evidence
that price should affect consumption and that changes in consumption will affect
harm.”32

43. He also highlighted what the estimated effect of minimum pricing would have
been had the measures been implemented when they were first proposed—

“In version 2 of the Scottish model, the 45p minimum unit price that was
proposed two years ago, in conjunction with the off-trade discount ban...would have reduced hazardous consumption by 6%, which would have
led to 178 fewer deaths a year at full effect, and 2,700 fewer hospital
admissions.”33

Contradictions and complexities

44. A number of submissions received by the Committee call into question the
link between price, consumption and harm. In its written evidence, the Wine and
Spirit Trade Association stated—

“Minimum unit pricing assumes a link between price and harm that is not
supported by evidence. No one disputes the notion that there is a link
between price and sales...However, we vigorously dispute the notion that
lower prices cause irresponsible consumption and harm. Evidence from
across the world substantiates this view that there is no simple link between
price and alcohol misuse.”34

34 Wine and Spirit Trade Association. Written submission to the Health and Sport Committee, MIN 93
45. The Edrington Group, in its submission, noted that “the Scottish Government wishes to proceed with minimum pricing at a time when alcohol consumption in Scotland has been stable for 6 years and indicators of health harm show a decline”\(^{35}\), and that—

“This would indicate the measures already put in place are having a positive impact. More importantly these measures have only been in place for a relatively short period of time and have not yet been fully assessed, with the measures under the Alcohol etc (Scotland) Act 2010 only recently introduced. It appears therefore premature to introduce yet further measures and restrictions.”\(^{36}\)

46. The Committee raised the issue of the reliability of the results contained in the Sheffield report, and whether these could be applied retrospectively to recent recorded data to test whether they would have predicted the reduction in the number of alcohol-related deaths that have actually occurred. Dr Holmes explained the difficulty in taking this approach—

“The Sheffield model estimates changes in consumption for age and sex groups and, if the changes in consumption that we model as a result of policies are not the same as the changes in consumption that you see in reality in Scotland, the effects on harm will not be the same.”\(^{37}\)

47. Although it was conceded that retrospective testing of the results of the Sheffield study would be difficult, Professor Brennan highlighted some analysis of the multi-buy discount ban\(^{38}\) to demonstrate its reliability—

“There was an 8% reduction in beer sales, a 5% reduction in wine sales and a 3% reduction in spirit sales…I am not claiming that such a level of accuracy of the model will happen on every parameter, but I was interested to find that our report on the effects of a total discount ban talked about an 8% reduction in beer sales…a 6.1% reduction in wine sales…and a 2.7% reduction in spirit sales.”\(^{39}\)

48. Referring to data from Sweden, Professor Jonathan Chick, Honorary Professor at Queen Margaret University, accepted the complexity of the situation and the difficulty in quantifying what the impact of the measures will be—

“Particularly among the young population, factors such as unemployment, opportunity, aspiration and so on are at work, which interplay with the effects of price…I]t would be hard to predict the effect of minimum pricing on the number of injury-related, violence-related or crime-related incidents. It is, I

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\(^{35}\) Edrington Group. Written submission to the Health and Sport Committee, MIN 32.

\(^{36}\) Edrington Group. Written submission to the Health and Sport Committee, MIN 32.


\(^{38}\) The ban on quantity discounts in off-sales that encourage customers to purchase more than they might have, as introduced by the Alcohol etc. (Scotland) Act 2010.

think, easier to predict the proposed minimum price’s impact on the chronic effects of drinking.”

49. When asked about the Scottish Government’s reliance on the Sheffield study as its principle evidence base for the proposed legislation, and the consequences of the measures not producing the projected results, Professor Brennan responded—

“It is wrong to say that the Sheffield model is the only evidence. It is a tool that synthesises all the evidence that is available from various different studies, data sets and all the rest of it, in an effort to answer your question. It is not the only evidence.

If minimum pricing turns out to be completely ineffective or a counterproductive policy, for reasons that are not included in the modelling and which have not been included elsewhere, that is evidence, and evidence should be included in policy making.”

50. The Cabinet Secretary, in her evidence to the Committee, acknowledged the important role the Sheffield study had in determining the price that a minimum unit of alcohol would be set at—

“The relationship between a particular price and the harm reduction that results from it is a central factor. That is why we have set such store by the Sheffield report. As you indicated, that report is not the only factor that we take into account…but the modelling in it that suggests the benefits that would flow from set prices is a key part of our consideration.”

Conclusion

51. The Committee welcomes the Scottish Government making the updated modelling available in advance of the evidence session with the Cabinet Secretary for Health, Wellbeing and Cities Strategy.

52. The Committee recognises that there are differences of opinion regarding interpretation of the results from the Sheffield modelling. It also notes that the Sheffield work was robustly peer reviewed.

53. In its prevailing view, on balance, given the detailed evidence provided by those involved in preparing the modelling and, in particular, the reliability demonstrated by the analysis of the discount ban (as highlighted in paragraph 47 above), the Committee is persuaded of the value and reliability of the Sheffield work.

54. The Committee regrets that the updated modelling was not available earlier in its deliberations and the revised findings could not therefore be tested with other witnesses. It notes, however, that the framework and general direction of the findings are consistent with the earlier modelling.

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Price elasticity

55. One of the main arguments put forward by those opposed to the policy is that minimum pricing will not address the issue of harmful drinking and will mostly impact on moderate drinkers. In his oral evidence to the Committee, Benjamin Williamson, Senior Economist at the Centre for Economics and Business Research (CEBR) said—

“We would certainly not argue with the idea that there is a relationship between price and consumption…but we would argue that many of the studies that have been mentioned talk only about average levels of consumption...There is no specific targeting of harmful drinkers, which is where we feel that many of the problems lie.”

56. The National Association of Cider Makers (NACM) made a similar point in written evidence—

“The ScHARR model does no more than demonstrate that if you raise the price of a product consumption falls (the economic principle of price elasticity of demand); the basis on which the whole minimum unit pricing thesis is built.”

57. ‘Price elasticity of demand’ is the economic concept used to indicate how consumer demand for a product changes when the price changes. It is the proportionate change in demand given a change in price. Goods or services with an elasticity of less than 1 are termed ‘inelastic’ (i.e. less responsive to price changes). Meta-analyses have found that the demand for alcohol is generally inelastic, although different types of drinkers will respond in different ways.

58. During his evidence to the Committee, Professor Brennan outlined some of the elasticities seen in the results of the study commissioned by the Scottish Government—

“[W]e have separated out moderate drinkers from hazardous and harmful drinkers and have carried out a separate analysis of those two groups...When we have taken that disaggregated approach, it has shown that the hazardous and harmful drinkers are not that different from the moderate drinkers...The harmful drinkers are slightly more elastic, so the percentage reduction in their consumption is slightly bigger than that for moderate drinkers.”

59. Benjamin Williamson expressed concerns over these results—

“[T]he key problem for us is that the idea that harmful drinkers are more responsive to price changes than moderate drinkers are seems counterintuitive. We took a number of studies...which showed that binge-

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44 National Association of Cider Makers. Written submission to the Health and Sport Committee, MIN 43.
drinking types—harmful drinkers—are the least responsive to price changes.  

Minimum pricing as a targeted approach – what difference does it make

60. Dr Peter Rice, Chair of the Royal College of Psychiatrists in Scotland and Consultant Addictions Psychiatrist at NHS Tayside, stated that, in his opinion, the CEBR’s analysis “has made the mistake of taking data from overall price rises across the price range and applying them to a minimum price.”

61. Dr Rice elaborated on this point—

“It is certainly true that heavier drinkers, including dependent drinkers, are less sensitive to overall price rises, and Sheffield took account of that in its model...We are talking about a floor price that will affect only the cheapest alcohol. Sheffield said—and I think it makes perfect sense—that a minimum price will affect hazardous and harmful drinkers most, because they drink most of the cheap alcohol.”

62. In his oral evidence, Professor Stockwell argued that minimum pricing is a targeted measure, more so than “across-the-board price rises”, for the “theoretical reason...that the heaviest drinkers gravitate towards the cheapest alcohol”. Furthermore, that—

“All pricing strategies have the most impact on heavy drinkers, but minimum pricing especially targets heavier and younger drinkers, because they mostly prefer cheaper drinks.”

63. The Cabinet Secretary reiterated this point in her oral evidence as a justification for the proposed measures—

“[T]he updated Sheffield report...shows that the impact of a minimum unit price increases as we go up the scale from moderate to hazardous drinkers. That is the case at most of the prices that are identified. The overall impact and the impact on particular groups depends, to some extent, on the level at which the price is set.”

64. Professor Ludbrook also supported this interpretation in her oral evidence to the Committee—

“The Sheffield study disaggregated the population in the UK that was being studied and looked at the reactions to minimum pricing of groups with different drinking levels. It showed much higher reactions among the heavier drinkers. That is because there is a tendency for heavier drinkers to

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trade down to lower-cost products when there is a general across-the-board price increase.”

65. Professor Chick, in written evidence, offered clarification regarding the Edinburgh-based research of alcohol purchasing by patients in 2008-09. He wrote—

“Although the “average price” paid per unit was 43 pence, there was a wide dispersion; the average is biased up by some expensive on-license drinking by a small number of patients.”

Conclusion
66. The Committee recognises that the evidence on the degree to which harmful drinkers may be responsive to minimum pricing is disputed by the CEBR and some in the alcohol industry.

Impact on the moderate majority
67. Although Professor Ludbrook argued that minimum pricing will target problem drinkers, she also emphasised the point that it is not only the hazardous and harmful drinkers that cause alcohol-related problems—

“Even if the larger group experiences a low level of harm, the aggregate harm is greater. Even among moderate drinkers, some reduction in their alcohol consumption will reduce their risk of being affected by alcohol-related problems...If you have a low level of risk among a large number of people, a larger number of cases arise from that group. It is a group that we need to keep in mind.”

68. Andrew Leicester, Senior Research Economist at the Institute for Fiscal Studies, made the point that the proposed measures will still impact on moderate drinkers—

“[A] minimum price at the suggested rate would have a large and direct effect on almost everyone who drinks off-licence alcohol. That is not to say that that is a bad thing, but the policy ought not to be sold as only affecting a small number of harmful and hazardous drinkers. It would have effects right up the distribution chain.”

Impact on high and low income groups
69. In written evidence received by the Committee from those opposed to the Bill, there are opinions that the Bill is regressive and will have a disproportionate impact on low income groups. It was also suggested that a minimum pricing policy will not affect those on higher incomes.

70. Benjamin Williamson raised this issue in his oral evidence—

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54 Professor Chick. Written submission to the Health and Sport Committee.
57 See, for example, written submissions from: Consumer Focus Scotland; the Co-operative; Scottish Grocer’s Federation; Wine and Spirit Trade Association; Institute for Fiscal Studies.
“[O]ur research breaks down expenditure on alcohol by income deciles and shows that those people in the bottom three income deciles in Scotland spend an average of 40p per unit or less. A minimum price of 40p or 50p per unit would have a significant impact on them—it would have a significant negative impact on their disposable income.”

71. Dr Holmes highlighted the lack of evidence on this issue but stated that—

“[H]armful drinkers in all income groups buy significant proportions of cheap alcohol. They focus their spending on the off-trade and more than half of their off-trade spending is at less than 50p per unit. That is the position in all income groups, although there is still an income gradient.”

72. Andrew Leicester disagreed with the view that the report by the Institute for Fiscal Studies (“IFS”) suggests that minimum pricing will impact substantially more on lower-income groups and that, actually, the study “found evidence that there would perhaps be a slightly bigger effect on lower-income groups, but not a substantial difference.”

73. In her oral evidence to the Committee, Dr Evelyn Gillan, Chief Executive of Alcohol Focus Scotland, summarised the results of a study in this area using existing data—

“[S]ome useful analysis by the Government’s analysts shows that 23% of those in the lowest income group in Scotland do not drink at all and 57% drink, on average, five units a week. When the two figures are added together, it shows that 80% of people on the lowest incomes in Scotland either will not be affected at all by minimum pricing or will be very minimally affected. However, the remaining 20% of the lowest income group who do drink carry the biggest burden of health harm. For example, hospital admissions for an alcohol-related condition are 7.5 times higher in the lowest income groups and death rates are six times higher, so the people on the lowest incomes who drink stand to be the biggest health beneficiaries of pricing mechanisms.”

74. Regarding harmful drinkers in higher-income groups, Professor Ludbrook pointed out “that harmful drinkers in the highest income quintile are predicted to be buying 80 units a week of cheap alcohol. Raising the price of that alcohol will reduce their consumption.”

75. Professor Chick, referring to his own research, expressed a similar view—

“We did not, across all the deprivation index categories, find a particular trend that only people in the poorer areas were drinking cheaply. Among the ill

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people that we saw, even drinkers in categories 2 and 1 at the higher end—the least deprived—were purchasing alcohol cheaply when they could."\(^{63}\)

**Inequality of harms**

76. Professor Chick reiterated that those in lower-income groups will benefit most from minimum pricing—

“Low-income groups suffer disproportionate harm from the same amount of alcohol…In Finland, when there was a sudden price reduction in alcohol to do with European Union regulations in 2004, the increase in mortality due to alcohol in the following four years was almost exclusively in the low-income groups.”\(^{64}\)

77. Dr Holmes agreed that “for a variety of reasons, low-income drinkers are at greater risk of harm than are high-income drinkers who consume the same amount”.\(^{65}\)

78. Dr Gillan argued—

“People support minimum pricing not because the effect on the poor is a price worth paying, but for precisely the opposite reason: it is because the people in the lowest income groups desperately need to have health inequalities addressed. We know that alcohol is a factor in health inequalities. The most vulnerable people in our society carry the biggest burden of harm, so they stand to gain the most from improvements to health.”\(^{66}\)

79. Andrew Leicester, in his oral evidence, expanded on his response to claims that the measures are regressive—

“The right measure of how a minimum price policy impacts on households in a welfare sense is not how much more or less they spend after the policy has been introduced.”\(^{67}\)

80. He continued—

“Not every policy that a Government implements has to be progressive in order for it to be a good policy. A number of policies would impact significantly on lower-income groups but are still probably worth doing because of other concerns that we have, including concerns about health or the environment.”\(^{68}\)

81. Responding to concerns over the impact of the measures on lower-income groups, the Cabinet Secretary stated—

“[W]e know from work that has been carried out that people in low-income groups are more likely than those in other groups not to drink at all or to drink


very moderately. At the other end of the scale, however, those in low-income groups are more likely to be hazardous or harmful drinkers.\(^{69}\)

82. Furthermore—

“You cannot look just at the impact of minimum pricing on any particular group; you have to look at the other side of the coin, which is the harm caused by alcohol misuse. As we know, those who suffer the greatest harm from alcohol are those in lower-income groups and we must weigh in the equation the fact that someone in the lowest-income section of the population is something like five times more likely to die from alcohol-related causes than someone in the top income bracket.”\(^{70}\)

Conclusion

83. The Committee notes the concern from some quarters that people on lower incomes, including moderate drinkers in that socio-economic bracket, could be financially hardest hit by minimum pricing. The Committee also notes the view expressed by many witnesses that people at the lower end of the socio-economic spectrum carry the greatest burden of harm from alcohol and could therefore benefit most.

Limitations in tackling binge drinking

84. The Committee also heard views from supporters of the Bill that minimum pricing will help to tackle the problem of hazardous and harmful drinking by younger people. In her oral evidence, Dr Gillan said—

“Young people are buying cheap alcohol from supermarkets and pre-loading on that prior to going out. If we make the alcohol in supermarkets more expensive, it will be less available to them and they will buy less of it. Minimum pricing will impact on young people going out because it will be more expensive for them to pre-load on alcohol prior to going out.”\(^{71}\)

85. Professor Stockwell told the Committee—

“Young people are very price sensitive, and pre-loading is time-honoured...Inevitably, the market that will be impacted by minimum pricing will be liquor store or off-license sales, where people do their pre-loading, so less of that will go on. Pre-loading will continue, and it will still be way cheaper to buy alcohol from a liquor store or a supermarket than from a bar, but there will be slightly less of it.”\(^{72}\)

86. Some in the drinks industry held a contrary view. Michael Patten of Diageo told the Committee—

“The evidence clearly shows that young people are less responsive to pricing than we would want and that pre-loading is a cultural issue. We have seen


shifts in the culture around alcohol consumption that need to be addressed, but we are not going to succeed in doing that using the pricing mechanism.”

87. Dr Holmes disagreed on the degree to which young people will be impacted—

“In much of the debate on minimum pricing, it has often been said that it is a policy that will tackle the drinking of young people and have a big impact on them, because they have less money, so they go for cheap drinks, but that is not the case.”

88. Echoing the anecdotal case in Canada presented by Professor Stockwell in his oral evidence, Dr Holmes explained that although minimum pricing “might not be the best targeted policy to deal with young people’s binge drinking, much of which goes on in the on-trade”, it will still have an impact, albeit a proportionally smaller one—

“The model predicts that there will be reductions in various crimes. Some alcohol-related crime is to do with on-trade alcohol being sold at low prices, but part of it is to do with binge drinking sessions that start with drinking at home, or pre-loading, and that is one part on which the measure will have an impact.”

Scottish Government
89. The Cabinet Secretary, in her evidence to the Committee, responded on this issue—

“Younger drinkers tend to drink cheaper alcohol, so I think that a minimum unit price would have an effect on them.”

90. She also said—

“The fact that the impact on the hazardous drinkers as a whole would be greater than the impact on a certain sub-group of hazardous drinkers is not an argument against the policy. As I said, it is an argument for ensuring that the policy is part of a wider approach.”

Conclusion
91. The Committee recognises that views differ on the impact that the Bill might have on the drinking behaviour of young people in general as well as on what might be viewed as the wider societal issue of binge drinking. The Committee acknowledges that the witnesses from the University of Sheffield found a “slightly smaller” but “still significant” impact on 18-24 years olds and that the modelling does not address binge drinking.

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A wider approach

92. Referring to the issue of young hazardous and harmful drinkers, the Cabinet Secretary stated—

“Minimum pricing...is not the whole answer. I think that that might be particularly the case with younger drinkers.”

93. In this regard, she stressed the importance of education but, when questioned on the effectiveness of initiatives in this area, conceded that “the success of previous educational approaches has been variable.”

94. Dr Holmes highlighted the role local authorities have in tackling this issue—

“[M]inimum pricing does not have to be the end of the debate. We have said already that it might not be the best targeted policy to deal with young people’s binge drinking, much of which goes on in the on-trade. There are other options that can be pursued. For example, I know that you have already implemented a public health consideration in licensing objectives.”

95. Professor Chick highlighted the need for increased efforts to provide focussed treatments for those harmful drinkers that will be most impacted by the measures—

“[I]n Canada, a small panel of homeless severely dependent alcoholics was asked, ‘Over the past 12 months, what did you do when you no longer had money for alcohol?’ the most frequent response was ‘I got treatment’; indeed, 14 out of 15 said it...Given that going for treatment was top of the list, I think that the policy might result in renewed efforts to provide focused treatments for the very severe minority of cases.”

96. The Cabinet Secretary stressed that the measures proposed in the Bill are not a single solution to all alcohol related problems—

“...I do not and will not argue that minimum pricing is a silver bullet and the answer to all those problems. It needs to be viewed within the context of the much wider package of measures that is contained in our framework for action. That package includes measures on education, support for families and communities and preventive public health measures. All of those taken together can help to create the cultural shift that is required to deal with our relationship with alcohol.”

Conclusion

97. The Committee notes that the need for a continuing multi-faceted approach in tackling alcohol misuse, of which the Bill could be considered one element, was a recurring theme from the evidence.

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Taxation alternative and trading down

98. Andrew Leicester, during his evidence session, said—

“[I]n an ideal world, it would be preferable to use an instrument that is in place—the excise tax system for alcohol—to do something that looks a lot like minimum pricing, if that were possible... In an ideal world, we would be able to change the system to base the taxation on the alcohol content of drinks, as currently happens for spirits and beers. However, European directives limit the UK Government’s ability to do that and the Scottish Government does not have the power independently to vary alcohol tax rates in Scotland.”

99. In her oral evidence, Professor Ludbrook outlined the difficulties of other pricing interventions—

“[W]e have seen that taxation is not necessarily passed on into prices and it affects all products... Evidence from Sweden has shown that a greater impact can be made on consumption by targeting the same price increase on low-price products. The Sheffield model shows that minimum pricing would be more effective than an across-the-board price increase.”

100. Professor Chick stated that, regarding harmful drinkers—

“Minimum unit pricing ["MUP"] is a more effective method than taxation for reducing consumption in that group because such drinkers tend to trade down. The MUP means that they are no longer able to buy very cheaply; that, we think, will help them and their families.”

101. Dr Gillan argued that it needn’t be a choice—

“We have never said that the choice is either/or; we have said that increases in taxation are complementary to minimum unit pricing. Many jurisdictions around the world that have tax raising powers are also exploring the possibility of minimum unit pricing. The difficulty is that hiking up taxation would not necessarily increase the price of the very cheapest products to the level at which consumption would reduce.”

Conclusion

102. The Committee notes the evidence on taxation and trading down and reflects on the limited options at the Scottish Government’s disposal policy-wise.

Health and social impact

A culture of access and excess

103. Although Scotland has a long-standing history with alcohol, drink being a central part of many of our traditional celebrations; and a dangerous affinity with it,
on the basis of the overwhelming evidence of long-term increasing health harms, this has not always been the case. Dr Gillan told the Committee—

“There is an assumption that Scotland has always had a high level of alcohol consumption. However, a royal commission on alcohol licensing in 1931 concluded that drunkenness had gone out of fashion in Scotland and that young men were growing up with no idea of what beer tasted like.”

104. Professor Ludbrook expressed concern at the mixed messages resulting from the Scottish Government running drink awareness campaigns while the price of alcohol remained at current levels. She said—

“There is a cultural mismatch between saying that alcohol has a health harm – and it is a health harm to everyone if they do not consider their drinking – and that it is okay to sell alcohol at very low prices.”

105. Young people’s attitude to drink was of particular concern to some witnesses. Dr Gillan told the Committee—

“We adults have not yet grasped how the drinking culture among young people has changed, even compared with the culture when we were young.”

106. The drinks industry also recognised a change in the behaviour of the younger generation, particularly when it came to “pre-loading”. Michael Patten of Diageo suggested they were less responsive to pricing than policy makers may wish. He said—

“We have seen shifts in the culture around alcohol consumption that need to be addressed, but we are not going to succeed in doing that using the pricing mechanism.”

107. Paul Waterson of the Scottish Licensed Trade Association took a contrasting view, putting pricing firmly in the centre of the discussion. He told the Committee—

“A change is taking place that is being driven by price, which is taking people out of the controlled environment and allowing them to drink at home. It is quite an easy equation to do. There is no doubt that young people are strategic when it comes to planning their drinking on the basis of price.”

108. Alcohol Focus Scotland wished to put the behaviour of young people in a wider social context. Dr Gillan said—

“It is very easy to point at young people and say how antisocial and irresponsible their drinking behaviour is, but all they are doing is reflecting the adult society that they see around them. How can we expect young people to

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exercise responsibility in an environment that promotes access and excess and which saturates them in images of alcohol?"\(^\text{93}\)

109. On the themes of the accessibility and visibility of alcohol, Dr Peter Rice of NHS Tayside pointed out international differences. He said—

"Reading Professor Stockwell’s work brought home to me...how unusual the British alcohol market is. One does not walk into a supermarket in Vancouver and buy vodka. One does not walk into a supermarket in Wellington – or in Austin, Texas, where I was last month – and buy spirits."\(^\text{94}\)

110. Dr Rice went on to cite the availability of alcohol alongside groceries as a "powerful explanation"\(^\text{95}\) of how the UK had become out of step with other countries in respect of its relationship with alcohol.

111. The scale of the challenge posed in tackling Scotland’s drinking culture was highlighted by many giving evidence to the Committee. Tennent Caledonian Breweries (UK) Limited’s George Kyle said—

"I think that everyone has acknowledged the complexity of Scotland’s relationship with alcohol and agrees that minimum unit pricing is not a panacea or magic bullet that will deal with every instance."\(^\text{96}\)

112. He referred to the difference in off-trade and on-trade pricing and suggested that a minimum unit price of 45p "will not induce people to switch back to the on-trade, where there is probably more in place in the way of education measures and supervision, and where people go through the rite of passage of learning to drink in a controlled environment."\(^\text{97}\)

113. Finding out the reasons for people’s drinking and the potential of drawing on peer pressure in a positive sense were matters raised by Asda. David Paterson told the Committee—

"We need to get behind the cultural issues and understand more fully why, when the price is the same in Scotland and England, but disposable incomes are significantly lower in Scotland, consumption here is higher...we then need to understand the motivations for different types of drinking behaviour."\(^\text{98}\)

114. He cited work that Asda was doing with the Department of Health to see if calorie information might encourage some groups to cut down their consumption, adding—

“We are also looking at how peer-level interventions can be made to change the general sense of what is socially acceptable – the social norms.”

115. That sense of what was deemed acceptable by society and how change could be brought to bear was raised by Consumer Focus Scotland. Sarah O’Neill told the Committee—

“We would want to make it clear that the policy [minimum pricing] will work only as part of a package of measures, and that the cultural issue – looking at ways in which we might change the culture – is vital. We saw how long that took with smoking. We must start somewhere, but culture is clearly a major part of this.”

116. On that theme, Kate Higgins of Children 1st said—

“…we fundamentally believe that Scotland needs to shift its attitude and behaviour towards and relationship with alcohol.”

117. Professor Stockwell talked about that attitude as a sense of entitlement. He said—

“…minimum pricing is felt to be an attack on individual freedoms; the right to drink is very dear to many people, and particularly the Scottish.”

Scottish Government
118. The Cabinet Secretary echoed the point when she told the Committee—

“…through not just minimum pricing but our entire approach to alcohol misuse, we are trying to make the point that alcohol is not a normal commodity.”

Cheap alcohol comes at a price
119. The Financial Memorandum lodged with the Bill states—

“Alcohol is not an ordinary commodity – it is a psychoactive and potentially toxic addictive substance and is a contributory factor in 50 different cases of illness and death ranging from stomach cancer and strokes to assaults and road deaths.”

120. In his written evidence to the Committee, Professor Stockwell went further, suggesting that—

104 Alcohol (Minimum Pricing) (Scotland) Bill, Explanatory Notes (and other accompanying documents), paragraph 23. Available at: http://www.scottish.parliament.uk/S4_Bills/Alcohol%20(Minimum%20Pricing)%20(Scotland)%20Bill/Ex_Notes_and_FM.pdf
“Alcohol has been causally implicated in over 60 diagnostic categories of disease, illness and injury, including a variety of cancers, cardiovascular illnesses and traumatic conditions.”

121. The data on the health impact of alcohol is as extensive as it is consistently negative, in contrast to other areas of public health in which tremendous improvements have been recorded, for example with Scotland’s heart disease record, cancer survival rates, incidence of stroke-related deaths, and deaths linked to diabetes. Dr Rice said—

“Some of the biggest causes for concern are the trends: for example, rates of death from liver disease are three times what they were 15 years ago….The fact is that things have never been like this.”

122. He added—

“Alcohol’s contribution to Scotland’s ill health – and particularly to health inequalities – has increased more and more as time has gone by. Alcohol as an issue has certainly become more important. Having worked in this field for 20 years now, I can tell the Committee that, 15 years ago, no one was very interested in alcohol. It was felt there were other bigger problems. However, that view has changed, partly because we now have better data.”

123. Dr Gillan also emphasised the relevance of the data on liver disease. She told the Committee—

“One of the most accurate indicators of the level of alcohol harm in society is the rate of liver cirrhosis. It is always worth reminding ourselves that Scotland has gone from having one of the lowest such rates in Western Europe in the 1950s to having one of the highest. Over the past 30 years, there has been a 450 per cent increase in liver cirrhosis rate.”

124. Dr Jan S Gill of Queen Margaret University suggested that minimum pricing should be accompanied by clearer drinking guidelines and she pointed to an ISD Scotland publication on the cancer risks, especially for women, associated with a small alcohol intake. She said—

“The message on the link between what we would call just over a unit – 10g – a day and breast cancer has not got through, and that is a message for everyone to take on board…”

125. Outlining work in Canada on the detail of possible impact of minimum pricing on harm using data gathered over an eight-year period, Professor Stockwell told the Committee—

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“…our estimate is that a 10% increase in the minimum price across the board resulted in a 4% reduction in acute alcohol-related hospitalisations over the period, controlling for all the other factors. We are talking about injuries and poisonings. There was a less pronounced effect for chronic illnesses, which is pretty much what we would expect, given that were looking at short-term impacts. It takes a number of years for chronic illnesses to develop, so that is the kind of result we would have predicted.”

126. He went on to say—

“A reduction of 1,200 in hospital admissions in the first year is entirely believable. The number will go up or down depending on where you are brave enough to set the minimum price.”

127. Dr Holmes also suggested the health benefits expected to accrue from minimum pricing and reduced consumption. He said—

“There is clear and robust evidence that reductions in drinking lead to reductions in the number of injuries, falls and car crashes. With all the caveats that I mentioned earlier about who reduces their drinking, it is clear that if we reduce the drinking of people who suffer such harm, we will get a reduction in the number of hospital admissions.”

128. Professor Stockwell’s written evidence to the Committee stated that, despite the lack of previous empirical evidence, there were “strong a priori grounds for expecting this to be an effective policy for promoting public health and safety.”

129. By video link from Canada, he told the Committee—

“You will be doing something that – from the scientific point of view – will without a shred of doubt save lives, reduce healthcare costs, prevent death and injury on the roads, prevent birth defects, and reduce public violence and a range of other things.”

Scottish Government

130. The Cabinet Secretary framed the issue in stark terms—

“Alcohol-related deaths have doubled since the early 1990s and hospital admissions have quadrupled since the early 1980s.”

131. The Policy Memorandum states that—

“While there was some evidence that mortality rates may be falling (from 2006 onwards), rates increased again in 2010 (including a rise of 7% in male mortality rates).”

132. The numbers for alcohol-related deaths in Scotland over the most recent five years for which information is available are given as:

- 2006 – 1,546;
- 2007 – 1,399;
- 2008 – 1,411;
- 2009 – 1,282;
- 2010 – 1,318.\(^{117}\)

133. Asked if consideration of the number of lives that might be saved from the policy would inform the level at which the minimum price was set (one of the estimates in the Sheffield modelling being that 33 people would be saved in the first year of implementation), she said—

“The straight answer to your first question is yes. The relationship between a particular price and the harm reduction that results from it is a central factor…the benefits that would flow from set prices is a key part of our consideration.”\(^{118}\)

134. She told the Committee—

“Cheap alcohol comes at a price – not just the price that we are talking about – which relates to lives, health impact and crimes that are committed.”\(^{119}\)

Conclusion

135. The Committee draws attention to the procession of statistics on alcohol-related harms as regards illness, injury and crime. The Committee recognises that alcohol's contribution to Scotland's ill health, and also to health inequalities, has grown in recent decades. The Committee notes the figurative words of the Cabinet Secretary that “cheap alcohol comes at a price”.

136. The Committee agrees that the nation's drinking culture must be challenged and indeed overcome if we are not to find ourselves increasingly debilitated by it as a society. The Committee recognises the depiction of a Scotland that has become out of step with other countries when it comes to our relationship with alcohol. The Committee believes that it is time to curtail Scotland's culture of excess.

\(^{116}\) Alcohol (Minimum Pricing) (Scotland) Bill, Policy Memorandum, paragraph 8. Available at: http://www.scottish.parliament.uk/S4_Bills/Alcohol%20(Minimum%20Pricing)%20(Scotland)%20Bill/Policy_Memo.pdf


A duty to listen

137. Alcohol impacts not just on individuals of course but on their families and dependents too, and women and children can bear the brunt of that.

138. Dr Gillan told the Committee-

“…the argument for protecting children and young people from exposure to the harms of alcohol is, for me, one of the strongest reasons why Scotland should adopt more interventionist policies.”

139. The extent of that exposure was indicated in figures provided by Children 1st stating that the estimated costs incurred by the children’s hearings system in dealing with referrals linked to parental drinking were somewhere between £114 million and £346 million.

140. The Salvation Army also highlighted the extent of the problem for those family and friends of individuals experiencing problems with alcohol. Major Dean Logan said—

“There is anecdotal evidence that, for every person who comes through our doors, another 12 people are directly affected by that individual’s alcoholism and their behaviour. By addressing the issues that are pertinent to the individual, we can have a significant impact on those who care for them.”

141. Ms Higgins told the Committee—

“For decades we have seen the harm that is caused to children and young people by adults’ misuse of alcohol and we are very much involved on the front line in trying to address the impacts of that harm such as abuse, trauma, neglect, violence, and detriment to emotional health and wellbeing.”

142. She stated that alcohol misuse featured directly in 12% of cases of individuals and families referred to Children 1st and that in another 9% of cases alcohol was a major factor on the child’s wellbeing. Somewhere between 80,000 and 100,000 children in Scotland were estimated to be adversely affected by parental alcohol misuse.

143. The Policy Memorandum lodged with the Bill suggests that alcohol misuse can cause family break up and that in one in three divorces excessive drinking was cited by a partner to be a contributory cause.

144. Kate Higgins referred to statistics from the Scottish Children’s Reporter Administration on the number of referrals to the children’s panel on grounds of alcohol misuse and the incidence of family breakdown. She said—

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125 Alcohol (Minimum Pricing) (Scotland) Bill, Policy Memorandum, paragraph 11.
“Family breakdown is a key cause and symptom of alcohol misuse, which is one reason why we end up working with families. Following a loss, bereavement or relationship breakdown, people can turn to alcohol, which causes problems. The situation can apply the other way round as well.”

145. Ms Higgins also told the Committee that—

“Alcohol is a significant contributory factor in about 50% of incidents of domestic violence, which run at 40,000 to 50,000 a year. We have done our own work in that area, which suggests that at least 25,000 children in Scotland are directly affected by domestic violence.”

146. Professor Chick placed the problem in a generational context—

“Minimum unit pricing will have benefits in terms of health harms, and it might interrupt the reiteration that we see in families in which there is, from generation to generation, exposure to drinking problems at home.”

147. Asked whether there was a concern that hard-pressed families would experience greater difficulties if an alcohol-dependent parent was spending more of the household budget to pay for more expensive drink, Ms Higgins told the Committee—

“Our experience suggests that in the vast majority of cases they will reduce their drinking consumption, because parents by and large want to do the best for their children and families, so they will adjust their consumption habits in the same way as the rest of us, because it hurts our pockets more and we have only finite income.”

148. The complexity of the relationship between alcohol and poverty was touched upon by the Salvation Army and Children 1st. There were reasons why people used alcohol, often as a coping mechanism, and that informed the work of the agencies with those families.

Scottish Government
149. The Scottish Government’s Policy Memorandum outlines how minimum pricing and the wider approach of its Framework for Action can make a positive contribution to national outcomes, including having strong and supportive communities, improving the life chances for children, young people and families at risk, and ensuring that “our children have the best start in life and are ready to succeed.”

150. Asked about the need to tackle the abuse of alcohol and the social impact on the most vulnerable, the Cabinet Secretary said—

131 Alcohol (Minimum Pricing) (Scotland) Bill, Policy Memorandum, paragraph 15.
“…opinion is not evidence, but, nevertheless, we have a duty to listen to the opinion of people who work day to day with the effects of alcohol misuse, whether in the health service, the criminal justice system or the family support and child protection system.”

**Conclusion**

151. The Committee recognises that alcohol-related harms impact not just on the individual but on their families and dependents too. The Committee draws particular attention to the issue of protecting children who may be growing up in a household where alcohol is being abused and the detrimental effect that this can have on their care, development and wellbeing.

**Pitching the message**

152. The Committee heard a lot of views about the effect that minimum pricing may have on young people. For some witnesses the logic was clear. Dr Gillan, for example, said—

“Minimum pricing will impact on young people going out because it will be more expensive for them to pre-load on alcohol prior to going out.”

153. Pre-loading and binge drinking were recurring themes when it came to discussion of the more negative aspects of young people’s alcohol consumption. These are addressed in paragraphs 84 to 91.

154. The Youth Parliament introduced a young person’s perspective to the debate. Andrew Deans said—

“Because young people are generally low-income consumers, they may be more responsive to the cost of alcohol. Low-priced alcohol means that irresponsible drinking is more affordable for young people, and that is why we are broadly supportive of minimum alcohol pricing.”

155. He told the Committee—

“…minimum pricing must be part of a picture that includes education, counselling and intervention, and it must be set at a level that allows responsible drinkers among young people to continue that responsible drinking and not be impinged on.”

156. Dr Holmes questioned the logic that because young people have less money and go for cheaper drinks, the Bill would necessarily have a major impact on them. He said—

“When we look at the expenditure and food survey data, it suggests that 18-to-24 year olds buy a lot of their alcohol from the on-trade, which will be

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largely unaffected by minimum pricing. That is why we see a slightly smaller impact on that group [in the modelling]."\textsuperscript{136}

157. He did, however, go on to qualify the statement, telling the Committee—

“That said, the impact is not negligible...It is predicted that a 50p minimum price will achieve a 2.6\% reduction in that group, which is not huge, but it is significant and it would lead to reductions in harm."\textsuperscript{137}

158. Ms Higgins underlined the danger and indeed harms that alcohol misuse posed for young people, telling the Committee—

“The evidence shows that young people who engage in overuse of alcohol and risky consumption put themselves at serious risk of harm, particularly sexual harm. As a society, we need to do everything that we can to keep them safe.”\textsuperscript{138}

\textit{Scottish Government}

159. The Cabinet Secretary believed that the Bill would have an effect on young people but acknowledged, as did many of the witnesses, the greater challenge posed by young people’s drinking habits. She said—

“...for younger drinkers, there are other measures in our alcohol framework that are particular important from the point of view of changing attitudes and changing the culture around alcohol. That puts a big emphasis on some of the educational provisions in our alcohol framework.”\textsuperscript{139}

160. And returning to the education theme, she concluded—

“Education is really important and people better qualified than I am are able to suggest the best ways of approaching young people and pitching these messages in the most effective possible way. It has a huge role to play, but it must be part of a bigger package that, in my view, must include pricing.”\textsuperscript{140}

\textit{Conclusion}

161. The Committee recognises the challenge inherent to getting a health message across to young people. Views on the impact the Bill might have on their drinking behaviour differ but the need for continuation of a multi-faceted approach was a recurring theme.

162. The Committee recommends that evaluation of the Bill include an analysis of the degree of impact on young people’s consumption habits including pre-loading and binge drinking.

Setting the price

163. The Scottish Government did not include the minimum price at which a unit of alcohol cannot be sold below on the face of the Bill. This was to allow an updated report from the University of Sheffield, published at the end of the Committee’s series of oral evidence sessions, to be taken into account before a final decision was made.

164. During her oral evidence, the Cabinet Secretary stated—

“We are getting close to a decision on the price. Like the committee, we have just received the updated Sheffield report, so it will take us a bit of time properly to analyse, digest and reflect on it. However, I am of the view that we will name the price during stage 2, and certainly before stage 3, of the bill.”

Opinion on the initial price per unit

165. The Committee’s call for evidence asked respondents what the unit price should be. Of those who answered this question, the largest proportion identified 50p as their preference; second to this was 45p. The lowest price suggested was 40p, and the highest was 70p.

166. During the Committee’s oral evidence taking, witnesses were asked to comment on the level at which a minimum price per unit should be set, although, at this stage, the updated Sheffield report had not yet been published. Dr Gillan highlighted the difficulty in making an informed suggestion under these circumstances—

“The price must be set at a level at which the health benefits kick in, and you can only determine that level once you have examined the most recent updates on the Sheffield modelling, the consumption trends and what the market is doing. It is a fairly complicated process, but that is the principle. When the Parliament considered the issue previously, the level at which the health benefits began to kick in was 40p, and the proposal was to make the price 45p. There may be a case for increasing the price further this time round.”

167. Dr Rice gave his professional opinion—

“If I was being a hard-nosed health practitioner I would say that the minimum price should be as high as it can be without leading to the considerable negative health consequences that might kick in from home distilling, for instance, or things like that.”

168. Later in his evidence, he elaborated—

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“In our submission we said that the starting point should be 50p to 60p. I am a health practitioner, so I tend towards the higher level, as you would expect me to.”

169. “A 45p minimum price will be less effective now than it would have been two years ago, because the market has changed—indeed, the market changed between Sheffield 1 and Sheffield 2. It will be less effective because there is less cheap alcohol around; prices have gone up a bit. We are in a dynamic situation and some of the important indicators are improving.”

170. George Kyle also argued, for slightly different reasons, that 45p would be too low—

“The research and modelling that we have undertaken suggest that a minimum unit price of 45p will not close the gap between off-trade and on-trade pricing and therefore will not induce people to switch back to the on-trade, where there is probably more in place in the way of education measures and supervision, and where people go through the rite of passage of learning to drink in a controlled environment.”

171. Michael Patten highlighted the impact on moderate drinkers that setting the minimum price too high may have—

“In reality, you would be asking moderate consumers, who represent a large proportion of your population, to pay a high price for the transgressions of a minority. You have to ask yourself whether that is fair or equitable. At 75p or 80p, the loss of utility and enjoyment and the cost to moderate consumers—as well as the fact that the unnecessary reduction in their consumption will have an impact on your domestic industries—seems like an enormous price to pay, particularly when there are some questions and uncertainty about the data. If it is the case that harmful consumers are less elastic, you are asking moderate consumers to pay a price that is disproportionate to the outcome.”

172. Major Logan attempted to balance the argument when stating his view on setting the minimum price—

“In the evidence that we gave to the committee the last time that the Parliament dealt with this issue, we considered the expertise that was being collated, sought guidance from the Institute of Alcohol Studies and came to the conclusion that a level of 50p would have a significant impact on the people whom we seek to serve—the Sheffield study supports that view. Of course, it would not give as much benefit as other levels...

A level of 50p would not disproportionately disadvantage those who drink moderately and socially and for whom alcohol is not a problem but it would
have a significant impact on the 10 per cent of people whose drinking is problematic and affects their families.”

Uprating mechanism
173. In her evidence to the Committee, the Cabinet Secretary outlined the possible ways in which the minimum price could be adjusted in the future—

“Two broad options are open to us. I dare say that there are variations on both, but I will stick to the broad options, at the moment. First, we could use an inflation-linked mechanism that went up in line with RPI or RPI plus a certain factor. Secondly, we could commit to reviewing the policy biannually or every five years. We are still considering what the best approach would be. Professor Stockwell has said that an automatic link to inflation would be best because the increase would happen automatically and people would get used to it. That argument has some force. Canada, of course, does not have to deal with EU law; we, on the other hand, are not necessarily sure that an approach whereby the price simply rose with inflation would retain proportionality, as is required by EU law. For example, inflation could be going up and consumption could be coming down.

That takes me more towards the alternative whereby there would at set intervals be a review of the policy that would, in effect, do what Sheffield has done in its updated report by taking account of all the different factors that might have changed and coming to a balanced judgment on that basis. That is a summary of my thinking at this stage; it is not a final decision. If the committee has views that it wants to express, I will be happy to hear them.”

174. Professor Brennan commented on how often and the basis on which the measures should be reviewed—

“It would not be difficult to do the kind of updates that we have been doing…It makes sense to pull together the emerging evidence and look at it again over time, year by year or whatever.”

175. Furthermore—

“From a modelling perspective, it would be easy to re-do the analysis year on year because many of the data sets that we use in the updates appear on an annual basis. Not too much detailed evidence would emerge from re-analysing quarter by quarter. There will be higher-level evidence. I would not recommend remodelling quarter by quarter, and I would not do that.”

176. Andrew Leicester expressed similar views during his oral evidence—

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“When we have new evidence after the measure has been introduced, we ought to be able to say, based on that evidence, that the price should be higher or lower. We should be prepared to say that we did not get it right first time, and it would be fantastic to have good evidence to inform that.”\textsuperscript{152}

177. Regarding the frequency of the review, he said—

“I do not see the value of adjusting the price week by week or month by month. An annual uprating process, as there is for excise taxes or similar measures, seems sensible. The UK Parliament has allowed excise taxes to drift down over time. Pre-announcements are made that are then reneged on six months or a year later when wider economic circumstances change. That has particularly been the case with fuel excise taxes. There is not a lot of value in making long-term pre-announcements of what the rate will be in five or 10 years. A credible annual uprating process would be an improvement on much of what goes on at present.”\textsuperscript{153}

178. Dr Rice stated that “[t]he mechanism is more important than the absolute price”\textsuperscript{154} and—

“I suggest that we start somewhere around 50p to 60p and that we have a good, well-informed and responsive system, which changes the price twice a year. That would not be an undue burden to place on an industry that changes its prices all the time for its own reasons.”\textsuperscript{155}

179. Professor Stockwell, in his evidence, said—

“What you do will depend on the effect that you want. If you want an increasing benefit, you will gradually increase the value of the minimum price…I suggest that you set the price at a very good level and ensure that you adjust it for inflation. I reckon that you should adjust it quarterly for inflation; you will have your own mechanisms for doing that. The more often you do it, the less people will notice.”\textsuperscript{156}

180. Michael Patten argued against adjusting the minimum price too frequently—

“If you choose to implement a method, you should consider it over a period of time, so that you can get some time-based analysis. The market will not settle down and level out within six months or a year after the introduction of minimum pricing. Therefore, the idea that you could change the price quarterly if you are not getting the desired outcome will not work, because the data to support that will not exist. That is not a practical suggestion.”\textsuperscript{157}

181. David Paterson supported this view, adding—

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“When you intervene in the market, you are necessarily intervening in the contracts that exist between retailers and producers. Several other laws govern that, such as the grocery supply chain code of practice, which means that we cannot retrospectively change the terms of contracts. A quarterly change in the minimum price would change the nature of contracts, which would have implications for those relationships. An annual change would be much more sensible and reasonable.”

182. Dr Gillan stated that “[m]ost health organisations believe that it is important to establish the principle of minimum pricing and then allow for mechanisms to review the price annually.”

183. Responding to the various views expressed in previous oral evidence sessions on adjusting the minimum price for a unit of alcohol, the Cabinet Secretary said—

“Regarding reviewing of the minimum price, I am happy to give the committee a commitment that before we get to the final stage of the bill we will come to a final view on our approach, because Parliament should have the chance to reflect on and comment on that. As with setting the price initially, it will be a balanced judgment; it is important that we get it right.

Some people have said that the review of the price should be more regular. I understand the arguments for that, but there is a counter-argument that says that reviews should be less frequent in order to give the industry greater stability. The most important overall consideration is to ensure, on an ongoing basis, that the minimum price is set at a level that delivers the kind of benefits that we want it to deliver—for obvious reasons—and the benefits that it must deliver in order to pass the tests that it needs to pass.”

Supplementary written evidence

184. In response to a call for supplementary written evidence on the mechanism by which a minimum price could be adjusted periodically, a minority of organisations indicated support for index linking adjustments, arguing that this would provide certainty for the industry and would remove political intervention from the process.

185. Some organisations, such as the Scottish Beer and Pub Association, disagreed with this approach on the grounds that adjustments to a minimum price should be subject to greater scrutiny by the Scottish Parliament. The Law Society of Scotland and the SWA argued that automatic index linking would not take account of the need for proportionality under EU law.

186. Most organisations which responded expressed support for adjustments to be made based on an evaluation of the data, while some argued for a combination of automatic uprating and a periodic review. There were also a number of views

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expressed on the frequency at which adjustments should be made, ranging from quarterly to biennially.

Conclusion
187. The Committee notes the assurance of the Cabinet Secretary that the level at which the minimum price is to be set will be announced prior to Stage 3.

188. The Committee will consider that information, and the resultant impact as predicted under the University of Sheffield modelling, when it is forthcoming.

189. The Committee notes the options for a proposed mechanism for adjusting the level at which the price is set and the frequency of conducting that adjustment.

190. The Committee welcomes the Cabinet Secretary’s statement of being open to views regarding what that mechanism should be and the frequency of review.

191. The Committee notes the lack of consensus among stakeholders concerning both the nature and frequency of the mechanism by which a minimum price could be adjusted, and further notes the Cabinet Secretary’s view that any mechanism must not only deliver the desired health benefits on an on-going basis but also meet the requirement of “proportionality” under EU law.

192. The Committee recommends that the Scottish Government states its preferred option and sets out the rationale for that decision by the end of Stage 2.

Consequences
193. The matter of “what if-s” must be considered for minimum pricing, as with any new policy or piece of legislation. The Committee heard much about what may happen as a result or by-product of introducing minimum pricing but it was also asked not to overlook the central motivation behind the Bill.

194. Professor Stockwell said—

“We need to think of the big picture. We must acknowledge that, with such a major change, there will be some unintended negative consequences, but they can be managed in other ways. The overall public health safety benefits are massive and should not be sacrificed for such concerns.”161

Windfall and market response
195. Concerns raised included the question of a windfall for retailers, the likely industry response, the prospect of cross-border activity, the practice of consumers substituting their drink of choice for other kinds of alcohol or other substances, the rise in internet sales, the threat of illicit production and sale of alcohol, the effect

that minimum pricing might have on the cost of other products in a shopper’s basket of goods, and even the intense scrutiny that the policy would come under internationally.

196. Emma Reynolds of Tesco was sceptical about the extent to which minimum pricing would benefit retailers, suggesting that the windfalls figures were overstated. She told the Committee—

“If minimum pricing achieves its desired effect, there will be falls in consumption. Other customer responses might include a shift from large supermarkets to smaller retailers and, indeed, others have mentioned the issue of on-line and sales and cross-border trade; there are also competitive responses, with, for example, retailers trying to continue to be competitive on the overall basket for shoppers.”\(^{162}\)

197. In a similar vein, David Paterson of Asda said—

“Although there is a lot of good stuff in the Sheffield modelling, one of its weakest aspects relates to where the money will go and how much it will amount to, because it takes absolutely no account of the potential extent of cross-border sales, internet sales and increases in the black market, grey market and counterfeit sales or changing market dynamics”.\(^{163}\)

198. From an on-trade perspective, Patrick Browne, Scottish Beer and Pub Association, made it very clear where he saw any windfall heading, telling the Committee—

“The biggest benefit will probably be to retailers, particularly the larger supermarkets. That is alluded to in the regulatory impact assessment that accompanies the Bill, which makes clear that those supermarkets are likely to use their dominant position in the market to retain as much of that money as they can.”\(^{164}\)

199. The Centre for Economics and Business Research came at the matter from a rather different angle, Benjamin Williamson saying—

“The retailers stand to make windfall profits at the expense of poor consumers in Scotland.”\(^{165}\)

200. Professor Stockwell took a broader view on the windfall question, although of course the situation in Canada would seem to favour the government and its revenue collection because it controls distribution and sale of alcohol. He said—

“The revenue almost adds up to the direct costs…On private profit, part of me thinks from a public health and safety point of view that it does not matter

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who takes the profits; rather, what matters is having fewer dead and sick people and more healthy babies."^{166}

201. On the question of how the industry might respond to minimum pricing to try and replace lost revenue from reduced consumption, perhaps via a marketing or advertising route, Dr Rice mulled over the possibilities before posing a rhetorical question—

"Can we imagine retailers or producers doing anything that would be worse than what we have at present?"^{167}

202. Andrew Leicester of the IFS told the Committee—

"I agree whole-heartedly that the big unknown in the debate is the supply side response."^{168}

**Lower alcohol drinks**

203. One way in which the industry might respond, it was suggested, was in the production of lower-alcohol drinks, beer for example. Professor Stockwell pointed to such an occurrence in Australia, telling the Committee—

"Structures can also give incentives to consumers to choose beers with a lower alcohol content, and they should also encourage retailers, if they can get more profit, to promote and supply lower-strength beverages at the cheaper end of the range. That may be a good thing."^{169}

204. Professor Chick also pointed to the Australian market and said—

"…there is a large market for beers of less than 3 per cent alcohol by volume. That would be a positive outcome."^{170}

205. Ms Reynolds suggested the impact of the Bill on the range of products sold. She told the Committee—

"It is difficult to know at this stage how the market and customers will respond, but our sales figures show a big growth – almost 50% – in the past year in low-alcohol beer. We have seen that accelerate following the change in duty for beers of less than 2.8% ABV, so we are introducing a new range of low-alcohol beers next week. You might expect to see some more innovation in the market in such products."^{171}

206. Professor Stockwell focused on the idea of drinkers swapping more expensive, stronger alcohol for cheaper, weaker alcohol. He suggested that pricing based on ethanol content would encourage people to opt for lower strength

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drinks because the policy would make those beverages cheaper than stronger alternatives.\textsuperscript{172}

\textbf{Letter and spirit of the law}

207. Asked whether they would not only comply with the law, if the Bill was passed, but the spirit of the law, the retailers stated that they would adhere to the legislation. Pressed on Asda’s response to the volume discount ban, David Paterson told the Committee—

“It is worth saying that we did not slash our prices and we have not driven customers to online purchasing.”\textsuperscript{173}

\textbf{Ripple effect}

208. The issue of a ripple effect was raised; the suggestion that minimum pricing might not only raise the cost of drinks at the lower end of the market but lead to a hike in prices for the cost of premium brands and those in the middle. Mr Patten said—

“The honest answer is that we do not know until we see how minimum pricing plays out.”\textsuperscript{174}

209. When asked to provide an example, he outlined how the price of a product like a branded vodka would go up under minimum pricing but said it was unclear what would happen with “relative prices” i.e. whether retailers would increase the price further and how that would compare with the pricing of own-brand products.\textsuperscript{175}

210. Andrew Leicester of the Institute for Fiscal Studies also said that “the big unknown” was the supply side response and he called for post-implementation evaluation of that side of the equation.\textsuperscript{176} Professor Brennan of the University of Sheffield spoke too about a lack of information on “the supply side and trend issues.”\textsuperscript{177}

\textbf{Cross-border sales}

211. The issue of cross-border sales was underlined by some of the witnesses from the retail and industry evidence session, particularly the example of Northern Ireland and the Republic from 2008/09.\textsuperscript{178} It was pointed out, however, that there were a number of other factors at play in that example, such as the strength of the Euro against the Pound and excise rates in the Republic.\textsuperscript{179}

212. But would consumers in, say, the central belt of Scotland be willing to drive two hours to England to make savings on their own alcohol purchases or to seek profit on a business basis? David Paterson of Asda suggested it was a

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“reasonable” expectation that it would happen if the profit margin was tempting enough for “white van man”. 180

213. The Canadian experience, however, did not suggest it was a major issue, Professor Stockwell told the Committee that “by and large, people go for convenience and buy locally”. 181

Online sales
214. Another possible consequence, indicated by the retailers, was that of online sales. David Paterson told the Committee—

“…when there is an intervention in a market, particularly a market that is part of a wider UK single market, there will be a number of unintended consequences, which cannot be wished away. Other retailers have been attacked for their use of online retailing. It seems bizarre that companies that are based solely in England can continue to sell alcohol under any deal and at whatever price they want, but companies that are in Scotland and invest here are not able to do that.” 182

215. The Financial Memorandum that accompanied the Bill on introduction suggests that most consumers of low cost alcohol do not purchase drink online. 183

216. The Scottish Grocers Federation, in its written evidence, disputed this assertion and claimed that the Scottish Government underestimated the potential of the policy to boost both internet and cross-border sales. 184

217. Similarly, the Wine and Spirits Trade Association (“WSTA”) argued that it was “unrealistic” for the Scottish Government to claim that customers would not seek to buy alcohol online from providers outwith Scotland if they can access better offers. The WSTA referred to a report by the British Retail Consortium that showed by 2011 nearly 10% of retail sales were conducted online, compared with 6% two years earlier. 185

White van man activity
218. David Paterson touched on the issue of illegal sales and to what extent this may become a greater problem. He said—

“One interesting question – and it is really difficult to tell – is to what extent higher prices feed a grey and black market, and to what extent cheaper alcohol from England gets mixed in with counterfeit sales. We have read a lot recently about an increase in that, and Her Majesty’s Revenue and Customs

183 Alcohol (Minimum Pricing) (Scotland) Bill, Explanatory Notes (and other accompanying documents), paragraph 57.
184 Scottish Grocers Federation. Written submission to the Health and Sport Committee, MIN 70
185 Wine and Spirit Trade Association. Written submission to the Health and Sport Committee, MIN 93.
reckons sales of illegal alcohol amounted to approximately £1.2 billion in the UK last year.”

219. The WSTA also expressed concern about illicit trade or “white van man” activity. The Bill team, in oral evidence to the Finance Committee on the Bill, conceded there might be “a bit of growth” in illegal sales. They did, however, also point out the logistical challenge to white van man that drink posed that tobacco did not. There were “inherent limits” it was suggested to how drink could be sold on.

**Substitution effect**

220. The notion of a substitution effect on consumers was also raised as a possible consequence of minimum pricing, whereby they might switch the kind of alcohol they drank or replace drink with drugs. Dr Rice was sceptical, telling the Committee—

“We make some reference in our submission to potential disadvantages, including the increased use of other drugs, but it does not work like that; essentially the way that it works predominately in Scotland is that alcohol is a gateway drug to other drugs.”

221. Professor Chick noted the importance of looking into such issues as illicit alcohol, substitution between different drinks, drug use and smuggled alcohol, informing the Committee that the evaluation work he was to be involved with would address such matters. He said—

“I am concerned to look at what we can learn about unintended consequences….although my deep hope for Scotland is that we will stop recruiting new people to the cohort of heavy and dependent drinkers, the important question is what will happen to those who are dependent on alcohol at the moment.”

**The world is watching**

222. One further consequence, arguably a welcome one, was the international coverage the Bill was receiving. Professor Stockwell informed the Committee that the Bill was being written about in such publications as The Huffington Post, the Chicago Tribune and the Washington Post. He said—

“What you are doing is being looked at across the world.”

223. Dr Rice also remarked that colleagues elsewhere in the UK and beyond were interested in what was happening here. He told the Committee—

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187 Wine and Spirit Trade Association. Written submission to the Health and Sport Committee, MIN 93.
“...the Royal College of Physicians in London has consistently presented Scotland as a model of where it would like to head in its discussions with the UK Government.”

224. The Cabinet Secretary told the Committee that it was “a thoroughly good thing” the world was watching and she said—

“I know that, on alcohol, many countries regard Scotland as a leader in our public health approach, as we were rightly regarded when the previous administration brought in the ban on smoking in public places. Northern Ireland, the Republic of Ireland and England are looking closely at what we are doing on minimum pricing. I am firmly of the view that where Scotland leads, other countries will follow.”

Conclusion
225. The Committee draws attention to its recommendation at paragraph 245 addressing evaluation and which includes unintended consequences.

226. The Committee acknowledges that one of the unknown consequences of the policy is the market response to both the minimum pricing requirement and the potential windfall accruing to retailers.

227. The Committee welcomes the recent and widespread international coverage that minimum pricing has received and hopes that this may focus energy and attention on the range of initiatives necessary to challenge and overcome Scotland’s drink culture.

Evaluation
228. The importance of gathering data on the impact of the legislation was emphasised by a range of witnesses, the Scottish Government included.

229. Suggestions of what information should be gathered ran wide, from the health benefits to specific groups of drinkers, along age lines and according to income, to the economic impact and industry response, and also covering any loopholes or unintended consequences.

230. Michael Patton of Diageo framed the need in pessimistic terms, saying—

“Unfortunately, the biggest consequence that we may need to confront is that the expected outcomes of the policy may not be delivered.”

231. He encouraged a review of those outcomes, involving time-based analysis, suggesting this be carried out “within a defined period....dispassionately and independently”.

232. Dr Rice put some onus back onto the industry, saying—

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“…we need a monitoring system and good quality data, and [that is] why the
requirement for the industry to share its data is so important.”¹⁹⁷

233. Both Diageo and Asda talked about data sharing and the legislative
difficulties around it. David Paterson suggested that the UK Government had a
role to play in ensuring it would be possible under the existing competition
framework.¹⁹⁸

234. Mr Paterson also said—

“However, organisations such as Nielsen and Kantar hold significant industry
data than can tell us a lot about the market.”¹⁹⁹

235. Professor Stockwell talked about data though he counselled against survey-
based evaluations, expressing scepticism about their worth. He suggested a
comparative study with the north-east of England.

236. He told the Committee—

“.it is more important to go straight to the harm measures and to look at the
measures of consumption of the most hazardous products and get very good
sales data on them – such data is usually very solid.”²⁰⁰

237. He added—

“…data on presentations to emergency departments would be good, and
alcohol-related hospital admissions would be another very good indicator,
along with impaired-driving rates on the road.”²⁰¹

238. Professor Chick was able to advise the Committee that he had received
funding “to consider a natural control population recruited on the same criteria in
Newcastle – Newcastle drinkers have a lot in common with Scottish drinkers – so
we will have a before-and-after study and, in a way, a control group.”²⁰²

239. Andrew Leicester of the IFS focused on the “supply side response”, implying
rather a chicken and egg problem in getting at that data. He told the Committee—

“I would call for a good ex post evaluation of the impact of the supply side.
That would be a very valuable contribution to the debate. It is very difficult to
do any ex ante modelling of that because to assess the industry’s response,
we need incredibly detailed estimates of how consumers will respond…ultimately we will get much more evidence after the fact.”²⁰³

240. He welcomed the Scottish Government’s intention to carry out a detailed evaluation, adding—

“One interesting feature of minimum pricing will be how people adjust to the new reality in the long term.”

241. He drew on the example of the London congestion charging and how the initial impact appeared to have been followed by people returning to their old habits.

242. Professor Brennan of the University of Sheffield emphasised the importance of being able to gather data over a decent period of time both on what households bought and what prices they paid. He said—

“There are some longitudinal studies, but they are not quite as big as one would like, if we are to have an even better go at understanding what is going on.”

243. Professor Brennan was asked what his position would be if the evaluation showed the impacts predicted by modelling to have been wide of the mark. He said—

“If minimum pricing turns out to be completely ineffective or a counterproductive policy, for reasons that are not included in the modelling and which have not been included elsewhere, that is evidence, and evidence should be included in policy making.”

Scottish Government
244. The Cabinet Secretary told the Committee—

“Once the policy is introduced, it is vital that we evaluate it…We need to look at hard evidence and continue to demonstrate the on-going effectiveness of the policy to ensure that it passes all the tests that it needs to.”

Conclusion
245. The Committee considers that evaluation of the Bill is essential and recommends that this evaluation should include inter alia—

- study of the response of hazardous and of harmful drinkers, including the use of a control group in the north east of England (in addition to the study of severe drinkers to be carried out by Queen Margaret University);

- looking at the impact on low-income groups;

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• scrutiny of the industry response to the “spirit” as well as the letter of the law;

• review of any substitution effect covering not just other kinds of alcohol but also drug use;

• assessment of the funding of brief intervention and family support services;

• analysis of the degree of impact on young people’s consumption habits including pre-loading and binge drinking; and

• examination of any unintended consequences, including cross-border trade, illicit sales, the black and grey economy, and internet purchases.

246. The Committee notes the requests made by some witnesses for better access to industry data to inform the policy evaluation, and, within the parameters of commercially sensitive information and data protection etc, hopes that the Scottish Government can explore all avenues to secure this information; and that manufacturers and retailers, in the interests of encouraging a better understanding of the impact of the Bill, will, in so far as they can, assist with the process.

Sunset clause
247. On discussion of the merits around the possible inclusion of a “sunset clause” in the Bill, Michael Patten of Diageo said—

“We are dealing with uncertainties, so we suggest that, if the Bill is enacted, we should introduce as a backstop some form of sunset clause or review clause.”

248. When the Cabinet Secretary was asked about the case for inserting a sunset clause into the Bill, she reminded the Committee that she had introduced just such an amendment the last time around. She said—

“In effect, the sunset clause was an attempt at saying – “Okay – you have this view, I have that view. Let’s try it and if it doesn’t work – if you’re right – we have the sunset clause.” We are going to evaluate the policy. On balance, I decided not to put the sunset clause in the Bill as it is drafted, but I remain open to persuasion. If that makes it easier for people to support the Bill – even if they have reservations and remain sceptical in a way that I am not – I am happy to discuss that at a future stage of the Bill process.”

Conclusion
249. The Committee notes the view of some members that a sunset clause should be added into the Bill in order to provide a specified timeframe for

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the legislation’s review and, therefore, to allow by order either its continuation should it prove a policy success, or its removal from the statute book if its impact is shown to be otherwise. The Committee will consider the issue as it arises at Stage 2.

250. The Committee welcomes the constructive and consensual tone taken by the Cabinet Secretary in her evidence to the Committee, in particular with regard to her statement of remaining open to persuasion regarding the case for a sunset clause.

Legality

251. The Law Society of Scotland outlined the relevance of articles 34 and 36 of the Treaty on the Functioning of the European Union, explaining that the European Union was trying, via these articles, to ensure that there could be no interference with imports and exports, except where certain criteria were met. Jim McLean told the Committee—

“It is to stop trade barriers being erected that do not look like trade barriers at first sight, but that operate as such.”

252. The protection of health was one of those criteria, an allowable exception, but as Mr Mclean said, it was not sufficient to say as much and hope that would satisfy. He said—

“It must first be shown that the view that the measure might protect health has been reached by a proper process and by consideration of a lot of evidence. Having got that far, the next stage would be to answer the question whether there was a simpler way of doing that that was less disruptive of trade.”

253. He suggested that there was no precedent of others trying to justify minimum pricing in that way, going on to say—

“...the proportionality test is whether the measure is indispensable. It does not have to be the only conceivable way of addressing the problem, but a real effort must be made to show how it could work, that there is reason to think that it could work. And that it is not disproportionate.”

254. Asked whether the insertion of a sunset clause might influence matters, Mr McLean told the Committee—

“There is some question as to whether the full sunset review would be required, but an acknowledgement that this is a moving target and that evidence will be created would be extremely helpful.”

255. Mr McLean suggested that the “internal arrangements” of the UK were of no interest to the Commission in this regard. Therefore, the argument that minimum pricing was the only policy lever available to the Scottish Government was not in itself a justification.\textsuperscript{215}

256. Addressing the particular issue of “notification” – informing the Commission of the intention to implement the policy, Mr McLean did not think that minimum pricing met the criteria on the basis that it constituted neither a standards issue nor that state aid was involved.\textsuperscript{216}

257. Furthermore, he expressed the view that the policy could not be described as a “technical regulation” as it was about the price at which a product could be sold and did not relate to the substance of a product or that product being allowed for sale on the market.\textsuperscript{217}

258. It would be open, he said, for somebody to “sound out” the Commission and that any opinion forthcoming would be “highly authoritative” but not a definitive answer on the matter. He told the Committee—

"Ultimately, however, it would take litigation to get an absolute, 100% definite view."\textsuperscript{218}

259. Asked if minimum pricing might be considered a discriminatory measure in terms of its impact on imported beverages, Mr McLean said—

"It would apply across the board but that board might have more importers than native producers. This involves an article 34 issue, and that might form part of the argument. For me, however, the nub of the matter is whether this is a genuine health measure that is justifiable on the basis that it can do things that could not be done by any of the apparent alternative measures."\textsuperscript{219}

260. Outlining how the level at which the minimum unit price is set might inform the question of the Bill’s legality, he told the Committee—

"If it were a token measure, that would probably count against it legally…It is really a kind of benefit analysis – if we fix the price at that, it will do this; if we fix it a bit higher, it will do that – and we need to analyse all that and draw conclusions about the balance between interference with trade and social benefit. That will be quite a task."\textsuperscript{220}

261. Asked if this was purely a political decision, Mr McLean said—

“It is, but it is made within certain constraints of evidence-based objective justification for whatever price is being suggested.”\[221\]

262. Talking about how the legislation might be litigated, Mr McLean outlined the possible scenarios. He began by saying that the European Court of Justice (“ECJ”) prefers national courts to get on with things where they can in respect of compliance and proportionality. If, however, they do not do that, then the ECJ will step in. He told the Committee—

“Wherever this goes, if there is litigation, it will be incumbent on the Scottish courts to ensure that everyone concerned has gone through the arguments fully and that there is an opportunity for a really thorough analysis because it will make the job of whatever court reviews the matter much easier.”\[222\]

263. He pointed out that such a matter might still not get as far as the ECJ, saying—

“In theory, such a decision is reviewable but, on quite a few occasions, the Supreme Court and the House of Lords have made up their minds and the matter has never gone to Luxembourg.”\[223\]

264. Mr McLean concluded by telling the Committee—

“No one is contesting the notion of excessive drinking as a social problem. The question is whether the Bill is an appropriate response to it.”\[224\]

265. The Scotch Whisky Association (“SWA”) contended that the measure was illegal in a European context. Gavin Hewitt said—

“We believe strongly that it is illegal, because it is a trade restriction in the European Union treaty’s terms. It is clear that the Scottish Government takes a different view and believes that the measure is properly legal, although much of that will depend on the price.”\[225\]

266. Mr Hewitt cited ECJ jurisprudence as having always ruled minimum pricing illegal on the basis that other measures less restrictive of trade were available.\[226\]

267. He also told the Committee—

“We believe strongly that the measure is notifiable under the technical standards directive, which requires notification to ensure that the Commission and member states can express a view. The Commission would give a view and advice to the Scottish Government and therefore the Parliament about the measure’s legality.”\[227\]
268. In addition to written and oral evidence provided, the SWA later wrote again to the Committee citing correspondence between the association and the Commission on the question of notifying the provisions of the Bill to the European Commission under the Technical Standards Directive 98/34/EC.228

269. The head of the Enterprise and Industry Directorate-General at the Commission wrote in the correspondence that “the afore-mentioned proposal seems, in principle, notifiable”.229

270. The letter went on to say—

“However, it falls under the Member State’s competence to decide if and at what stage they will notify a draft national rule.”230

Scottish Government
271. The Cabinet Secretary confirmed her view that the Bill was “perfectly capable of complying with European law.”231

272. She said it was a matter for others whether there was a legal challenge. The job of the Scottish Government, in her view, was to prepare the defence of the Bill and that was why such care would be taken in setting the minimum unit price.232

273. On the question of notification, the Cabinet Secretary stated the “firm view” that this was not necessary for the Bill or the regulations that would flow from it.233 She told the Committee—

“The measure is not state aid, nor is it setting a standard for alcohol, If, for example, we were to set regulations on the content of alcohol, they would fall within the definition of a measure that required notification. However, the measure that we are discussing does not set a standard. We are clear about that, and my understanding is that the UK Government agrees with our interpretation.”234

274. She went on—

“It is open to us to notify the European Commission of the regulations anyway, and I certainly do not rule that out. We are considering that and we might do it. However, that should in no way suggest, or lead to anybody’s suggestion, that we are obliged to do so”.235

275. The Cabinet Secretary reported that she was about to travel to Brussels for various meetings and that the Bill would be discussed. Asked how these

228 Scotch Whisky Association. Supplementary written submission, 10 February 2011.
discussions would inform her thinking on the setting of the minimum price, she said—

“It might be easier to answer the question about the influence that the discussions might have after I have had them. If it would be helpful to the Committee, I am certainly happy to update you in that regard.”

276. In a follow-up letter to the Committee, she reported—

“…my visit was part of the ongoing process of engagement we are having with the European Commission over our minimum pricing proposals. To this end, I had very constructive and positive discussions with John Dalli, European Commissioner for Health and Consumer Policy and, in a separate meeting, with senior officials from DG Enterprise and Industry.

These different discussions confirmed that tackling alcohol misuse is a priority for the European Commission. Most importantly, the discussions with DG Enterprise officials confirmed our view that there is nothing in EU law which makes minimum pricing, *per se*, illegal. As we already knew, we will need to be able to balance the scale of market intervention with the health benefits which will flow, but we have always known we needed to be able to demonstrate this kind of proportionality, and are confident we will be able to do so.”

**Conclusion**

277. The Committee notes that the Bill could comply with EU law but considers that, without yet knowing the level at which the minimum price is to be set, it is not possible to arrive at a view as to whether the policy is likely to meet the criteria set out by article 36.

278. The Committee also notes that the Cabinet Secretary did not rule out the Scottish Government itself notifying the Bill and its policy intentions to the EC although she underlined the view that it was under no obligation to do so.

**FINANCIAL IMPLICATIONS OF THE BILL**

**Background**

279. As required by Standing Orders Rule 9.3.2, the Bill was accompanied by a Financial Memorandum.

280. Standing Orders also require the Committee to consider and report on the Financial Memorandum and, in doing so, to take into account any views submitted by the Finance Committee.

281. The Finance Committee took written and oral evidence from affected organisations and from the Scottish Government’s Bill team. The Finance Committee’s report is attached at Annexe E.

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237 Letter from the Cabinet Secretary to the Convener, 23 February 2012.
Section 1

282. Paragraph 18 of the Financial Memorandum ("FM") states that the requirement to set a minimum price under Section 1 of the Bill "is considered to carry a significant financial impact."\(^{238}\)

Section 2

283. This is a technical provision and the FM states that it will have "no financial impact".

Estimated savings

284. The Finance Committee noted that the assumptions made in the FM regarding the price-consumption-harm link were challenged by a number of industry organisations.

285. It also noted that a number of NHS boards and organisations in the health field supported those assumptions.

286. The Finance Committee reported that it had heard conflicting views on the merits of the Sheffield modelling but that it had not been presented with any evidence to contradict the modelling of impacts on harmful drinking.

Conclusion

287. The Committee notes, as did the Finance Committee, that there are different views on the Sheffield modelling and the perceived harm reductions and other societal benefits that could derive from the policy.

288. The Committee endorses the view of the Finance Committee that it is "crucial" that the impact of the measure be evaluated, including the extent to which savings may be made in the areas of health, care and justice.

Cost to Scottish Government

289. These are set out in paragraphs 33-35 of the FM and relate to the Sheffield modelling, the monitoring and evaluation work to be carried out under the MESAS programme led by NHS Health Scotland, initial set up costs regarding business advice, and the mechanism for setting and varying the minimum price per unit.\(^{239}\)

Costs to Local authorities

290. Paragraph 36 of the FM outlines the costs to local authorities, estimating minimal costs and setting out the additional duties to be placed on Licensing Standards Officers.\(^{240}\)

\(^{238}\) Alcohol (Minimum Pricing) (Scotland) Bill, Explanatory Notes (and other accompanying documents)

\(^{239}\) Alcohol (Minimum Pricing) (Scotland) Bill, Explanatory Notes (and other accompanying documents)

\(^{240}\) Alcohol (Minimum Pricing) (Scotland) Bill, Explanatory Notes (and other accompanying documents)
291. The Finance Committee reported that it heard evidence that a number of local authorities, though not all, had concerns with that assumption.

**Conclusion**

292. The Committee notes the range of views from local authorities on the potential impact of minimum pricing and concurs with the Finance Committee suggestion that this likely reflects the varying impact that the policy may have on individual services.

**Costs to other bodies**

*Individuals*

293. Paragraphs 37-46 of the FM\textsuperscript{241} outline the costs to individuals. This is a complex area as demonstrated by the very technical nature of some of the evidence provided to the Committee on the Sheffield modelling, particularly regarding the elasticities applied to categories of consumer. The arguments over who is likely to be affected most, least and points in between are covered more fully in paragraphs 55 to 83 of this report.

294. The Finance Committee reported that concerns were expressed by witnesses such as the Scottish Grocers Federation and the Wine and Spirits Trade Association as to the impact of the policy on low income households, but that health organisations pointed out the disproportionate harm that alcohol caused in the most deprived fifth of the population.

295. The Health and Sport Committee also heard concerns from some witnesses that people on lower incomes could be financially hardest hit by minimum pricing, the CEBR for example.\textsuperscript{242}

296. The Committee also notes the view expressed by others that, while people at the lower end of the socio-economic spectrum could proportionately face more of a financial impact, they also carried the greatest burden of harm from alcohol and, therefore, could be the group to benefit most. This was a viewpoint shared, for instance, by Alcohol Focus Scotland\textsuperscript{243}, Dr Rice\textsuperscript{244} and Professor Stockwell.\textsuperscript{245}

297. The view of the IFS (as outlined earlier in paragraph 68) was more nuanced, suggesting that—

> “We found evidence that there would perhaps be a slightly bigger effect on lower-income groups, but not a substantial difference….the policy effect is about 2% of the total grocery budget for the poorest income groups and about 1.3% for the richest income groups. That is not a substantial difference.”\textsuperscript{246}

\textsuperscript{241} Alcohol (Minimum Pricing) (Scotland) Bill, Explanatory Notes (and other accompanying documents)


298. The Cabinet Secretary, when asked about the effect of the measure on the lower three income groups, told the Health and Sport Committee—

“I will also ensure that your point about the evaluation of low-income groups if factored into evaluation plans.”247

Conclusion

299. The Committee endorses the Finance Committee’s recommendation that the impact on people on low incomes be part of the evaluation of the legislation and welcomes the Cabinet Secretary’s assurance that this will be factored in.

Businesses

300. Paragraphs 47-61 of the FM outline the cost on businesses. It is suggested that all minimum price scenarios would result in increased revenue for the alcohol industry but the remit of the modelling precluded consideration of where the money would go: retailers, wholesalers or producers, or all three to some extent.

301. Clearly there will be a cost to retailers from re-pricing. The Scottish Grocers Federation (“SGF”) did not provide a figure but based on its suggestion of the extent of work likely to be required and mapping that rationale onto independent retailers (with off-sale liquor licences), the Financial Memorandum estimated the total cost would be £377,000.248

302. The FM suggests the possibility that cost of re-pricing may be offset against the increased revenue estimated from minimum pricing. The same paragraph 51 also states—

“An alternative approach for those that operate on a UK-wide basis would be to use the Scottish pricing regime across the whole of the UK thus minimising the cost of operating different pricing structures.”249

303. The Committee heard the concerns of the SGF and the SWA regarding sales and jobs as relayed both to the Finance Committee and itself.

304. The SGF is quoted in the FM as estimating that a minimum price per unit of 50p would reduce sales by 10% and a 70p price would cut them by 25%.250

305. The SWA told the Committee—

“I can guarantee that, if Scotland goes ahead with a health-based justification for a minimum price, jurisdictions around the world will use that precedent

248 Alcohol (Minimum Pricing) (Scotland) Bill, Explanatory Notes (and other accompanying documents), paragraph 16.
249 Alcohol (Minimum Pricing) (Scotland) Bill, Explanatory Notes (and other accompanying documents), paragraph 51.
250 Alcohol (Minimum Pricing) (Scotland) Bill, Explanatory Notes (and other accompanying documents), paragraph 53.
discriminately against Scotch whisky. We calculate that we would lose 14.5% of our exports – £500 million worth – over a number of years."\(^{251}\)

306. Michael Patten of Diageo also expressed concern at the possible impact on whisky exports and, by dint of that, on the Scottish economy. He said—

“The Scotch whisky industry is a jewel in the crown; its craft, its ruralness, its prestige, its premium and its exports are unsurpassed anywhere in the world...It is a very valuable product that is exported all over the world, contributes to the balance of payments and so forth.”\(^{252}\)

307. When giving evidence to the Committee, the Cabinet Secretary said—

“I am keen to continue to work with the supermarkets and the wider industry – that comment applies to the entire alcohol industry...None of the motivation behind the policy is an intention to damage legitimate business interests. The alcohol industry is extremely important to Scotland. Our intention is to deal with the health harms that are done by alcohol misuse.”\(^{253}\)

Conclusion

308. The Committee endorses the view of the Finance Committee that the Scottish Government should continue the dialogue with organisations representative of business to monitor the impact of minimum pricing.

309. The Committee shares the Finance Committee's concern at “the lack of evidence” presented to support the SWA’s assertion at the impact of the policy on whisky exports.

310. The Committee endorses the recommendation of the Finance Committee that the Scottish Government undertake regular reporting of whisky export volumes and value.

UK Government

311. As the Finance Committee noted, the discussion of the statement of funding policy ("SFP") contained in the FM for the current Bill differs to that of the earlier Alcohol etc. (Scotland) Bill.

312. The FM for the Alcohol etc. (Scotland) Bill read—

“Under the terms of the Statement of Funding between Scottish Ministers and the UK Government, the reduction in VAT and duty falls as a cost to the Scottish Administration.”\(^{254}\)

313. The FM for the current Bill states—

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\(^{254}\) Alcohol etc. (Scotland) Bill, Explanatory Notes (and other accompanying documents), paragraph 58. Available at: http://www.scottish.parliament.uk/S3_Bills/Alcohol%20etc.%20(Scotland)%20Bill/b34s3-introd-en.pdf [Accessed 15 February 2012]
“There are no costs to the UK Government which fall within the terms of the Statement of Funding Policy.”

314. There appears to have been no clear explanation of the rationale for that change in position.

315. The view of HM Treasury was put in writing to the Finance Committee, the Economic Secretary to the Treasury, Chloe Smith MP, saying—

“I would expect the Scottish Government to take account of the potential impact on exchequer receipts when setting minimum prices under the legislation.”

316. The Scottish Government’s view, as relayed to the Finance Committee by the Bill team, was given as—

“…the Bill looks to an increase in the productive Scottish economy, some of which will filter back to the Treasury. However, we have not modelled where the balance will eventually lie. The supply side of the industry is very complex…There could be an increase in VAT from other products in the economy as well. It is quite difficult to tease out all the second and third-round impacts.”

317. The Committee notes the Finance Committee’s observation that “the response from the UK Treasury appears to be ambiguous on the application of the SFP to the Bill”. The Committee further notes that the Economic Secretary to the Treasury wrote—

“…ahead of an order specifying the minimum price per unit, it is not possible to determine whether paragraph 3.2.8 [of the SFP] would be applied in relation to this Bill.”

318. The briefing paper on evaluation plans for minimum pricing provided to the Committee in advance of the Cabinet Secretary’s appearance states—

“In 2010, a MESAS scoping study concluded that a full study of the economic impact of alcohol policy at that time was not feasible or warranted. If MUP is implemented, MESAS [the Monitoring and Evaluating Scotland’s Alcohol Strategy programme] will give further consideration to this.”

255 Alcohol (Minimum Pricing) (Scotland) Bill, Explanatory Notes (and other accompanying documents), paragraph 64.
256 Economic Secretary to the Treasury. Written submission to the Scottish Parliament Finance Committee, 30 January 2012. Available at: [link]
259 Economic Secretary to the Treasury. Written submission to the Scottish Parliament Finance Committee, 30 January 2012.
260 NHS Health Scotland. Briefing Paper on Evaluation Plans for Minimum Unit Pricing. Available at:
Conclusion
319. The Committee notes the lack of clarity on the not insignificant matter – should there be any impact on exchequer receipts – of the economic impact of the policy and “who pays”. The Committee requests that an analysis be prepared by the Scottish Government when the minimum price is announced prior to Stage 3 and it recommends that the economic impact of the measure feature in the MESAS evaluation programme.

SUBORDINATE LEGISLATION

Background

Subordinate Legislation Committee
320. Under Rule 9.6.2 of Standing Orders, where a bill contains provisions conferring powers to make subordinate legislation, the Subordinate Legislation Committee (“SLC”) must consider and report to the lead committee on those provisions.

321. The SLC reported that it was content with the delegated powers in the following sections: 1(2) and (3), and 3.

322. The SLC reported at greater length on the power to specify the minimum price per unit of alcohol. The conclusions from the SLC report are summarised below.

Section 1 – minimum price of alcohol

323. Following scrutiny of the power to specify the minimum price of alcohol, the SLC accepted in principle that any variation to the MPU should be done by delegated powers. The SLC also accepted arguments advanced by the Cabinet Secretary for the initial price being set through delegated powers. However, this acceptance was predicated on the imposition of robust scrutiny procedures and the SLC therefore sought assurances from the Scottish Government in a number of respects.

324. In order to ensure the robustness of the evidence used to determine the MPU, the SLC called on the Scottish Government to keep the Parliament informed during the passage of the Bill of any developments with regard to the review of the Sheffield model used to set the MPU. It welcomed the Scottish Government’s commitment to provide the Parliament with an indication of what the initial MPU is expected to be before the Bill completes its passage through the Parliament, and the commitment to provide details of the basis on which variations to the MPU will be made and how regularly it is anticipated that these variations will be made.

325. The SLC recommended that the Scottish Government brings forward an amendment at Stage 2 which places an obligation on the Scottish Government to provide detailed accompanying documentation of the modelling carried out and the evidence used to determine the minimum price when bringing forward an instrument to set or vary the MPU.
326. With the caveats set out above, the SLC considered that the delegation of the powers under section 1(2) and (3) to specify the minimum price per unit of alcohol to be acceptable and that affirmative procedure is a suitable level of scrutiny.

Scottish Government

327. In oral evidence on 31 January 2012, the Cabinet Secretary was asked when the Scottish Government would set the minimum unit price. She replied—

“We are getting close to a decision on the price. Like the committee, we have just received the updated Sheffield report, so it will take us a bit of time properly to analyse, digest and reflect on it. However, I am of the view that we will name the price during stage 2, and certainly before stage 3, of the bill.”

328. Commenting on the mechanism by which the minimum price would be reviewed, the Cabinet Secretary said—

“I am happy to give the committee a commitment that before we get to the final stage of the bill we will come to a final view on our approach, because Parliament should have the chance to reflect on and comment on that. As with setting the price initially, it will be a balanced judgment; it is important that we get it right.”

Conclusion

329. The Committee notes the conclusions and recommendations of the SLC on this delegated power and further notes the Cabinet Secretary’s position on the matter. The Committee also commented on the power to set and review the minimum price in paragraphs 163-192.

EQUALITIES

330. The Scottish Government prepared an equality impact assessment (EQIA) for the Bill, which was detailed and clear.

331. The Committee notes from the EQIA that the “social cost” of alcohol misuse is given as the equivalent to £900 per annum for every adult living in Scotland. It further states that—

“Minimum pricing is a population level intervention in that it doesn’t specifically target particular groups or sections of society but rather applies equally to all alcohol products and to all individuals.”

332. The EQIA outlines the relevance of the Bill in the context of age, gender, mental health, sexuality, ethnic origin, religion, economic status

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263 Scottish Government. Alcohol (Minimum Pricing) (Scotland Bill, Equality Impact Assessment. Unavailable online at time of publication.
333. The document states that the MESAS evaluation “includes the potential to assess whether minimum pricing will have a differential impact in terms of gender, age, and deprivation through the analysis of mortality and morbidity data”.264

334. It goes on to say—

“While the current portfolio does not allow for a full assessment of the various short/intermediate responses individuals in different groups may make to the introduction of minimum pricing, or some of the potential unintended consequences, priority is being given to considering how the portfolio of studies may be expected to fill these potential gaps.”265

Conclusion

335. The Committee welcomes the EQIA and appreciates the need to prioritise from what is likely to be an extensive list of themes that could be covered by the MESAS evaluation. The Committee notes the evidence presented to it on the theme of alcohol and health inequalities. The Committee welcomes the assurance from the Cabinet Secretary that the impact of the policy on low income groups will feature in the evaluation.

OVERALL CONCLUSION

336. In arriving at its overall conclusion, the Committee draws on the work of the Sheffield modelling, empirical evidence from Canada (while recognising the host of differences in geography, culture, policy motivations, state ownership of outlets, etc.) and the knowledge, experience and views of a range of experts including health professionals, economists, those in the industry, retailers, licensing authorities, civic society, and beyond.

337. The Committee believes it imperative that Scotland’s negative relationship with alcohol is challenged and that the challenge warrants a range of actions. From this premise, it acknowledges the public health motivation behind the Bill and welcomes the wider programme set out by the Scottish Government in Changing Scotland’s Relationship with Alcohol: A Framework for Action.

338. A majority of the Committee are persuaded by the Scottish Government’s assertion that the Bill will help reduce alcohol consumption in Scotland, because they consider the evidence received to be both overwhelming and compelling, in particular reducing the consumption of alcohol by harmful drinkers, and the impact of alcohol misuse on public health, crime, public services, productivity, and the economy as a whole. They view the Bill as a significant contribution to an overall package of measures to overcome Scotland’s dangerous affinity with alcohol and are in favour of the general principles of the Bill.

264 Scottish Government. Alcohol (Minimum Pricing) (Scotland Bill, Equality Impact Assessment. Unavailable online at time of publication.
265 Scottish Government. Alcohol (Minimum Pricing) (Scotland Bill, Equality Impact Assessment. Unavailable online at time of publication.
339. A minority of members are sceptical, but hope that the Scottish Government’s assertion that the Bill will help reduce alcohol consumption and lessen the impact of alcohol misuse on public health may come to pass. Some members remain unconvinced by the efficacy of minimum pricing and believe a universal approach may penalise moderate drinkers and also those in lower income groups. They question whether the Bill’s policy aspirations of reducing the harm and social cost associated with alcohol misuse can be achieved to the extent envisaged. They note amongst other additional concerns that the response of the market (retailers, on and off trade and producers) to the substantial windfall from profits from a minimum unit price has not been assessed and may undermine the policy intentions of the Bill. They also draw attention to the lingering issue of the Bill’s legality in a European context and are concerned that any protracted legal proceedings could detract attention or divert resources from wider efforts to challenge our drink culture.

340. The Committee draws to the Parliament’s attention this difference of opinion but – in order to encourage further debate and with the understanding that the Cabinet Secretary will announce prior to the end of Stage 2 or start of Stage 3 the level at which the minimum price is to be set – it recommends that the Bill proceed to Stage 2.
ANNEXE A: EXTRACT FROM MINUTES OF THE HEALTH AND SPORT COMMITTEE

8th Meeting, 2011 (Session 4)
Tuesday 25 October 2011

2. Decision on taking business in private: The Committee agreed to take items 6 and 7 in private.

7. Alcohol (Minimum Pricing) (Scotland) Bill (in private): The Committee considered its approach to scrutiny of the forthcoming Bill at Stage 1 and agreed to issue a call for written evidence once the Bill is introduced with a deadline of 12 December 2011.

18th Meeting, 2011 (Session 4)
Tuesday 13 December 2011

1. Decision on taking business in private: The Committee agreed to take items 6 and 7 in private.

6 Alcohol (Minimum Pricing) (Scotland) Bill (in private): The Committee considered and agreed its approach to the scrutiny of the Bill at Stage 1.

1st Meeting, 2012 (Session 4)
Tuesday 10 January 2012

2. Decision on taking business in private: The Committee agreed to take item 4 in private.

3. Alcohol (Minimum Pricing) (Scotland) Bill: The Committee took evidence on the Bill at Stage 1 from—

Professor Anne Ludbrook, Professor of Health Economics, University of Aberdeen;
Benjamin Williamson, Senior Economist, Centre for Economics and Business Research;
Dr Evelyn Gillan, Chief Executive, Alcohol Focus Scotland;
Dr Jan S Gill, Reader at Queen Margaret University;
Dr Peter Rice, Chair, Royal College of Psychiatrists in Scotland and Consultant Addictions Psychiatrist, NHS Tayside.
4. **Alcohol (Minimum Pricing) (Scotland) Bill (in private):** The Committee considered the evidence heard earlier in the meeting.

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**2nd Meeting, 2012 (Session 4)**

*Tuesday 10 January 2012*

**Alcohol (Minimum Pricing) (Scotland) Bill:** The Committee took evidence, via video conference, on the Bill at Stage 1 from—

Professor Timothy Stockwell, University of Victoria, British Columbia.

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**3rd Meeting, 2012 (Session 4)**

*Tuesday 17 January 2012*

1. **Decision on taking business in private:** The Committee agreed to take item 8 in private, and to consider oral evidence heard by the Committee on the Alcohol (Minimum Pricing) (Scotland) Bill in private at future meetings.

5. **Alcohol (Minimum Pricing) (Scotland) Bill - witness expenses:** The Committee agreed to delegate to the Convener responsibility for arranging for the SPCB to pay, under Rule 12.4.3, any expenses of witnesses on the Bill.

6. **Alcohol (Minimum Pricing) (Scotland) Bill:** The Committee took evidence on the Bill at Stage 1 from—

   - Gavin Hewitt, Chief Executive, Scotch Whisky Association;
   - Michael Patten, Global Public Affairs Director, Diageo;
   - George Kyle, Head of Sponsorship and PR, Tennent Caledonian Breweries (UK) Limited;
   - Bob Price, Director General and Policy Adviser, National Association of Cider Makers;
   - Patrick Browne, Chief Executive, Scottish Beer and Pub Association;
   - Paul Waterson, Chief Executive, Scottish Licensed Trade Association;
   - Emma Reynolds, Government Affairs Director, Tesco;
   - David Paterson, Head of Regional Affairs, Asda;
   - Kate Higgins, Policy Manager, CHILDREN 1ST;
Major Dean Logan, Addiction Services Officer, Salvation Army;
Sarah O’Neill, Director of Policy, Consumer Focus Scotland;
Andrew Deans, Convener of the Health and Wellbeing Committee,
Scottish Youth Parliament.

8. **Alcohol (Minimum Pricing) (Scotland) Bill (in private):** The Committee agreed to defer consideration of the evidence heard to a future meeting.

    **4th Meeting, 2012 (Session 4)**
    **Tuesday 24 January 2012**

**Alcohol (Minimum Pricing) (Scotland) Bill:** The Committee took evidence on the Bill at Stage 1 from—

Professor Jonathan Chick, Honorary Professor, Queen Margaret University;
Dr John Holmes, Public Health Research Fellow, and Professor Alan Brennan, Professor of Health Economics and Decision Modelling, University of Sheffield;
Andrew Leicester, Senior Research Economist, Institute for Fiscal Studies.

**Alcohol (Minimum Pricing) (Scotland) Bill (in private):** The Committee agreed to defer consideration of the evidence heard to a later meeting.

    **5th Meeting, 2012 (Session 4)**
    **Tuesday 31 January 2012**

**Alcohol (Minimum Pricing) (Scotland) Bill:** The Committee took evidence on the Bill at Stage 1 from—

Alan McCreadie, Deputy Director of Law Reform, and Jim McLean,
Consultant at Balfour-Manson, The Law Society of Scotland;
Nicola Sturgeon, Cabinet Secretary for Health, Wellbeing and Cities Strategy, Scottish Government.

**Alcohol (Minimum Pricing) (Scotland) Bill (in private):** The Committee considered the evidence heard earlier in the meeting and agreed to write to stakeholders seeking views on the mechanism by which a minimum price for a unit of alcohol could be adjusted periodically.
7th Meeting, 2012 (Session 4)
Tuesday 21 February 2012

1. Decisions on taking business in private: The Committee agreed to take item 4 in private and to consider any revised draft reports on the Alcohol (Minimum Pricing) (Scotland) Bill in private at future meetings. The Committee also agreed to consider its approach to scrutiny of the forthcoming Social Care (Self-directed Support) (Scotland) Bill in private at future meetings.

4. Alcohol (Minimum Pricing) (Scotland) Bill (in private): The Committee considered a draft Stage 1 report. Various changes were agreed to, and the Committee agreed to consider a revised draft, in private, at its next meeting.

8th Meeting, 2012 (Session 4)
Tuesday 28 February 2012

Alcohol (Minimum Pricing) (Scotland) Bill (in private): The Committee considered a revised draft Stage 1 report. Various changes were agreed to, and the Committee agreed to consider a further revised draft, in private, at a future meeting.

9th Meeting, 2012 (Session 4)
Tuesday 6 March 2012

Alcohol (Minimum Pricing) (Scotland) Bill (in private): The Committee considered a revised draft Stage 1 report. Various changes were agreed to, and the report was agreed for publication.
ANNEXE B: ORAL EVIDENCE AND ASSOCIATED WRITTEN EVIDENCE

1st Meeting 2012 (Session 4), 10 January 2012

Written Evidence

University of Aberdeen
Alcohol Focus Scotland
Royal College of Psychiatrists in Scotland

Oral Evidence

University of Aberdeen
Centre for Economics and Business Research
Alcohol Focus Scotland
Queen Margaret University
Royal College of Psychiatrists in Scotland

Supplementary Written Evidence

Ludbrook Prof A (University of Aberdeen)
Gill Dr J (Queen Margaret University)
Rice Dr P (Royal College of Psychiatrists in Scotland)

2nd Meeting 2012 (Session 4), 10 January 2012

Written Evidence

University of Victoria, British Columbia

Oral Evidence

University of Victoria, British Columbia

Supplementary Written Evidence

Stockwell Prof T (University of Victoria, British Columbia)

3rd Meeting 2012 (Session 4), 17 January 2012

Written Evidence

Scotch Whisky Association
Diageo
Tennent Caledonian Breweries UK
National Association of Cider Makers
Scottish Beer and Pub Association
Scottish Licensed Trade Association
Salvation Army
Consumer Focus Scotland
Oral Evidence

Scotch Whisky Association
Diageo
Tennent Caledonian Breweries (UK) Limited
National Association of Cider Makers
Scottish Beer and Pub Association
Scottish Licensed Trade Association
Tesco
Asda
CHILDREN 1ST
Salvation Army
Consumer Focus Scotland
Scottish Youth Parliament

Supplementary Written Evidence

Scotch Whisky Association
Scottish Beer and Pub Association (Part 1)
Scottish Beer and Pub Association (Part 2)
Scottish Licensed Trade Association
Consumer Focus Scotland

4th Meeting 2012 (Session 4), 24 January 2012

Written Evidence

Queen Margaret University
University of Sheffield

Oral Evidence

Queen Margaret University
University of Sheffield
Institute for Fiscal Studies

Supplementary Written Evidence

Chick Prof J (Queen Margaret University)
Leicester A (Institute for Fiscal Studies)

5th Meeting 2012 (Session 4), 31 January 2012

Written Evidence

Law Society of Scotland

Oral Evidence
Law Society of Scotland
Scottish Government

Supplementary Written Evidence

Law Society of Scotland
Scottish Government
ANNEXE C: LIST OF OTHER WRITTEN EVIDENCE

Academy of Medical Royal Colleges and Faculties in Scotland
Action for Children Scotland
Addiction Recovery Training Services
Alberta Gaming and Liquor Commission
Alcohol Health Alliance UK
Angus Council
Association of Chief Police Officers in Scotland
Association of Directors of Social Work
Baptist Union of Scotland
Barnardo’s Scotland
Bremner D (indiv.)
Brewers Association of Canada
British Medical Association Scotland
British Psychological Society in Scotland
Campaign for Real Ale (CAMRA)
Central Aberdeenshire Licensing Board
Chest Heart and Stroke Scotland
ChildLine in Scotland
Children in Scotland
Chivas Brothers and Pernod Ricard UK
Church and Society Council of the Church of Scotland
City of Edinburgh Licensing Board
City of Glasgow Licensing Board
Cockburn F (indiv.)
Community Pharmacy Scotland
Co-operative Group
Dumfries and Galloway Alcohol and Drugs Partnership
Dundee City Licensing Board
Dundee Licensing Forum
East Ayrshire Licensing Board and East Ayrshire Local Licensing Forum
East Renfrewshire Alcohol and Drug Partnership
Edinburgh Alcohol and Drug Partnership
Edrington Group
Faculty of Liaison Psychiatry of the Royal College of Psychiatrists in Scotland
Federation of Small Businesses
Fife Partnership
Forensic Learning Disabilities Service
Glasgow Caledonian University
Highland Alcohol and Drugs Partnership
Highland Council
Highland Licensing Board
Institute of Alcohol Studies
Methodist Church in Scotland
Midlothian and East Lothian Drugs and Alcohol Partnership
Molson Coors Brewing Company UK
Murray C (indiv.)
NHS Ayrshire & Arran
NHS Grampian
NHS Greater Glasgow and Clyde
NHS Health Scotland
NHS Lanarkshire and Lanarkshire Alcohol and Drugs Partnership
NHS Lothian
North Ayrshire Alcohol and Drug Partnership
North Ayrshire Council
North Ayrshire Licensing Board
North Lanarkshire Licensing Board
Office of Fair Trading
Presbytery of Edinburgh (Church of Scotland)
Quarriers
Rimell G (Highland Councillor)
Royal College of General Practitioners Scotland
Royal College of Physicians of Edinburgh
Royal College of Surgeons of Edinburgh
Royal Society for the Prevention of Accidents
Royal Society of Edinburgh
SABMiller
Sawkins J (indiv.)
Scottish Ambulance Service
Scottish Association for Mental Health (SAMH)
Scottish Episcopal Church
Scottish Grocers’ Federation
Scottish Health Action on Alcohol Problems (SHAAP)
Scottish Medical and Scientific Advisory Committee
Scottish Police Federation
Scottish Retail Consortium
Scottish Women’s Convention
Silverton and Overtoun Community Council
South Ayrshire Alcohol and Drug Partnership
South Ayrshire Council
South Ayrshire Local Licensing Forum
South Lanarkshire Council
South West Scotland Community Justice Authority
Stewart J (indiv.)
Stroud N (indiv.)
The International Coalition Against Prohibition (TICAP)
United Free Church of Scotland
University of the West of Scotland
West Dunbartonshire Alcohol and Drug Partnership
West Dunbartonshire Licensing Board et al
West Lothian Council et al
West Lothian Licensing Forum
Whyte and Mackay
Wine and Spirit Trade Association
Wine and Spirit Trade Association (supplementary)
Wm Morrison Supermarkets
YouthLink Scotland
ANNEXE D: REPORT BY THE FINANCE COMMITTEE

The Finance Committee Alcohol (Minimum Pricing) (Scotland) Bill can be found on the Scottish Parliament’s website at the following webpage:  
ANNEXE E: REPORT BY THE SUBORDINATE LEGISLATION COMMITTEE

The Subordinate Legislation Committee Alcohol (Minimum Pricing) (Scotland) Bill can be found on the Scottish Parliament’s website at the following webpage: http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/46289.aspx
Evidence relating to the advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol

(i) Effectiveness of price based interventions

As has been previously reported, there is extensive research evidence to support the effectiveness and efficiency of price increases as a method of tackling alcohol related harms, from systematic reviews and natural experiments\(^1\text{-}^4\). Minimum pricing may have more effect than a general price rise; a study from Sweden\(^5\) estimated that price increases targeted at the lowest cost brands would produce a greater reduction in sales than across the board price increases. In their analysis, an across the board price increase of 10% reduced sales by 1.7%; targeting lower cost brands reduced total sales by 4.2%, almost \(2\frac{1}{2}\) times the effect for the same average price increase.

(ii) Minimum price versus taxation

Compared with taxation, minimum pricing cannot be avoided (producers or retailers may absorb tax increases) and it targets low cost products. It is possible that UK legislation to prevent below cost selling could have some effect on alcohol consumption and alcohol related harms but at current duty levels below cost selling would establish a low and variable minimum price for different products. In order to come close to the effect of minimum pricing, there would need to be standardization of duty rates, which would be very complex to achieve, and a significant increase in duty rates which would then apply to all products. This would include on-trade alcohol, where sales have been declining.

To have a similar effect to that of minimum pricing on the cheapest forms of alcohol, taxation would have to increase very significantly. For example, under minimum pricing at 45p per unit, the level previously proposed by the Scottish Government, 70cl vodka sold at £8.72 (33p per unit) would increase to £11.81. If UK legislation forced retailers to sell at prices which at least covered duty and VAT, alcohol duty would have to be at least £9.84 per bottle (with VAT (at 20%) of £1.97 to be added) to achieve a minimum retail price of £11.81. This implies an increase in duty of £3.14 or 47%. Current UK government policy is to increase duty each year by 2% above inflation. This tax increase would be applied to all products, not just those selling at a low price so for those who don’t buy cheap products minimum pricing is preferred.
(iii) Equity issues

One potential concern raised about minimum pricing has been the impact on ‘moderate drinkers of modest means’. However, the distribution of purchasing of low cost alcohol suggested that those on low incomes are not the main purchasers of low cost off sales alcohol. Further analysis, carried out with colleagues in Aberdeen and Dundee, has confirmed these conclusions. We have carried out regression analyses on data from the Expenditure and Food Survey and find it to be unlikely that there will be a disproportionate effect on moderate drinkers or that minimum pricing will be regressive at the population level.

Figure: Average predicted quantity of low cost (less than 45p per unit) off-trade alcohol units purchased within income quintiles and by purchase level

Considering all households (those who purchase off-trade alcohol and those who do not), in the figure above, reproduced from our paper, we see that for the whole population (labeled All), the predicted quantity of low cost alcohol increases with income except for the very highest income quintile (5). A similar pattern is seen for households who purchase at a hazardous or harmful level. For households where purchasing is consistent with moderate drinking, income quintiles 2, 3 and 4 are predicted to purchase more low cost alcohol than the lowest income quintile (1).

Amongst those households that purchase off-trade alcohol, the lowest income group is predicted to purchase the most units (not shown here). The population level effect is driven by the lower probability of purchasing off-trade alcohol in the lowest income group.
A further issue that has been raised with minimum pricing is the uncertainty about how the revenue changes within the industry would be distributed and who would benefit. This cannot be predicted in advance but can be evaluated if the policy is implemented. For example, it would be possible to prices on other supermarket products, which may replace alcohol as a loss leader, and to examine the impact on household food and drink expenditure.

(iv) Substitution to illicit drugs

A general concern about policies to restrict the availability and affordability of alcohol, and not specific to minimum pricing, is that there will be an increase in the use of illicit drugs. This concern is not supported by evidence in the case of the general population, although there is some evidence relating to existing users of illicit drugs. In general populations, alcohol and other drugs are found to complementary, with the exception of two studies showing that increasing the legal drinking age or decriminalising marijuana use were associated with substitution effects. Price effects are not always symmetrical, so that an increase in price of illicit drugs may produce a substitution towards alcohol whilst increasing alcohol prices does not induce substitution towards illicit drugs. This asymmetry may reflect the considerable barriers to entering the illicit drug ‘market’.

Professor Anne Ludbrook
Health Economics Research Unit
Institute of Applied Health Sciences
University of Aberdeen
12 December 2011

References

Alcohol (Minimum Pricing) (Scotland) Bill

Alcohol Focus Scotland

Alcohol Focus Scotland is Scotland’s national alcohol charity working to reduce the harm caused by alcohol.

Introduction

1. Alcohol Focus Scotland welcomes the opportunity to respond to the consultation on the Alcohol (Minimum Pricing) (Scotland) Bill. The Bill provides an historic opportunity to put in place a policy measure that many leading health organisations including the World Health Organisation, the National Institute for Clinical Guidance and the Medical Royal Colleges believe will be effective in saving lives and reducing harm.

2. Over the last thirty years, a combination of deregulation, liberalisation of licensing laws and aggressive marketing has led to alcohol becoming more affordable and more available than at any time in recent history.\(^1\) This in turn has fuelled our consumption and as our consumption has increased, so too has the health and social harm caused by alcohol. Alcohol-related mortality has more than doubled since the 1980s and although rates began to fall slightly from 2006, the number of people who died as a result of their alcohol use increased again in 2010.\(^2\) It is important to highlight that people living in Scotland’s most deprived communities carry a disproportionate share of the burden of alcohol harm as they are 7.5 times more likely to be hospitalised for an alcohol-related condition.\(^3\) Thus the health benefits of an effective alcohol policy will be greater for those communities suffering the most harm. Put simply - alcohol policy is not an abstract discussion but a matter of life and death. Good alcohol policy saves lives, bad alcohol policy kills people.

3. In addition to the health gains, effective alcohol policy can significantly reduce the costs to the public purse of alcohol-related harm. Alcohol harm currently costs Scotland around £3.56 billion every year which equates to £900 for every taxpayer in Scotland.\(^4\) Much of this burden could be avoided if people drank less. There is extensive and robust evidence confirming that there is a consistent relationship between price and consumption (when the cost of alcohol goes down, people drink more and when the cost goes up, people drink less) and that the most effective and cost-effective way to reduce alcohol consumption in the population is controls on price and availability.\(^5\) Consequently, controls on price and availability have been identified by the World Health Organisation as one of the most effective measures that governments can implement to reduce the harm caused by alcohol - “Of all alcohol policy measures, the evidence is strongest for the impact of alcohol prices as an incentive to reduce heavy drinking occasions and regular harmful drinking. The gains are greatest for younger and
heavier drinkers and for the well-being of people exposed to the heavy drinking of others.”

4. To date, the policy mechanism that has been used to increase the price of alcohol is taxation. More recently, minimum unit pricing (MUP) has emerged as a measure that would be complementary to duty increases and also more effective in targeting the cheapest alcohol products, which are often drunk by the most vulnerable groups in society. MUP has also come to the fore because in recent years, duty increases have not always been passed on to consumers. Some supermarkets have even advertised ‘tax busting prices’ following duty increases with the ten big supermarkets admitting to the Competition Commission that they use alcohol as a ‘loss leader’ to drive footfall.

5. As MUP is a relatively new policy measure, the estimates of the potential health gains come primarily from econometric modelling studies. Modelling the effects of a policy is a recognised tool that is used regularly by governments to estimate the effects of new policies. For example, modelling was undertaken to estimate the effects of a minimum wage prior to adoption of the policy. However, since the Health and Sport Committee last considered MUP in 2010, new findings of an evaluation of minimum pricing schemes in two Canadian provinces await publication in the Lancet. The findings show that minimum pricing has reduced alcohol consumption by between 3% - 5%.

6. A combination of the significant evidence base linking alcohol price, consumption and harm, the growing interest in implementing a pricing measure that specifically targets the cheapest products, and concerns that retailers don’t always pass on duty increases, has resulted in governments in a number of jurisdictions actively exploring MUP. In the UK, Northern Ireland has recently consulted on this issue, Ministers in Wales have indicated their interest in implementing MUP and a number of local authorities in the North of England are seeking to introduce MUP through local bye-laws. Internationally, governments actively considering MUP include the Republic of Ireland, Australia and New Zealand.

7. Scotland was the first country in the UK to ban smoking in public places and the health gains in terms of lives saved were apparent within one year of implementing the policy. Introducing MUP will embed Scotland’s reputation as a pioneer in public health policy and by taking robust action on price as part of a comprehensive alcohol policy, Scotland will begin to stem the tide of health and social harm caused by alcohol thus enabling the country to reach its full potential.

Advantages of Establishing a Minimum Unit Price for Alcohol

8. **Lives Saved** - The best available evidence indicates that MUP will be effective in reducing overall alcohol consumption which will in turn,
reduce alcohol related harm. In Scotland, alcohol kills three people every day and Scotland has gone from having one of the lowest liver cirrhosis mortality rates in Western Europe in the 1950s to having one of the highest. Excessive alcohol consumption is now one of the biggest public health problems Scotland faces with doctors reporting a significant increase in the number of men and women in their late twenties and early thirties presenting with end stage liver disease, something completely unheard of thirty years ago. According to the modelling work undertaken by the University of Sheffield, it is estimated that upon achieving full impact, a minimum price of 45p per unit would save approximately 225 lives per year. At a minimum price of 50p per year, this figures increases to 520 lives per year.

“As a liver specialist I see patients every day - both men and women - who should be in their prime but instead are dying as a consequence of liver failure. Liver disease is now the second commonest cause of death in under 65 year olds. However it is the young women who really shock you…… Despite its critics - of whom the most vociferous are the drinks industry - all the scientific evidence points to a policy where setting a minimum price for alcohol will be the most effective. The heaviest drinkers - those at most risk of harm - favour the very cheap drinks available such as vodka and strong cider, so a minimum pricing policy very effectively targets the problem drinker. Raising prices is never going to be popular, but something has to be done now to address this dreadful epidemic. We need to learn the lessons of history and introduce a minimum unit price for alcohol in Scotland without delay.” [Dr Alistair McGilchrist Extract from In Focus Oct 2011]

9. **Reduced Harm** - The introduction of MUP has the potential to show benefits within a very short time. Hazardous drinkers who are on the verge of a serious health problem, or even death, can be pulled back if their drinking is reduced. The Sheffield study indicated that a minimum price of 45p would reduce alcohol-related hospital admissions by around 1,200 in the first year, and around 4,200 per year by year ten with this increasing to 8,400 fewer hospital admissions by year ten if the minimum price was set at 50p.

10. **Reduced Public Expenditure** – A reduction in overall alcohol consumption will reduce levels of harm which will ease the financial burden of alcohol-related harm on the NHS, social welfare services and the criminal justice system. The Sheffield study estimated that a minimum price of 45p would save £721million in health, crime and employment costs over ten years. This figure would rise to £1.4b over 10 years, if the minimum price was 50p.

“You join the job to help people. You want to go out and help people as much as you can, so really, instead of dealing with an elderly person who’s broken their hip, dealing with their pain and getting them to hospital you spend time mopping out your vehicle because someone who has drank themselves into a stupor has vomited in the ambulance.
A lot of resources are tied up dealing with people so drunk they’re covered in their own bodily fluids.” Richard Ilderton, Team Leader Paramedic.

11. **Reduction in Health Inequalities** – Reducing the harm caused by alcohol will impact positively on health inequalities as people living in our poorer communities carry a disproportionate share of alcohol-related health and social harm. Alcohol mortality rates are six times higher in the most deprived areas.¹⁷

12. **Boost the Local Economy** – Many small businesses currently struggle to compete with cheap supermarket prices. Correcting the current imbalance will make it easier for small businesses to operate within a level playing field. Hundreds of jobs have been lost in Scotland over the last two years when established off-sales operators closed citing competition from cheap supermarket prices as a causal factor. Similarly, the Scottish Licensed Trade Association (SLTA) has stated that many pubs are closing because they cannot compete with cheap supermarket prices.

13. **Curb Irresponsible Retail Practices** – Taxation by itself is not guaranteed to raise the retail price of alcohol. Many supermarkets have in the past, responded to duty increases by absorbing the cost and continuing to sell alcohol at heavily discounted prices. Supermarkets have admitted that they use alcohol as a loss leader to attract people into their stores and that they ‘recoup’ their losses through sales of other goods. This means that consumers pay for cheap alcohol by paying more for other goods in addition to having to pay for the burden that alcohol-related harm places on our National Health Service and criminal justice system.

14. **Protect Vulnerable Groups** - Minimum pricing is a more targeted policy measure than duty increases. The cheapest products are often drunk by the most vulnerable groups including dependant drinkers and young people. By impacting most on drinks like cider and vodka, MUP is likely to reduce consumption in the most vulnerable groups. To bring the price of the cheapest products e.g. white cider, up to the equivalent of a 45p minimum unit price would require a duty increase in excess of 350%.¹⁸

“In my work as a general practitioner in Glasgow, I see the damage caused by alcohol abuse every day. When I ask my patients how much they drink, the reply is often: “As much as I can afford.” They are not joking.” Dr Richard Watson, Glasgow GP and Clinical Lead on Substance Misuse for the Royal College of General Practitioners (Scotland).
Disadvantages of Introducing Minimum Unit Pricing

15. Alcohol Focus Scotland is of the view that there are no major disadvantages to the introduction of MUP. An unintended consequence that has been identified is that the income raised will go to producers and retailers of alcohol rather than directly into the public purse. It is the view of Alcohol Focus Scotland that if there are concerns about this aspect of the policy, then the simple solution is to impose a levy on those who profit most from the sale of alcohol and use the income raised to prevent alcohol misuse and to deal with the harm caused by alcohol. We therefore fully support the Scottish Government’s plans to introduce a public health levy.

The Level at Which the Minimum Price should be Set

16. Alcohol Focus Scotland believes that establishing a clear mechanism to establish minimum unit pricing should be the key outcome of the legislation and that there should be provision within the legislation to enable the Scottish Government to vary the minimum unit price on a regular basis to allow consideration of any changes in consumption or levels of harm and also any market changes. The price set should be at a level that the best available evidence (including any updates of the modelling work undertaken by academics at the University of Sheffield) indicates will be effective in reducing the health harm caused by alcohol. Previous estimates have suggested that a minimum price of 45p would begin to show health gains within the first year and based on these estimates, Alcohol Focus Scotland would not want to see the price set any lower than 45p although more recent data may indicate that a higher price would be justified.

17. Experience from the Canadian provinces has shown that the level of decrease in consumption is proportional to price – a province with a higher minimum price noted a greater reduction in consumption compared with a province with a lower minimum price showing a lower reduction in consumption. The Canadian evaluation also highlighted that the price should be reviewed regularly to ensure that it is adjusted as necessary to maintain its value in line with inflation (which should be index linked). It is hoped that this new data from Canada will prove useful to the Scottish Government in considering the mechanisms that will govern the minimum pricing legislation.

Conclusion - Addressing Conflicts of Interest in Public Health Policy

18. The Scottish Government’s primary concern should be to introduce alcohol policies which are in the public health interest and will be effective in reducing the high levels of alcohol health and social harm in Scotland. Minimum unit pricing is supported by the Scottish, UK and international medical and public health community and also by the police, children’s charities and a wide section of civil society suggesting that the advantages of MUP clearly outweigh any perceived
disadvantages. Opposition to MUP arises mainly from sections of the alcohol industry particularly some of the big producers and retailers who, it could be argued, have a commercial vested interest in opposing measures which are likely to bring about a reduction in overall alcohol consumption. On the other hand, some sections of the alcohol industry support MUP including the Scottish Licensed Trade Association, the Campaign for Real Ale (CAMRA), the Federation of Licensed Victuallers Associations, the Society of Independent Brewers, Tennents, Molson Coors and Greene King.

19. Industry representatives who oppose MUP have engaged in an intensive lobbying campaign to cast doubt on the evidence base linking alcohol price, consumption and harm. Similar tactics were used by the tobacco industry for many years in their efforts to oppose controls on the price and availability of cigarettes. The main arguments put forward by the Scotch Whisky Association (SWA) which counts the big global alcohol producers amongst its membership and the Scottish Retail Consortium (SRC) which represents the big supermarkets, are that MUP is illegal; will encourage other countries to impose trade barriers on Scotch Whisky; will cost industry jobs; and will penalise moderate drinkers. As has been previously stated, the availability of cheap supermarket alcohol has already led to job losses in Scotland. In addition, decisions by global corporations to restructure their operations and move bottling plants to reduce costs and maximise profits have similarly led to job losses in Scotland. These recent job losses that have occurred have nothing to do with MUP and for at least some of them, the availability of cheap supermarket alcohol has been a contributory factor.

20. The introduction of minimum unit pricing has been debated by the Scottish Parliament for the last two years. Throughout this time, the SWA has stated that MUP will encourage other countries to impose trade restrictions which will impact negatively on overseas sales. With Scotch Whisky exports in the first six months of 2011 up 22% on the same period in the previous year, active consideration of minimum unit pricing in Scotland does not appear to be having any negative effect on an industry that is clearly in good health. In citing the potential impact on sales of Scotch Whisky abroad, the SWA is in effect suggesting that the rights of global alcohol producers to have unfettered access to overseas markets should take precedence over the health and well-being of the people of Scotland. By adopting an alcohol policy that puts the public interest first, concerns expressed by the SWA are that the Scottish Government may lead the way for other countries to follow. Alcohol Focus Scotland works closely with colleagues in other countries who share many of the alcohol problems that Scotland faces. Scotland is currently being lauded by the international public health community for seeking to introduce alcohol policies which are formulated by public health interests. There is growing recognition among public health authorities throughout the world that the harmful use of alcohol is a global public health issue of serious proportion.
There is also a growing consensus about how to prevent and reduce alcohol problems and price tops the list of effective and cost-effective policies. Consequently, many countries have taken the decision to increase the price of alcohol in order to reduce consumption and harm. The World Health Organisation has considered the extent to which governments must be mindful of the issue of conflict of interest between public health and commercial vested interests. The fifty-three Member States of the World Health Organisation’s European Region endorsed the European Alcohol Action Plan in September 2011 which included a clear statement on conflicts of interest:

_The Regional Office will strengthen its processes of consultation and collaboration with NGOs and relevant professional bodies that are free of conflict of interest with the public health interest....guided by the principles that public policies and interventions to prevent and reduce alcohol-related harm should be guided and formulated by public health interests and based on clear public health goals and the best available evidence._

21. In keeping with the guidance summarised above, Alcohol Focus Scotland is of the view that whilst commercial vested interests can be involved in the _implementation_ of alcohol policy, their involvement should be confined to areas which pertain specifically to their role as producers and retailers of alcoholic beverages for example - labelling and server training. They should not be involved in the identification of public health goals to inform alcohol policy given the obvious conflict of interest and the fact that their expertise is in producing and selling alcohol and not in health.

Alcohol Focus Scotland
12 December 2011
References

2. Data from General Register Office for Scotland.
10. General Register Office for Scotland.
15. Alcohol (Minimum Pricing) (Scotland) Bill Explanatory Notes, Scottish Parliament, October 2011
16. *Model-Based Appraisal of Alcohol Minimum Pricing op.cit*
19. World Health Organisation Regional Committee for Europe, European action plan to reduce the harmful use of alcohol 2012-2020, Baku, Azerbaijan, WHO Regional Office for Europe 2011
Alcohol (Minimum Pricing) (Scotland) Bill

Royal College of Psychiatrists in Scotland

The Royal College of Psychiatrists is the leading medical authority on mental health in the United Kingdom and is the professional and educational organisation for doctors specialising in psychiatry.

The College is pleased to provide the following written response and would be grateful for the opportunity to send expert witnesses to the Committee when oral evidence is being heard.

General comments

Alcohol has a substantial effect on mental health in Scotland, through the direct effects of alcohol on mood, judgement, behaviour and functioning of consumers and the indirect effects on the health and well being of partners, children, other relatives and the wider community. Much of the work of our members is with the heaviest drinkers, including those with alcohol dependence and minimum pricing has the potential to have a significant beneficial effect on the drinking of that group. In addition to those of our members working in Addiction Psychiatry, psychiatrists working in General Hospitals see the impact of alcohol across in Accident & Emergency and all medical and surgical specialities. These liaison psychiatrists see the major impact of cheap alcohol as falling on young drinkers and those with (or at risk of) alcohol-related brain damage, and support minimum unit price because of its likely beneficial effects in these groups. Child and Adolescent Psychiatrists in Scotland support minimum price because of alcohol’s role in domestic violence and child abuse and they are confident that minimum price will have a beneficial effect on children’s mental health. There is a clear wish among our membership and our service users and carers that additional funds generated through price controls should be invested in services.

The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol

- There is considerable evidence on the relationship between price and harm and has been over many years. There has been increasing sophistication of this field of work and more recent studies have shown that the price of the cheapest form of alcohol, the floor price, is of particular importance (Gruenewald 2006). Changing the price of more expensive forms of alcohol has less effect on alcohol related harm.
- Minimum alcohol pricing is a mechanism which affects the floor price of alcohol and is thus targeted at the retail practices which are most likely to result in harm and this is the reason why the Royal College of Psychiatrists continues to support minimum pricing as the most effective measure in the current Scottish context.
- The heaviest drinkers have been shown to be price sensitive, though studies looking at the impact of taxation changes (Wagenaar 2009) have shown the consumption of heavy drinkers are less price sensitive
than others to these “across the board” price changes. This is likely to be explained by the substitution practice where heavy drinkers moved to cheaper brands. Minimum pricing is an effective way of preventing this “trading down.”

- The influence of price on the beverage choices of those in contact with alcohol services was shown by the recent survey undertaken in Edinburgh by Black, Gill and Chick where 70% of the units of alcohol consumed were under 40p and 83% under 50p.
- This is consistent with our own members’ observations in clinical practice where the popularity of super lagers in the 1990s was supplanted by white cider and vodka by the millennium as these drinks became cheapest.
- In summary, therefore, we believe that minimum pricing will have a considerable benefit on reducing the harm which comes from the consumption of the cheapest forms of alcohol. The University of Sheffield estimated that 64% of alcohol below 50p is consumed by those drinking more than 50 units (35 for women) per week. Only 9% of cheap alcohol is consumed by moderate drinkers.
- This mechanism thus has particular potential to reduce the consumption levels of the heaviest drinkers whose consumption leads to the greatest harm.

Since Parliament last discussed alcohol pricing, there has been important work tracking alcohol affordability trends undertaken by NHS Health Scotland, described in their publication Monitoring and Evaluating Scotland’s Alcohol Strategy. This work shows that the rapid increase in alcohol affordability in the 1980’s has stabilized since 2008 and perhaps earlier, depending on the methodology used. This is consistent with changes observed by our patients. In July 2010, a bottle of supermarket own brand vodka cost £7.97. In November 2011, the same brand was £8.72. At 33p per unit, this is still low cost alcohol, but the 10% increase in price is substantial. Recent trends in Scotland fit with a model of affordability as a key factor in rates of alcohol related harm. Alcohol related admissions have fallen by 10-15% since 2008 and alcohol related deaths in men are falling. Liver disease and alcohol related death rates have fallen since 2005. It has been particularly welcome to see the fall in alcohol deaths between 2005 and 2009 in the most economically deprived group. However, the recent changes in affordability have been due in part to economic recession and to decisions made by retailers. It is not clear why retailers have decided to increase prices and they could reduce prices at any time. This situation, where decisions which have such a substantial impact on public health are made by organizations answerable only to their shareholders, is not a sustainable long term solution and external regulation by Government is required.

The College believes that recent developments in the UK Government have further supported the need for action in Scotland. Our colleagues in Wales and Northern Ireland have come to similar conclusions for their Governments.

The College welcomed the continued rise in excise duties since 2008 and this has likely contributed to reduced affordability and reduced harm. We also
welcomed the proposals to reduce the tax on low strength beers and increase tax on high strength beers. These measures are compatible with minimum unit price.

However, the UK Government’s formula to tackle the “floor price” of alcohol, a ban on below cost selling, is likely to be ineffective as it will not change the price of any product currently on sale in Scotland. It was disappointing that the UK government has not found a way to tackle the issue of low cost ciders. The College understands that this is a complex issue involving EU regulations which lead to favorable duty rates on high strength ciders. We therefore see minimum unit pricing as the best way to effectively tackle the problem of low cost white ciders.

We see few disadvantages, but will comment on some of the objections which we anticipate

Increased use of other drugs
Some have claimed that less cheap alcohol will lead to increased use of other drugs. On the contrary, the strongest evidence is that alcohol acts as a gateway drug for other drug use, including tobacco. The only evidence for substitution was in the limited setting of night clubs where the increased availability of ecstasy and amphetamine in the 1990s led to less alcohol use within the club. In other more common drinking settings, the use of alcohol and other drugs go together and so reduced alcohol consumption is likely to lead to less other drug use.

Increased expenditure on alcohol by low income families
There have been arguments that increasing the price of low cost alcohol will lead to less expenditure on other items such as food and children’s clothing and this will be detrimental to family health and welfare. We do not accept this. It is likely that those families where there is substantial expenditure on low cost alcohol will already be experiencing alcohol related harm. This includes the considerable harm to children from adult drinking. Minimum price is likely to have the effect of reducing alcohol consumption which will in turn reduce harm to the individual and affected others in the family.

Cross border alcohol trade
The important question is whether the level of any increased importation of alcohol due to cross border flow will be greater than a reduction brought about by minimum pricing. We believe the answer is no and international evidence supports this (Herttua 2008). Commentators who cite the example of the Irish border as an argument against differential pricing between Scotland and England neglect the crucial issue of currency exchange rates which are likely to be the main driver of consumer behaviour. We note that Scottish Police forces support minimum pricing and believe that the benefits of this will outweigh the effect of cross border trade.

Overseas Markets and the Whisky Industry
Arguments that minimum pricing in Scotland will disadvantage Scottish products overseas are unconvincing. International trade agreements which
regulate the operation of markets will prevent this. The narrowing of the price gap between cheap and quality spirits will be beneficial to the Scotch Whisky industry which has been steadily losing market share to vodka in Scotland over recent years.

The level at which such a proposed minimum price should be set and the justification for that level

- The approach should be to establish the principle of minimum pricing, set an initial price and monitor closely the impact of this and adjust the price accordingly. This monitoring is essential and requires prompt and good quality data.
- There should be a requirement on the retail sector to share the information they have on sales patterns in the interests of public health.
- With regard to the setting of the initial minimum price, this should be high enough to be effective in reducing harm and should have a noticeable impact for all income groups. As noted above, the alcohol market can change rapidly and this affects the impact of a particular unit price. We await the findings of new econometric studies but the College’s best advice at present is that a price of 50-60p per unit should be the starting point, but an effective monitoring system and a simple implementation process where the price is adjusted is the most important issue.
- Experience in Canada and Australia suggests that the price should be reviewed at least annually and preferably twice per year. The alcohol retailers change prices frequently and so this should not present an undue administrative burden.

Any other aspects of the Bill

- In view of the impact of employment on health, in particular mental health, the RCPsych in Scotland has an interest in employment in the alcohol and hospitality industry. Trends in the alcohol market in Scotland with increasing off-sales and declining on-sales and within the off sales market towards supermarket sales have led to the closure of pubs and off-licences. The loss of employment in these sectors has been considerable. This effect needs to be factored into consideration of the economic and health impact of minimum price policies.

Royal College of Psychiatrists in Scotland
6 December 2011
Alcohol (Minimum Pricing) (Scotland) Bill: Stage 1

10:31

The Convener: Item 3 is our first oral evidence session on the Alcohol (Minimum Pricing) (Scotland) Bill. We welcome our panel of witnesses. Professor Anne Ludbrook is professor of health economics at the University of Aberdeen; Benjamin Williamson is senior economist at the Centre for Economics and Business Research; Dr Evelyn Gillan is chief executive of Alcohol Focus Scotland; Dr Jan Gill is a reader at Queen Margaret University; and Dr Peter Rice is chair of the Royal College of Psychiatrists in Scotland and a consultant addictions psychiatrist in NHS Tayside.

We will go directly to questions, the first of which is from Richard Simpson.

Dr Richard Simpson (Mid Scotland and Fife) (Lab): I think that we all accept from the previous debates that price and availability are two of the main drivers of the general consumption of alcohol, but we are being asked to look at a specific bill on minimum pricing. My opening question is fairly general. Given that, although there are slight variations, the price of alcohol is approximately the same throughout the United Kingdom but some 20 to 23 per cent more alcohol is consumed in Scotland, will a minimum pricing bill be sufficient to tackle Scotland’s problem with alcohol?

Dr Peter Rice (NHS Tayside): I am happy to start.

The moves that we have been encouraging are to do with changing drinking in Scotland, and the important comparisons to make are historical ones within Scotland. There are, of course, important international comparisons that we can make with other countries, including England, but the test of a measure is the change that it is likely to make in the community under consideration—in this case, Scotland.

To answer your question about why there are differences between Scotland and England, there is a range of historical attitudinal differences between Scotland and England that account for those, as there are between Sweden and France and between France and Italy.

On minimum pricing, when I was doing my clinic in Dundee yesterday a man came in who was drinking 3 litres of strong cider, which he had bought for £2.99—he was drinking 22.5 units of alcohol, which is more than his safe limit for the week, and he drinks about 40 units a day. He was comfortably able to exceed his 21 units for less than £3. I am keen for that situation to change and believe that minimum pricing represents our best realistic prospect of fairly quickly changing something that has blighted Scotland’s health for far too long.

Professor Anne Ludbrook (University of Aberdeen): The levels of alcohol consumption in different countries can be explained by cultural differences. However, as far as each country is concerned, there is very strong evidence that price affects the amount consumed at different points in time. Although minimum pricing is not the only way in which we need to tackle problems with alcohol, the evidence base for the effectiveness of dealing with price suggests that it should be considered as an effective measure that lies within the Scottish Parliament’s remit. No one has ever produced an evidence-based intervention to achieve a culture change.

Benjamin Williamson (Centre for Economics and Business Research): After conducting an exhaustive analysis on the University of Sheffield report that has provided much of the justification for the conversation so far, the centre’s opinion is that the case for minimum pricing remains unproven. We do not think that it is a targeted measure that gets to grips with the problems of harmful drinking; in fact, our research shows that moderate drinkers are likely to be impacted the most because they are the most responsive to price. Harmful and hazardous drinkers are less sensitive to price changes. Our modelling shows that, because of that lower sensitivity, a minimum unit price of 50p will result in a harmful drinker—in other words, a man who consumes 50 units or more per week—reducing consumption by only around four units. We have included in our report the wide range of academic evidence that sets out the lower elasticities for harmful and hazardous drinkers. There are a number of other consequences, but we simply feel that the measure is too broad to tackle the specific issue of problem drinking.

Dr Evelyn Gillan (Alcohol Focus Scotland): In light of the previous speaker’s remarks, I suggest that it might be useful for committee members, if so inclined, to look at Professor Christine Godfrey’s written submission to the House of Commons Health Select Committee inquiry on alcohol, which provides a fairly robust critique of the CEBR’s work. One of her conclusions, which was accepted by that committee, was that the CEBR study, which was funded by SABMiller, contained a fundamental misunderstanding of the Sheffield research.

On Richard Simpson’s general point, I think that it might be worth going back to basics. I think that we all agree that the evidence linking price, consumption and harm is overwhelming; indeed, I
believe that David Cameron has recently acknowledged that and even Andrew Lansley recently accepted the importance of price in this regard. If we accept the overwhelming evidence base—the more than 100 studies over 30 years—establishing the link between price, consumption and harm, the question for the Scottish Parliament is which pricing measure is most likely to be effective in Scotland. We also need to remember that the Scottish Parliament has no powers over taxation. I also point out that, in 2007, after convening an expert group on price, the medical royal colleges and faculties in Scotland recommended that minimum unit pricing would be the most effective measure for the Scottish Parliament to introduce.

The Sheffield research was criticised at the time on the ground that it was only modelling, but modelling is a standard methodological tool. The Sheffield research has been peer reviewed and is highly regarded, and the unit got a 5* rating in the recent research assessment exercise. Since then, we have had real-life evidence from the minimum pricing schemes in Canada—you will speak to Professor Tim Stockwell about that tonight—that proves the link that is well established in the literature between price and consumption.

The Convener: Dr Gill, do you wish to add to that?

Dr Jan S Gill (Queen Margaret University): I could present some data that are not published but that refer to a sample of patients we investigated a couple of years ago, who have been harmed by their drinking. They are the heaviest drinkers in Edinburgh. For this meeting, we have looked at the data again and have calculated their consumption should a 45p minimum unit price be introduced. We have looked at every drink that they have bought. If it was over 45p per unit, we left it at the value; if it was under 45p per unit, we took it up to that value. The original weekly consumption of our patients was 197 units per week. If a minimum unit price of 45p were introduced, that consumption would fall to 144 units per week—in other words, there would be a 27 per cent fall in consumption. That calculation is based on many assumptions, such as that they could not turn to other funds to support their drinking. If nothing else changed, that is the consumption change that we would see.

Dr Simpson: We all agree that price is important; the question is whether minimum pricing will affect the situation adequately. We can divide the population into three groups. We are not really concerned about moderate drinkers—they are staying within the letter of the law. The Sheffield report talks about six units a week and they are going to be much more affected than the average.

The problem with all the studies that have been published is that they deal in averages. Even Dr Gill’s study of 387 problem drinkers drinking 197 units a week takes the average purchase price to be 43p, and for the middle income group of the five quintiles—the sample is divided into groups of 20 per cent—the average purchase price is 53p. I am not convinced that, if the harmful drinkers to whom Dr Rice has referred are buying alcohol at 43p per unit, a 45p minimum unit price—which was proposed in the previous bill—would have a significant effect on the whole group, although it would have an effect on some. If we want to tackle hazardous drinkers, who are the group who are going to get into trouble eventually and who may be in some trouble already, we must implement a measure that will apply across all income groups, but a minimum unit price would not affect anyone in the higher income groups. The top 70 per cent would not be affected by it, although they would be able to switch if they wished to do so. They might change their behaviour, but there is nothing to say that they would.

I ask for your comments on one final point. We do not know—and we received no evidence on this in the previous session—how the market would respond to the introduction of a minimum unit price. We do not know that the supermarkets, in particular, would not take the windfall profits that were generated—which are currently calculated to be between £100 million and £140 million—and reduce the price of drinks above the new minimum price. If the average unit price is 43p and we bring the minimum unit price up to that, who is to say that the retailers will not use the profit to bring the price of the rest of the basket down, meaning that the average purchase price will not change?

I have two questions. First, how would the introduction of a minimum unit price affect hazardous drinkers in, let us say, the top 50 per cent income group? That touches on Professor Ludbrook’s paper and is in her area. Secondly, what is your view of what would happen to the market?

10:45

Professor Ludbrook: I start by addressing the issue of people who are harmful drinkers and on high incomes. Our analysis of their purchasing behaviour shows that harmful drinkers in the highest income quintile are predicted to be buying 80 units a week of cheap alcohol. Raising the price of that alcohol will reduce their consumption. It might not—

Dr Simpson: I am more interested in the hazardous drinkers. I accept that harmful drinkers
are a medical problem and I would love to find a measure that would tackle them without affecting moderate drinkers. The big group now is the 22 per cent of the population who are hazardous drinkers. I know that it has come down from 28 per cent—we may look at that later. Only 6 per cent of the population are harmful drinkers and, although they are a specific medical group that causes a lot of problems, particularly to the health service, the hazardous group is larger.

Professor Ludbrook: Yes, okay—

Dr Simpson: Sorry to interrupt.

Professor Ludbrook: It is okay. It allows me to make the point about the total overall harm caused. Even if the larger group experiences a low level of harm, the aggregate harm is greater. Even among moderate drinkers, some reduction in their alcohol consumption will reduce their risk of being affected by alcohol-related problems. We talk about acceptable levels of drinking—people have moved away from calling them safe because there is a risk attached to any level of drinking. If you have a low level of risk among a large number of people, a larger number of cases arise from that group. It is a group that we need to keep in mind.

The hazardous drinkers would be predicted to be purchasing 30 to 40 units a week. They are still purchasing quite high levels—certainly more than the moderate drinkers—and will be affected by this minimum pricing intervention. The intervention will have some effect across all income groups, but it will obviously have the most effect on those groups that are purchasing the most, where presumably we want to have the most impact.

There are difficulties with other pricing interventions. First, we have seen that taxation is not necessarily passed on into prices and it affects all products, whatever price they are at the moment. Evidence from Sweden has shown that a greater impact can be made on consumption by targeting the same price increase on low-price products. The Sheffield model shows that minimum pricing would be more effective than an across-the-board price increase.

I come back to the issue of the responsiveness of the heaviest drinkers. It is a slightly technical point, but it is important to get to grips with it. Although a figure from the literature has been mentioned showing much lower responsiveness among the heaviest drinkers, it is based on a small number of studies, mainly of heavy episodic drinking among American students, who are an easy group to study. The Sheffield study disaggregated the population in the UK that was being studied and looked at the reactions to minimum pricing of groups with different drinking levels. It showed much higher reactions among the heavier drinkers. That is because there is a tendency for heavier drinkers to trade down to lower-cost products when there is a general across-the-board price increase. When you control for that, as the Sheffield study did, you can demonstrate those higher levels. That evidence is widely accepted to have been an innovative and important contribution to the debate.

Dr Rice: I would like to add to that. Well-off drinkers certainly trade down—I see it all the time in my clinic. We do not deal only with harmful drinkers; we get hazardous drinkers, whom we pick up from general practitioner screening and so on. The assumption behind Dr Simpson’s question is that better-off people do not notice prices, which I do not think is correct. Anyone who examines their own purchasing patterns, regardless of the product, will find that they notice and respond to prices. That does not vary much across income groups.

Better-off people will certainly trade down. They will start off drinking a branded vodka and will end up drinking own-label stuff. Such trading down happens—better-off people are price sensitive in that direction and there is every indication that they would be price sensitive in the other direction.

The second question was about the response of the industry to a minimum price. The level of speculation about that is interesting. I think that Dr Simpson will recall—as we were both at the same meeting, way back at the start of the process—that we were told that one of the problems was that the introduction of a minimum price would force other brands to up their prices to maintain the differential. I think that “commoditisation” was the term that was used to describe that; it was the first time that I had heard it being used. For example, the price of a branded whisky would be upped so that it remained £2 dearer than the own-label whisky. We have heard the argument that the price of other drinks will go up, as well as the argument that the price of other drinks will come down.

The behaviour of the trade is a big variable. We have seen prices go up over the past few years. My patient’s £3 bottle of cider used to cost £2.50, and the bottle of own-label vodka that used to cost him £8 now costs him £9. Prices in supermarkets have gone up in the past few years. We do not know why—they do not give us that information, as it is commercially confidential.

I understand that New Zealand is in the process of passing a law that would mandate the industry to supply data to the Government to help it to make such decisions. That would be enormously helpful but, at the moment, we are just guessing when it comes to what the industry’s response might be.
To return to my original point, if we are looking at a measure that would get rid of the very cheap white ciders and the very cheap vodkas, frankly, some price changes in the mid-range would be a price worth paying to achieve that.

**Dr Gill:** I want to come back to Dr Simpson’s first point about the mean price per unit of the alcohol that was purchased by the drinkers whom we studied being 43p. That is a good example of where the mean is a poor measure, as the distribution is heavily skewed. In the top quintile—the most affluent group in our sample—the mean price per unit was 44p, so the cost of the alcohol that the most well-off bought was under the 45p limit.

The heaviest drinkers in the dependent group—those who were consuming more than 200 units a week—made the majority of their purchases from off-sales. The average price per unit of the 98 per cent of their purchases that they made from off-sales was 30p. In other words, there is more detail behind the figure of 43p.

**Dr Simpson:** I think that the cost of a unit in the average basket of the middle income group was 53p.

**Dr Gill:** Yes. We thought that that was partly because those in that group made more on-sales purchases than off-sales purchases, which skewed their figure slightly, although we did not have enough numbers to test that.

**The Convener:** Mr Williamson would like to respond, too.

**Benjamin Williamson:** Thank you.

We would certainly not argue with the idea that there is a relationship between price and consumption—that is simple supply-and-demand economics—but we would argue that many of the studies that have been mentioned talk only about average levels of consumption. For example, the Stockwell report—I know that Tim Stockwell will give evidence to the committee later today—considers an overall, average level. There is no specific targeting of harmful drinkers, which is where we feel that many of the problems lie. So far, we have been talking about a general relationship between price and consumption.

To deal with the question about who the winners will be from minimum pricing, although it is true that the retailers stand to win, it seems that no consideration has been given to the wider distributional impact of minimum pricing. For example, our research breaks down expenditure on alcohol by income deciles and shows that those people in the bottom three income deciles in Scotland spend an average of 40p per unit or less. A minimum price of 40p or 50p per unit would have a significant impact on them—it would have a significant negative impact on their disposable income. For example, the price that the bottom 10 per cent pay per unit of alcohol would almost double. The retailers stand to make windfall profits at the expense of poor consumers in Scotland.

**Dr Gillan:** I will not refer to the CEGR’s SABMiller-funded research, because there is already a critique of that.

With regard to the poor being most adversely affected, some useful analysis by the Government’s analysts shows that 23 per cent of those in the lowest income group in Scotland do not drink at all and 57 per cent drink, on average, five units a week. When the two figures are added together, it shows that 80 per cent of people on the lowest incomes in Scotland either will not be affected at all by minimum pricing or will be very minimally affected. However, the remaining 20 per cent of the lowest income group who do drink carry the biggest burden of health harm. For example, hospital admissions for an alcohol-related condition are 7.5 times higher in the lowest income groups and death rates are six times higher, so the people on the lowest incomes who drink stand to be the biggest health beneficiaries of pricing mechanisms.

The chief medical officer, Harry Burns, has stated clearly that alcohol drives health inequalities in Scotland. If the Scottish Government and Scottish Parliament put through a measure that reduces overall consumption of alcohol in the population, which will reduce harm, the people who stand to gain most are those on the lowest incomes.

**Dr Simpson:** Can witnesses comment on the Institute of Fiscal Studies report, which clearly indicates that lower income groups will suffer as a result of minimum pricing? Its report is not sponsored by the industry, which Dr Gillan suggests in some way contaminates the CEGR evidence, although I question that, because everybody has a vested interest.

**Professor Ludbrook:** As we have done in our work, the IFS has looked separately at the whole population and the population of people who purchase and consume off-sales alcohol. The results that you get when you look at the whole population are different from those that you get when you look at people who buy cheap off-sales alcohol. The issue is whether you want to focus attention on the whole of the low-income population or just on those who purchase such alcohol. If you focus only on those who are involved in purchasing, clearly the prices that they pay will go up and that will impact on their budgets, but the distributional question that has not been addressed, and cannot be addressed without access to supermarket data, is the extent of the cross-subsidy of cheap alcohol in
supermarkets. The 80 per cent of low-income households who do not buy cheap alcohol might be paying more for their basket of goods because they are cross-subsidising alcohol prices, so they could stand to benefit from minimum pricing. I cannot demonstrate that, because I do not have the supermarket data to do it. That point is worth bearing in mind when we think about the distributional issue.

The Convener: That takes us on to the question of what the supermarkets would do with that gain. Would it perhaps be used to market other brands more effectively or to build websites that get around the legislation? The introduction of minimum pricing would not necessarily mean that the basket of food would become cheaper. The marketing of other brands might become more effective. I think that Richard Simpson asked about that, but I do not know whether there was a response—perhaps there was a lack of response.

11:00

Professor Ludbrook: I hope that the industry will respond responsibly, given that it has identified itself in its public statements as being in line with the public health objectives that are being pursued. However, none of us can predict what will happen in practice.

Benjamin Williamson: I am speaking on behalf of myself and the company that I work for—the Centre for Economics and Business Research. I am not here to represent an industry view, so I cannot answer the question of what retailers might do with the extra cash that they stand to make from minimum unit pricing.

I can tell you, with regard to the conclusions of our report, that we have been honest that SABMiller commissioned it. We put that on page 2 of our report, and there is no real question about it. The findings stand on their own. They are available on our website and they stand up to any review that anyone wants to conduct. We have been honest and up front about the report.

Dr Rice: I will pick up on the convener's point about how the industry might respond. The minimum unit pricing proposal came from a group of health advocates. It was dreamed up in a room in the Royal College of Physicians in Edinburgh, and it was designed as a health measure. Other debates about the generation of funds through taxation have come in, but as someone who has been involved since the beginning, I ask that the proposal be judged primarily as a health improvement measure.

The convener raised an important question. If minimum unit pricing gets rid of the very cheap alcohol, the results of which I see in my clinic all the time, might the industry do other things in advertising and so on that would replace that consumption, or perhaps more than replace it? To be frank, I think that that is unlikely, even with the best advertising campaign in the world. Advertisers often tell us that they do not know whether their campaigns will work because it is an inexact science. It is difficult to think of a promotional activity that would increase alcohol consumption to counterbalance the reduction in income from the loss of sales to the low-cost group.

The question is important, but I ask that the issue be judged in the way that I mentioned. Can we imagine retailers or producers doing anything that would be worse than what we have at present? I find that difficult to imagine.

The Convener: They did not respond as you would have wished to other measures that have been introduced. The sale of three bottles of wine for a tenner was banned, but £3.50 bottles appeared. That is not exactly in the spirit of—

Dr Simpson: And there is increased advertising of internet services for home delivery, with discounting.

The Convener: I have a list of people who want to come in, Richard.

Gil Paterson (Clydebank and Milngavie) (SNP): Is anybody else getting in, or is it just Richard?

The Convener: Richard was asking two or three questions, Gil.

Gil Paterson: Fiona McLeod wants to come in.

The Convener: You will need to allow me to convene the meeting, Gil. I asked a couple of supplementaries to try to encourage discussion of some of the issues that have been identified in a paper. If Richard Simpson has finished his questions, I have Jackson Carlaw on my list, to be followed by Fiona McLeod and Gil Paterson.

Gil Paterson: Can I come in on the point about internet sales?

The Convener: Yes, but strictly with one supplementary question, because other people are waiting. You are on my list, Gil.

Gil Paterson: There is intercourse between the industry and supermarkets in particular. If we take cheap alcohol away from the place in which the industry makes its money, namely floor space in supermarkets, we might shift alcohol sales to the internet. Do you agree that the effect of that will be a price increase because of the logistics that are involved in internet sales compared to those involved in using shop floor space? If a company that normally uses shop floor space turns to internet sales, that will drive up the cost of alcohol.
Do any of the witnesses, particularly those with an economic background, agree with that?

**Benjamin Williamson:** One conclusion of our research is that, although there has been a lot of talk about the harm reduction aspects, the unintended consequences, such as the effect on internet sales, have not been explored in great detail. Setting a minimum price for alcohol only in Scotland will have a number of unintended consequences, including an effect on internet sales and on cross-border trade. Internet sales might increase as a result of the measure, but the sales are likely to come from England, where alcohol will be cheaper, although internet retailers offer significant discounts anyway. There are negative impacts that have not been explored fully. Another one is the impact of illicit sales.

Fair consideration has been given to issues of harm, but the unintended consequences need to be explored if such a significant policy measure is to proceed on a sound economic basis.

**Gil Paterson:** You do not believe that the costs would go up as a result of internet sales, given that the cheapest for which someone can stick a single bottle through the post or send it by carrier is seven quid. If we quadruple the number of bottles, the cost of posting does not go up by a factor of four—it drops to about a fiver a bottle. Will internet sales not in themselves put up the cost of a bottle?

**Benjamin Williamson:** We have not done specific research on that, but I argue that other factors drive down price in internet sales, such as those relating to cutting staff and rental costs and bulk buying. There might be other costs. The issue certainly requires more consideration.

**Jackson Carlaw (West Scotland) (Con):** I have a couple of points in response to things that have been said and I will then pose a point for general comment. First, however, I point out that I cannot think of any product that has become more expensive through internet selling than it was on the retail shop floor; alcohol would be unique if it behaved in that way.

I was intrigued by Dr Rice’s comments about higher income groups being equally sensitive to price. I always bring my mother into the equation. She probably will not thank me for saying this but, although she is a higher rate tax-paying pensioner, she and her friends all buy Asda’s own-brand sherry, which they assure me is a fraction of the price of Croft Original but of an equally high standard. People on higher incomes do not necessarily trade down to own brands that are inferior because, in many cases, own brands are perfectly high-quality alternatives that just happen to be cheaper. Surely, someone who buys a £10 bottle of wine rather than a £2.50 bottle is likely to be in a higher-earning group.

**Dr Rice:** That is correct but, as Anne Ludbrook’s research shows—and perhaps your mother is an example of this—it may surprise people to find out how many people put own-brand products into their supermarket basket. Obviously, that would not surprise Mr Carlaw, because he knows about it. It might often be true that people on higher incomes pay high costs for alcohol, but the reverse is not the case—it is not only people on low incomes who buy low-cost alcohol.

**Jackson Carlaw:** Is it your presumption that own-brand products are inferior?

**Dr Rice:** No. My presumption is that your mother—if you do not mind me talking about her—notices the cost of her sherry and that if it went up, even though she is a higher rate taxpayer, she would not be immune to being affected by that.

**Jackson Carlaw:** She is just not daft. Like everybody else, if she can get the same product at a better price, she will.

**Dr Rice:** Yes. I should make it clear that the harm in alcoholic products comes from the alcohol. A £20 bottle of vodka is just as harmful as a £9 bottle. The problem with cheaper alcohol is that people tend to drink more of it.

**Jackson Carlaw:** I was trying to illustrate the point that, although own-brand products are cheaper, they are not necessarily inferior and that therefore people being price aware of an own-brand product does not necessarily mean that they have traded down, in the sense of quality, to drink a cheaper product.

**Dr Rice:** I agree.

**Jackson Carlaw:** Dr Gillan, although I suppose that I could ask who funds Alcohol Focus Scotland I will not; Dr Simpson made the point about interests.

Something in your opening remarks intrigued me. You said that the Scottish Parliament does not have power over excise duty but can introduce minimum pricing. We know that consumption increased dramatically as alcohol became more affordable, from about 1990 onwards. In fact, had duty been maintained at the 1990 level, a bottle of whisky would now cost £50-odd pounds. Are you saying that if a Westminster Government with control of excise duty had restored the link between price and affordability, minimum pricing would not be being advocated but that, in the absence of action on duty, it is being advocated because it is something that the Scottish Parliament can do and not because of the case in its own right?
Dr Gillan: It is fair to say that the original report from the expert group in 2007 recommended increases in taxation and duty and minimum pricing as complementary measures. It is certainly the case that had taxation and duty increases kept pace, we would perhaps not have been in as bad a situation as we are in now.

We have never said that the choice is either/or; we have said that increases in taxation are complementary to minimum unit pricing. Many jurisdictions around the world that have tax raising powers are also exploring the possibility of minimum unit pricing. The difficulty is that hiking up taxation would not necessarily increase the price of the very cheapest products to the level at which consumption would reduce. A tax increase of several hundred per cent would be required for that. That is why so many jurisdictions across the world are now looking at minimum unit pricing.

Taxation policies were regarded as the most effective way of increasing price, but minimum pricing has come to the fore in recent years because people have seen that tax increases have not always been passed on to the consumer. For example, in previous years some big supermarkets have advertised tax-busting prices: “Come and buy your booze from us because we won’t pass on the duty increase. We’re absorbing that.”

It is certainly not the case that the choice is either/or; we have always said that minimum unit pricing and taxation are complementary. If taxation was to be used on its own, it would have to come up by a significant percentage to bring some of the very cheap products up to the required price level.

Dr Rice: We are very far from having a logical taxation system. For example, a 9 per cent wine pays the same duty as a 14.5 per cent wine and a 7.5 per cent cider pays one quarter of the excise duty of a 7.5 per cent beer. There would need to be very considerable changes to the tax structure. However, I understand that price banding for wine and cider are a European Union matter and would need agreement at that level. It would be very appealing to have an entirely logical, health-promoting alcohol excise duty system, but we are very far from that. I suppose that it is hard for someone like me to imagine that all those steps would happen in a reasonably quick time and get us to where we want to be, because our current duty system is anomalous in lots of ways.

Jackson Carlaw: We have talked about culture. Could minimum pricing have a negative effect on culture?

The Institute for Fiscal Studies has noted that people in higher income groups currently pay a higher average price per unit for their alcohol than people in lower income groups. The issue with regard to moderate drinkers and others is that those in higher income groups will continue to be able to afford alcohol but people in lower income groups will be more greatly affected. Is there a danger that the cultural message that comes out of the approach is that alcohol abuse is a problem that affects poor people, not people in higher income groups and that what we have to do is introduce a pricing structure that stops people in lower income groups drinking? All the evidence that I have seen suggests that that is not the case and that the harm from alcohol consumption is not restricted to people from one income group.

There are people in higher income groups who do not realise that the amount of alcohol that they drink each day, although it does not get them intoxicated, is having a cumulative damaging effect. As a result of the cultural message that might be sent by the proposals, they might think, “I can continue to afford to buy my alcohol, and this policy will stop all the louts who are running around the streets causing damage to society. Stopping all these poor people drinking is going to be a jolly good thing.”

Is there a danger that the cultural message will have that effect instead of causing people in all income groups who have a problem with alcohol dependency to face up to that problem or adjust and moderate their drinking?

Dr Gillan: You are absolutely right to say that the problem of excessive drinking is not confined to one social class. Certainly, the Scottish health survey shows that 50 per cent of men and 39 per cent of women report drinking more than the recommended limits in the previous week—bear it in mind that that is self-reported data, which we know significantly underestimates true consumption.

Minimum pricing sends a message quite the reverse of what you suggest because it is a whole population measure, which means that it clearly says that alcohol abuse is an issue that affects not only a small group or a minority of the Scottish population, but the entire population.

People talk about culture a lot, but it is important to remember that price is part of culture. You made the point, quite rightly, that if you went back to the 1970s or 1980s and tried to buy a bottle of vodka, you would find that it would cost the equivalent of £45.
There is an assumption that Scotland has always had a high level of alcohol consumption. However, a royal commission on licensing in 1931 concluded that drunkenness had gone out of fashion in Scotland and that young men were growing up with no idea of what beer tasted like. We did not always drink at current levels and Government intervention has been needed over the past hundred years in order to bring consumption down. During the two world wars and in the early part of the century, measures were put in place that brought consumption down to levels such as those that I described in relation to the 1931 royal commission.

Far from sending the message that this is a problem for poor people, minimum pricing does quite the reverse.

**Jackson Carlaw:** But does it? I am not sure about your suggestion that it is a whole population measure. One of the ways in which it is being sold is on the ground that it will reduce the costs to the national health service and policing. People might take the view that, although it is a whole society measure that means that they will have to pay slightly more, it is being introduced in order that the overall cost to society of the police and the NHS will fall, and that that it is nothing to do with their personal alcohol consumption.

**Dr Gillan:** I do not know that I accept that. Part of what we are doing is trying to engage in a debate with the Scottish people about the fact that there are now more negative than positive consequences to our alcohol use and that, as a mature and forward-thinking nation, we have to own up to that and change our behaviour.

You are absolutely right that the middle-class income groups who open a bottle of wine most nights but are not necessarily in touch with the criminal justice services are drinking at significant levels that will put their health at risk.

The discussion about minimum pricing in Scotland has opened people up to the point that you make. The issue no longer affects a minority of the population but, in fact, is now a majority issue in Scotland and we must all take action on it. The discussion on minimum pricing is moving the debate forward.

**Professor Ludbrook:** Nobody suggests that minimum pricing is the only measure that should be pursued. It is important to keep getting the public health message out. There has been good positive coverage recently about the advice on alcohol-free days that has been promoted in Scotland.

I will turn the message round. The public will think that the messages that we promote about the health harms of alcohol are not serious if the Government allows it to be sold at 15p a unit. There is a cultural mismatch between saying that alcohol has a health harm—and it is a health harm to everyone if they do not consider their drinking—and that it is okay to sell alcohol at very low prices.

**Dr Rice:** One of the reasons why we are talking so much about income groups is that we are being asked a lot of questions about them because of the suggestion that tackling low-cost alcohol would result in a net disadvantage to low-income groups.

I come at the matter from a whole population approach, which takes account of the quiet, chronic health harms that have been mentioned, the big rises in liver disease and the silent drinking at home behind the net curtains—I think that Christine Grahame used that phrase when I gave evidence a couple of years ago.

As we have said a couple of times, minimum pricing will have an impact on people’s drinking across all income groups. However, although the bill concerns minimum pricing, many other things are happening too. More than 200,000 brief interventions for alcohol were delivered in Scotland over the past three years. Our treatment service capacity has grown two and a half times over the past couple of years because of the amount of work that has come in. There have also been health promotion campaigns and many other measures.

I hope that I have made it clear that price is a vital part of that work—if we do not have measures on that, we are swimming against the tide for all the other things—but it is not the only measure. I hope that many people throughout Scotland in all income groups have noticed the increased concerns about alcohol and had consultations with general practitioners and others about it. My organisation has supported a number of measures to make progress on that.

It is not just about minimum pricing, but that is an important part of the overall jigsaw.

**Benjamin Williamson:** I am an economist. Cultural issues tend not to be our forte and are not given a great deal of economic weight in our models. I also recognise that I am an Englishman north of the border but, as I am in the minority here in my opposition to minimum pricing, I will re-emphasise the point that people who are in the top 10 per cent in our model pay an average of £1.52 per unit of alcohol.

I also emphasise again the point that the poorest people stand to experience the most impact from minimum pricing whereas it seems that, in return, the retailers stand to profit the most.

**Professor Ludbrook:** I am sorry to come back in on this point, but I will make a comment so that members are not confused. I think that the work that has been referred to as the CEBR model included on-sales as well as off-sales. Otherwise,
it would not achieve quite such a high average. Of course, the measure about which we are talking today only really affects off-sales.

**Benjamin Williamson:** That is correct. It is the totality of data from the family spending survey, which covers on-sales and off-sales.

**The Convener:** Does the debate that Jackson Carlaw initiated not lead us to the issue of setting a unit price? If a significant number of people are reassured that the measure will not affect them if they buy a premium brand, that takes us back to the question of what the unit price should be. People have to feel the pain and become sensitive to it. If the measure does not impact on those who are currently paying more than 45p a unit, should it do so? Is that the right level? If the measure is to be successful, should the price be higher than 45p per unit?

**Dr Gillan:** The Parliament considered the price at 45p the last time round; it was based on the Sheffield modelling figures and various other factors. Most health organisations believe that it is important to establish the principle of minimum pricing and then allow for mechanisms to review the price annually.

The price must be set at a level at which the health benefits kick in, and you can only determine that level once you have examined the most recent updates on the Sheffield modelling, the consumption trends and what the market is doing. It is a fairly complicated process, but that is the principle. When the Parliament considered the issue previously, the level at which the health benefits began to kick in was 40p, and the proposal was to make the price 45p. There may be a case for increasing the price further this time round. I do not know whether Peter Rice wants to add to that.

**Dr Rice:** It is an on-going process; you do not do it once and then go away. That is one reason why I frequently make the point that we need a monitoring system and good quality data, and why the requirement for the industry to share its data is so important.

I am familiar with the argument that a higher price is more equitable, as the convener suggests, and I have some sympathy with it. If I was being a hard-nosed health practitioner I would say that the minimum price should be as high as it can be without leading to the considerable negative health consequences that might kick in from home distilling, for instance, or things like that. That is why you probably should not leave someone like me in charge of setting the price, because there are more considerations than that.

With regard to the health benefits, it is pretty clear that the higher the price, the better, but setting the price will be a political decision.

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**Professor Ludbrook:** I want to emphasise that, whatever the average price that is paid in income groups, all income groups are in fact buying alcohol at below 45p per unit. Our research has examined the distribution of individual purchasing by household. The type of alcohol that is bought may vary, but premium brands are often sold on discount in supermarkets, and I am sure that high-income households take advantage of those special offers. All income groups will be affected by a minimum price at whatever level it happens to be set.

**Fiona McLeod (Strathkelvin and Bearsden) (SNP):** I thank the witnesses, with my health librarian’s hat on. The evidence that most of you have provided has been astonishing and robust, and the background research that you have carried out is quite something.

We have covered the evidence in quite a few areas, but I want to go back to first principles and why we are doing this. Dr Gillan mentioned that 35 per cent of women and 50 per cent of men drink more than the weekly recommended number of units. I know from having met Dr Rice before that the statistics on ill-health caused by alcohol misuse in Scotland are absolutely appalling.

There has been some talk about vested interests, but in my view the real vested interest is that we are here to consider a public health crisis and seek a solution.

I want to go back to the basics and ask Dr Rice and other witnesses to outline just how bad the problem of alcohol misuse is with regard to public health in Scotland.

11:30

**Dr Rice:** Some of the biggest causes for concern are the trends; for example, rates of death from liver disease are three times what they were 15 years ago. Those big upward trends have attracted attention away from those who, as Evelyn Gillan mentioned, say that things have always been like this. The fact is that things have never been like this.

At a time when other things are getting better—for example, Scotland’s heart disease record and cancer survival rates are improving, stroke disease rates are coming down and diabetes death rates are falling—alcohol-related deaths have been climbing from the early 1990s to about three or four years ago. Alcohol’s contribution to Scotland’s ill health—and, particularly, to health inequalities—has increased more and more as time has gone by. Alcohol as an issue has certainly become more important. Having worked in this field for about 20 years now, I can tell the committee that, 15 years ago, no one was very interested in alcohol. It was felt that there were
other bigger problems. However, that view has changed, partly because we now have better data.

Interestingly, the number of deaths and hospital admissions as a result of alcohol has fallen over the past two or three years. In time, we will learn more about some of those improvements but my belief is that increases in the price of low-cost alcohol in Scotland have been very important in that respect. After all, we know that these improvements have happened fairly quickly.

One could therefore make a case that we turned the corner two or three years ago, but I am worried that we could turn another corner and go in a different direction. Indeed, that has happened before in Scotland. The graph over 100 years shows big swings; even in the 1980s, alcohol deaths fell for two to three years before the numbers bounced back up again. I worry that if the current £9 price for a bottle of vodka goes back to the £8 that it was 18 months ago, we could be back to where we were because we simply do not know why the changes have happened.

The advantage of price controls is that they stop such things happening. Instead of power lying in the hands of the retailers, whether in relation to setting prices or the other considerations that they take into account, one of the very most important determinants of our health will be under the watch of the Parliament, which will be able to do something to stop these trends. Other voices need to be heard in the debate on the setting of the price of alcohol. We have not had such an approach up to now and, if it were taken, it would be of enormous benefit to public health.

Dr Gillan: One of the most accurate indicators of the level of alcohol harm in society is the rate of liver cirrhosis. It is always worth reminding ourselves that Scotland has gone from having one of the lowest liver cirrhosis rates in western Europe in the 1950s to having one of the highest. Over the past 30 years, there has been a 450 per cent increase in liver cirrhosis rates. Notwithstanding the slight drops that Peter Rice referred to—from 2006 onwards there were slight falls in admissions and death rates—in 2010 the death rates increased again. As he pointed out, the graph over 100 years shows that we have had these blips before. At times, consumption and harm have fallen, only to rise again.

Alastair MacGilchrist, who is a liver specialist in Edinburgh, recently wrote an article for our newsletter in which he described his shock at the current situation. I suppose that one of the reasons why the medical royal colleges have been leading this debate is that, as any liver consultant in the UK, particularly those who have been working for more than 30 years, will tell you, they are seeing things in their clinics that they have never seen before.

For example, they are seeing women in their 30s, and Nick Sheron, who is one of the top liver consultants in the UK, told me that the youngest cirrhosis disease case that he had dealt with involved a person of 19 and that the youngest fatality that he had dealt with was 26. The most recent research to come out of the north-east of England shows a huge increase in the number of young people under 35 with liver cirrhosis. Consultants are saying that they have never seen that before and that there is an epidemic. Action can be taken to halt epidemics. We can look back at the country's history and say, "We didn't have this situation in the 1950s and 1960s, and we can reverse it."

The most important thing for politicians in all parties is to feel confident that it is possible to take action, as Governments have done historically. The Government did that with smoking. Deaths were reduced within the first year of the smoke-free legislation being passed. It is therefore possible to take action. The situation is a dreadful worry at the moment, but that should not make us impotent. We should feel that it is possible to take action and hopeful that we can begin to reverse the situation.

Fiona McLeod: I want to pick up on something that Dr Rice said on price changes, some of the spikes that we are seeing and the fact that cheap alcohol went up in price last year, although it could come down next year. We could therefore see a reverse in what is perhaps not yet a trend—an indicator of something good, I hope. That says to me that price changes cannot be left to the vagaries of the market. It is not an economic solution that we are looking for, but a public health solution.

I refer to something that the convener said. In October, we said that there could no longer be cheap multibuys and three bottles for £10. The supermarkets got round that by saying, "Okay. It's £3.33 a bottle." If we had minimum unit pricing, the supermarkets would no longer be able to do that and get round the measures. Again and again, the evidence backs up the fact that we are looking at a public health crisis, which we must address with public health measures. We must not be swayed by the economic arguments.

Dr Gill: I want to make one point about what you have said. Minimum pricing has to come in with a clearer description of the guidelines for drinking. I do not think that it will be nearly as effective without that parallel approach. For me, one of the most persuasive arguments for changing the guidelines is in a publication that Ian Grant from ISD Scotland produced on the cancer risks of small amounts of alcohol intake, particularly for women. I do not think that that message has got through in Scotland. The
message on the link between what we would call just over a unit—a day and breast cancer has not got through, and that is a message for everyone to take on board, regardless of their Scottish index of multiple deprivation profile.

Benjamin Williamson: I did not answer the last couple of questions because I am not a medical expert. I have absolute sympathy with respect to the health crisis in Scotland, but my job as an economist is to present the economic arguments. It is important to consider all the costs and benefits and not just specific individual health concerns.

There has been a lot of talk about the University of Sheffield report, which I think I mentioned first. Taken completely at face value without any interests at all, the report that was commissioned from that university by the Scottish Government shows that the private and societal benefits of the policy measure are outweighed by the direct financial costs to all consumers in Scotland and the loss in duty and tax revenue. Taken at face value, there is a net negative benefit from the measure, and my job today is to try to broaden the conversation slightly to get people to consider all the measure’s costs and benefits.

Dr Rice: In looking at this subject I have had to learn some rudimentary economics. One of the things that surprised me about the CEBR’s analysis was the issue of what it would call utility to the individual, where the assumption is that if someone drinks a £9 bottle of vodka, it is £9-worth of benefit to them, and that if they reduce that consumption to half a bottle of vodka, it counts as a net loss of £4.50 of benefit to that individual. Is that correct?

Benjamin Williamson: I am not sure of the figures, but yes.

Dr Rice: So according to your model, any reduction in alcohol consumption counts as a net loss to that individual because they are losing the pleasure from that half bottle of vodka—a formula that is bound to put a spoke in the wheels of anything aimed at reducing alcohol consumption. The assumption is that the more you drink, the better things are for you, and the less you drink the worse things are for you, which is certainly not how things are in my world.

The Convener: I am happy to let Mr Williamson in again as I am quite enjoying the debate.

Benjamin Williamson: I can see that Dr Rice would think that that is perverse, but CEBR is the economic expert on impact evaluation, and to take the utility from consumption approach is perfectly reasonable—in fact, it is done in many Government impact assessments, such as smoking and building motorways. I was specifically addressing the University of Sheffield’s analysis, which does not include the utility from consumption. If we take only the Sheffield study’s costs and benefits, minimum pricing still presents a net cost to society.

Professor Ludbrook: I hope that I am not going to make this even more arcane. There are problems with taking utility into account because we assume rational decision making by consumers. I am pretty sure that most of us will have reached that point in an evening when although the decision to take the next drink was the wrong one—it induces negative utility—we do it anyway. That is a real problem when you are dealing with a mind-altering substance.

On the costs and benefits that we should be counting, the problem with tax is that it is just a transfer payment—it is not a real resource cost. The Sheffield report concentrated on the real resource costs. We have looked at the cost of alcohol estimates for Scotland and translated them into a cost per unit of alcohol. The cost to Scottish society, including, for example, lost production, the NHS and crime is 70p for every unit of alcohol that is consumed in Scotland. That might be a useful figure to have in mind in this discussion.

Linking that to the earlier discussion about inequalities, I recently supervised a student thesis, which I believe has been submitted in evidence from NHS Grampian, which shows that the bottom 20 per cent of the population experience 40 per cent of the cost of alcohol harms. There is therefore an inequalities element to alcohol harm.

Dr Simpson: Can I come back on that?

The Convener: I have a specific point from Jim Eadie.

Jim Eadie (Edinburgh Southern) (SNP): My point is not about lost utility or the satisfaction from drinking—those points have been adequately addressed by Dr Rice and Professor Ludbrook.

Even though the CEBR’s conclusion is that you do not believe that the case for minimum unit pricing in Scotland has been proven, on page 23 of your report you highlight the value of benefits of improved health and job prospects for individuals, which you put at £48 million a year. That is an interesting observation. How did you arrive at that figure? How is it broken down between the two issues that you highlight, health and job prospects?

11:45

Benjamin Williamson: Our research stuck as closely as possible to the original University of Sheffield research. We used the same categorisations as that research and applied different elasticities.
We took into account a wide range of academic opinion about the sensitivity of consumers to different prices for alcohol. It seemed to us from the outset that the idea that harmful drinkers are more responsive to changes in price than moderate drinkers was counterintuitive. The former have an addiction to alcohol, so we would expect them to be the least sensitive to price changes and more price inelastic. We applied different price elasticities to the original University of Sheffield modelling, which is how we come up with our different results. We did not break down the data into any more detail, but just took the specific categories that were reported.

Jim Eadie: It is important for the committee to understand that, despite your conclusion, you have recognised that a health benefit would arise from minimum unit pricing. Is that correct?

Benjamin Williamson: Yes.

Jim Eadie: Can you tell me how the £48 million figure is broken down between the two categories of health and job prospects?

Benjamin Williamson: I cannot do that just now.

Jim Eadie: Can you send that information to the committee?

Benjamin Williamson: Yes.

Dr Simpson: Health inequalities have been talked about quite a lot. One of the things that interest me is the fact that death rates and levels of cirrhosis are far higher in the lowest two economic groups than they are in higher socioeconomic groups. However, the question for me is whether that is because of origin or drift. In other words, did those people start off in the lower economic groups, drink excessively, get into trouble and end up dying from cirrhosis as a result of their sustained problems, or did quite a number of them start off in higher economic groups, get into trouble and lose their jobs, families and houses and end up homeless, so that when they died they were registered as being in groups 6 or 7?

One of the things that concern me about this debate is that there is an underlying feeling that if the lower economic groups suffer because of minimum unit pricing, that is a price worth paying. That is just not right and it is one of the big sticking points for me. Can any of the witnesses address the point about whether the skewed death rate is the result of origin or drift?

Dr Rice: I do not think that I will provide a full answer; I may just add more to the question. One of the important changes is that the differential between the most affluent and most deprived groups has become greater over the past 20 years. In 1980, the ratio between the most affluent and the most deprived was about 1:4, but now it is 1:7. The drift theory to which Dr Simpson referred may have something to do with that, but I checked my case load and found that that theory did not fit with it, because we did not see big numbers of people drifting down. However, bigger studies would be needed to answer that question, which remains unanswered.

As you know, some studies are examining whether differences in diet between affluent and deprived communities are the explanation, although liver specialists think that that is not the case. However, it remains an important question. We have seen the same differential in the case of cigarettes, which shows the same weighting towards deprivation in that each cigarette smoked is more harmful to people in more deprived income groups. That is a bit of a conundrum and we do not fully understand it.

You asked an important question about who minimum pricing will affect. The answer is that it will affect people who drink a lot of cheap alcohol—they are the group who will be targeted by minimum pricing and, as we have heard, they are found across all income groups. Minimum pricing will be noticed by people who drink significant amounts of the cheapest alcohol. That is an appropriate group to target, because it is the group whose behaviour we should be most keen to change. That is why minimum pricing has a particular appeal.

Dr Gillan: People support minimum pricing not because the effect on the poor is a price worth paying, but for precisely the opposite reason: it is because the people in the lowest income groups desperately need to have health inequalities addressed. We know that alcohol is a factor in health inequalities. The most vulnerable people in our society carry the biggest burden of harm, so they stand to gain the most from improvements to health. That is why minimum pricing is important—not because it is a price worth paying, but because we need to take action to address health inequalities. People who are on the lowest incomes and who are the most vulnerable will be the biggest beneficiaries.

The Convener: Getting them a job is part of the equation. I am a bit worried about the point that tackling the drink aspect will solve the equality issue.

Dr Gillan: I am not saying that it will solve it.

The Convener: You have said that twice now.

Dr Gillan: We are saying that alcohol drives inequality and that, if we tackle alcohol, it will reduce some of the risk factors in those groups. We are not saying that it will answer all the problems.
The Convener: I accept that there is a bigger question about why people drink or take drugs. The issue should be put in that context.

Bob Doris (Glasgow) (SNP): That discussion has been helpful in moving us on. Mr Williamson helpfully said that he believes that minimum pricing will have a positive health benefit. There is consensus among the witnesses that minimum pricing will work. The dispute this morning has been about whether making people pay more to reduce consumption is a good thing to do. The majority of the witnesses have decided that it is a good thing to do, although Mr Williamson has taken one strand of an economic view to try to justify the argument that it is not.

Rather than go down the narrow road that we have been down this morning, I want to talk about the benefits. It is useful to refer to the Sheffield study, given that Mr Williamson’s concession that there will be health benefits is based on the work in that study. Does the panel agree that the study shows positive health benefits? It would be particularly helpful if Mr Williamson would concede that some of the changes would be progress. The study shows that, in year 1, hospital admissions could fall by up to 1,200. Obviously, that will have not only an economic benefit, but a huge social benefit. In year 1, about £3.6 million will be saved in the cost of dealing with crime in communities. That is not just an economic benefit, but a quantifiable social benefit. Does the panel agree that, when we focus on a narrow economic view, we miss some of the wider social benefits and that it is perhaps time to drive on from our agreement that there will be a health benefit and to consider some of the wider social benefits?

Benjamin Williamson: I have to take a positive approach to the economic impact analysis and consider all the costs and benefits. It is not my job to make a value judgment—that is for committee members and the Scottish legislature. I am here to present the facts as our research shows them. Those include the direct financial implications and the loss of duty revenue, which are not as emotive or normative as the health implications. We have admitted that our modelling shows that the consequences will include health and job prospect improvements, but those are outweighed in a purely monetary sense. Taking just the black and white economic statistics, the measure will result in a negative net cost to society. However, it is up to the committee, not me, to decide whether that is a price worth paying.

Dr Rice: The submission from the Royal College of Psychiatrists makes the point that unemployment is bad for health. There has been a lot of unemployment in the pub and restaurant industry. There have been job losses and pub closures and we are now starting to see waves of closures of independent off-sales premises. All that has a considerable economic impact. There has been consolidation and a drift towards supermarket drinking and an oligopoly, as I think it is described in some of the economic papers.

To move beyond my strict health remit into public health issues, the situation in the overall alcohol market in Scotland in the past 10 years has not been good for our economy. Many good pubs have closed. A good pub is an asset to a community and should be supported. People should be able to make a living running a well-run establishment without having to cut prices. A lot of good establishments have closed in Scotland. An awful lot more people are employed in the hospitality industry than in alcohol production, and it is another area in which we in Scotland have experienced harm and have lost out over the past couple of decades.

Bob Doris: Jackson Carlaw was trying to tease out the culture behind alcohol. Having, as a Glasgow MSP, seen the culture of harmful use and abuse of alcohol, I have to say that it quite often comes down to young people filling up on cheap alcohol from off-sales and topping it up at more expensive bars and clubs in the city. When people pour out of those places, the antisocial consequences of that culture emerge. Will minimum pricing start to deal with the kind of cultural realities and problems that I have seen in Glasgow?

Dr Gillan: Without a doubt. One of the things we know from the evidence is that young people in particular purchase cheaper supermarket alcohol. We adults have not yet grasped how the drinking culture among young people has changed, even compared with the culture when we were younger. The chief constable of Strathclyde Police, Stephen House, has said that his force is being called out to more domestic incidents as a result of people drinking cheap alcohol at home.

One of the most important reasons for implementing alcohol control policies in Scotland is to stop sending mixed messages to young people. It is very easy to point at young people and say how antisocial and irresponsible their drinking behaviour is, but all they are doing is reflecting the adult society that they see around them. How can we expect young people to exercise responsibility in an environment that promotes access and excess and which saturates them in images of alcohol? Ninety-seven per cent of 13-year-olds have seen at least five different forms of alcohol marketing. Apart from anything else, the argument for protecting children and young people from exposure to the harms of alcohol is, for me, one of the strongest reasons why Scotland should adopt more interventionist policies.
In response to the 1931 royal commission's statement that young men had grown up in Scotland without knowing the taste of beer, the forebears of the British Beer and Pub Association or the Brewers Association launched an advertising campaign costing the equivalent of £1 million, the clear purpose of which was to encourage young men to taste beer and develop a beer-drinking habit. Recently, some terrible initiatives involving Diageo, Heineken, Google and Facebook have caused serious concern among public health professionals about young people's exposure to alcohol. We know that people are 24 before their brains are fully developed and we have evidence that excessive drinking in adolescence can have a lasting impact on brain development.

If we cannot agree on some things, we should at least agree that adult society has a duty to protect children and young people. One of the best ways of doing that is to reduce easy availability and affordability of alcohol. My niece tells me what she and her friends drink when they go on a night out, and it bears no relation to anything that we used to drink. That is because alcohol is so accessible and affordable. When we went out many years ago, we would usually go to pubs and buy only the amount of drink that we could afford—it was usually two or three drinks and that was your lot. Now we are talking about young people drinking litre bottles of what the Americans call hard liquor while they are getting dressed and ready to go out, as well as what they buy in clubs. We really have a duty here.

12:00

The Convener: How will the minimum price address all the problems that you just mentioned?

Dr Gillan: Young people are some of the biggest consumers and purchasers of cheap—

The Convener: Of the most expensive alcohol that can be bought on our streets.

Dr Gillan: No—that really is not the case. Young people are the most likely to buy cheap supermarket alcohol, which they consume before they go out and drink.

The Convener: Is that a licensing issue? You have experience on licensing—you made 14 recommendations about it. Bob Doris might agree that we see intoxicated people going into our bars and pubs. How many of the 14 recommendations from your work has the Government accepted and implemented?

Dr Gillan: The report was published only about two months ago. We have met the Government and licensing boards and we will have meetings with licensing boards across Scotland in the next four months. We seek implementation of the recommendations. Minimum pricing will, however, make alcohol less affordable for young people and that is critical.

The Convener: A minimum price of 45p will put an end to all this—it will stop all that nonsense on Sauchiehall Street on a Saturday night, will it?

Dr Rice: The work that Dr Alasdair Forsyth from Glasgow Caledonian University undertook in Sauchiehall Street showed that the commonest scenario for people who caused trouble there involved drinking at home then going into town and not getting into establishments. Door stewards do their job and keep such people out, but trouble occurs outside establishments and pubs get the blame for that.

That is why, when we responded to the suggestion of the social responsibility levy, we said that it needed to cover the whole alcohol system. It is not fair to say to an establishment that, just because trouble happened outside its door, that is the establishment's fault and it must pay for the policing. The litre of vodka that was certainly sold at below 45p a unit and which is consumed before people go out causes much of the trouble on Sauchiehall Street. That is nothing to do with the expensive alcohol in pubs.

The Convener: Will a 45p minimum price solve binge drinking?

Dr Rice: I believe that it will certainly move things considerably in the right direction.

Bob Doris: That discussion was helpful. My original question was about the drinking culture. In Glasgow, I see many young people drinking as much cheap alcohol as they can afford, while leaving enough money for one or two drinks at a bar or for access to a club and one or two drinks there. I asked whether minimum pricing will start to erode that culture, and the answer seems to be yes.

I echo the comments about Sauchiehall Street at the weekend. I am not singling out that street, but I know it well because I walked a shift there with the Glasgow street pastors who operate on Friday and Saturday evenings to see the great work that they do with the young people who come into town intoxicated and who do not get into bars or clubs or who buy one drink in a bar and are then removed because they are too drunk, after which chaos can ensue. The intoxicated people do not necessarily cause the trouble; they can be victims of crime and abuse in Glasgow town centre, especially if they are young females. I asked a serious question and did not just use a glib soundbite in asking whether minimum pricing will erode that culture.
I have seen at first hand the chaos on a Saturday night after people have sought to top up the cheap alcohol that they drank in their flat during the day and early evening. I return to Mr Williamson to tease out whether the modelling work that he did looked at the cost of police enforcement in Scotland’s towns and cities at weekends and the cost to accident and emergency units in hospitals across Scotland. Have you quantified that in your narrow economic analysis?

Benjamin Williamson: We have not done that specifically. As I said, the key problem for us is that the idea that harmful drinkers are more responsive to price changes than moderate drinkers are seems counterintuitive. We took a number of studies, including the study of American college students that was mentioned earlier. I would not necessarily say that great differences exist between the activity that you talk about and the activity mentioned in that study, which showed that binge-drinking types—harmful drinkers—are the least responsive to price changes.

We have not looked specifically at the costs that you mentioned, but if we apply the concept of how responsive harmful drinkers are to changes in price to original research that took into account all the factors that you mentioned, we come to the same conclusion but that minimum pricing would have less of an impact.

Dr Rice: I am afraid that this is a bit of a technical point. My reading of the CEBR’s analysis is that it has made the mistake of taking data from overall price rises across the price range and applying them to a minimum price. It is certainly true that heavier drinkers, including dependent drinkers, are less sensitive to overall price rises, and Sheffield took account of that in its model—it included a low estimate for price elasticity of 0.21, which was below some of the other estimates.

We are talking about a minimum price, which is a different mechanism; we are not talking about a bottle of £25 malt whisky increasing to £27. We are talking about a floor price that will affect only the cheapest alcohol. Sheffield said—and I think it makes perfect sense—that a minimum price will affect hazardous and harmful drinkers most, because they drink most of the cheap alcohol. It is absolutely correct for Sheffield to say that a minimum price will have the greatest effect on the heaviest drinkers, because that is the case, as they are the people who drink the cheapest alcohol. A fundamental problem with the CEBR analysis is that it has taken a whole-price price elasticity and applied it incorrectly to a minimum price. I think that much of the error in its calculations comes from that.

The Convener: I will let Mr Williamson in after we have heard from Dr Gill.

Dr Gill: It is a small point. From work that we have done on students, I think that there is a similar set-up with them. Before they buy their first drink, the first place that they go is the cashline, where they will take out a set sum for the night and buy accordingly. When that sum is finished, that will be the end of their drink purchasing. I think that students will be restricted in some way by a minimum price.

Benjamin Williamson: We agree with the University of Sheffield report on the fact that harmful and hazardous drinkers spend far less per unit on alcohol than moderate drinkers do. They will be more affected by a minimum price because of the greater difference between the minimum price and the price that they currently pay.

However, as regards the relationship between their behaviour and that change in price, they will reduce their consumption by around the same amount as moderate drinkers will. The behaviour change will be similar because they are less sensitive to changes in price than moderate drinkers are.

Professor Ludbrook: I am sorry to have to labour this point, but the evidence is that the heaviest drinkers are more responsive. If we look in detail at the Sheffield report, that is what its elasticities tell us about responsiveness to price.

The figure of 0.21 that has been quoted is one that Sheffield produced on a different basis, to allow comparison with studies in the literature and to provide external validity for the overall work that it was doing; it does not represent what Sheffield believes the responsiveness of the heaviest drinkers would be.

If we do studies on an individual basis, we will get different results from the results that we would get if we did them on a whole-population basis. That is reported in the literature and in the systematic reviews of such studies. The figures on which Sheffield has done its modelling show a heavier drinker responding more than a moderate drinker. That is the important message to take away.

Drew Smith: We have moved on to discussing Glasgow on a Saturday night. It seems to me that that is probably where the argument for minimum pricing is weakest and where it is likely to have the least effect compared with other things that can be done through, for example, licensing changes. There are now cashlines inside nightclubs. Someone can spend their money but then go to the bar, use their card and spend much more than they intended to.

I do not know whether you have seen the submission from the city of Glasgow licensing board. In relation to on-sales, it makes the point that, if there was a minimum price of 50p, an
alcopop could be sold for 68p a bottle and a measure of vodka could be sold for 47p.

There would be nothing to prevent someone from buying four measures of vodka topped up with a little bit of orange juice, and suddenly they would have a pint of vodka for the same amount as they would pay for a pint of beer. That does not suggest any marked change in people's drinking attitudes. For people whose objective was just to get as drunk as possible with the money that they had, it would make sense to buy five or six alcopops rather than a couple, because the price would be so low. How would minimum pricing address such things in on-sales?

Dr Gillan: I think that we have got slightly confused. The point that I was trying to make was about the way in which minimum pricing will specifically affect Buchanan Street or Sauchiehall Street on a Saturday night. We know from the evidence that drinking patterns have changed dramatically in recent years, with the majority of alcohol that is sold in Scotland now being bought from off-licences. That includes—

Drew Smith: If minimum pricing increases the cost of an off-sale but reduces the cost in a club—

Dr Gillan: If you let me finish, I will explain. Young people are buying cheap alcohol from supermarkets and pre-loading on that prior to going out. If we make the alcohol in supermarkets more expensive, it will be less available to them and they will buy less of it. Minimum pricing will impact on young people going out because it will be more expensive for them to pre-load on alcohol prior to going out.

On licensing, I am not sure what the convener was referring to. Licensing boards have, historically, considered whether to grant licences to individual premises. We are suggesting that, because of the change in drinking behaviour and patterns, licensing boards must now think much more about the overall effect on the availability of alcohol. Whereas licensing boards have traditionally been much more concerned with pubs and clubs, they now need to think about off-sales, supermarkets and the aggregate effect of there being lots of licensed premises, including those for off-sales, in their areas.

We know that young people pre-load—that is well evidenced. If the stuff that they pre-load on is more expensive, there will be less opportunity for them to pre-load. We know that on-sale prices are significantly higher than off-sale prices, and the Scottish Licensed Trade Association supports minimum pricing because it wants a more level playing field. In our view, young people will certainly be affected by minimum pricing.

Dr Rice: Page 6 of the Scottish Parliament information centre briefing paper shows the affordability of alcohol index, according to which alcohol in the off-trade is becoming considerably more affordable. The gap between prices in the off-trade and the on-trade in Scotland has become wider and wider over the past 20 years.

Drew Smith suggests that on-trade places might start to sell vodka at 50p a shot regularly, which would be legal under minimum pricing legislation, and that that would become their business model. However, that seems unlikely. The committee might meet people from the licensed trade later, and I suggest that members ask them about that. That just does not fit with how things have gone in the on-trade. Employment costs and property costs have gone up, and members can see from the briefing paper the price that licensed premises have had to charge.

If off-sales affordability had followed the same trajectory as on-sales affordability in Scotland over the past 20 years, we would be in a much happier situation than we are in. It is unlikely that a successful business model would involve selling on-trade alcohol as cheaply as Drew Smith suggests. We certainly have not seen that in Scotland.

Drew Smith: Let us return to the broader issue of price. We have spoken about this briefly, but can you give us an indication of what you think the minimum unit price should be? For us, the legality turns on the proportionality of the price. From a public health point of view, the efficiency and usefulness also turn on what that price is. Can you give us some indication of where you think the pricing should be? Do you regard the 45p level that was previously proposed as the minimum for a minimum price, or are we looking at an escalator?

12:15

Dr Rice: I will give you a straight answer, which I will then qualify, if that is okay. In our submission we said that the starting point should be 50p to 60p. I am a health practitioner, so I tend towards the higher level, as you would expect me to.

A 45p minimum price will be less effective now than it would have been two years ago, because the market has changed—indeed, the market changed between Sheffield 1 and Sheffield 2. It will be less effective because there is less cheap alcohol around; prices have gone up a bit. We are in a dynamic situation and some of the important indicators are improving.

The mechanism is more important than the absolute price. Professor Stockwell, from whom you will hear later today, made the important point that we cannot just set a minimum price and go away. He suggested that the minimum price should be adjusted twice a year. In Australia, for
example, excise duties are tweaked automatically along with rates of inflation. No one notices that happening and there is no big set-piece budget announcement. Such an approach has been better for public health than the approach that the UK has taken.

I suggest that we start somewhere around 50p to 60p and that we have a good, well-informed and responsive system, which changes the price twice a year. That would not be an undue burden to place on an industry that changes its prices all the time for its own reasons. That is what I would like to see.

Jackson Carlaw: I worry that policy makers sometimes get carried away by a degree of self-delusion about what a policy’s overall impact might be. There are arguments for alcohol minimum pricing, and the policy might have an impact, but will it have an impact on the culture in Glasgow and other cities on Saturday nights, which Bob Doris talked about? Dr Gillan said that minimum pricing will affect the price of alcohol so that people will not be able to afford it. However, what currently comes in a 2-litre bottle will come in a 1.5-litre bottle, at the same price as the 2-litre bottle used to be, so people will pre-load 1.5 litres of whatever it is before they go into town on a Saturday night. That will make no difference at all to the problem that we have been talking about.

There is a much broader cultural problem with alcohol than will be addressed by minimum pricing. Even if alcohol minimum pricing has an impact, we must be a little careful not to give the impression that we will all of a sudden sweep the problem away if we introduce it. We need a far deeper and more extensive approach to the cultural impact of alcohol than can be achieved by changing the price of alcohol so that people buy a 1.5-litre bottle rather than a 2-litre bottle.

Dr Gillan: The main point that we are making is that we know that price affects consumption—there is lots of evidence to support that. There is no reason to suggest that, if we put in place a robust pricing measure, young people will not be as affected as other groups are and will not in turn reduce their consumption.

No one has ever claimed that minimum pricing is the only measure that we need to take. We have consistently said that we need a comprehensive approach, but we have also said that price needs to be central to the approach. Currently other measures are being taken, but alcohol is being sold in Scotland at 14p per unit. That allows someone to buy a lot of alcohol—even someone who gets £5 in pocket money, if we think about young people further down the age groups.

No one is saying that minimum pricing will solve every problem in the world; we are saying that price will impact on consumption and that if we reduce consumption we will reduce harm. As Peter Rice said, it is for politicians and policy makers to decide whether the public health problem in Scotland is so great that it requires a robust, evidence-informed response. That is your decision.

The Convener: You have mentioned no other measures that you would like to see alongside minimum pricing. Do you regret that we are looking just at minimum pricing and not a wider package of measures?

Dr Gillan: No, because the bill is about minimum pricing. My colleague Peter Rice referred to all the other measures that are being implemented and are beginning to have an effect, such as alcohol brief interventions. We are doing a lot of work with young people. I do not think that anyone here is saying that nothing else needs to be done. However, we were called here to give our views on a specific pricing policy measure—minimum pricing—and that is what we are doing.

The Convener: Are any other measures worth mentioning?

Dr Gillan: Yes—any that you want.

Gil Paterson: Mr Williamson, I want not to put you on the spot but to ask you to utilise your experience. Drew Smith mentioned the possibility of on-sales benefiting from the introduction of minimum pricing, in that clubs would be able to sell alcohol more cheaply, on the basis of market forces principles. Why are clubs not reducing their prices now rather than waiting for minimum pricing to be introduced? It goes against economic reality.

Benjamin Williamson: That has not been part of our analysis so far. If we assume that people trading down from off-sales were going to substitute with on-sales, you are right that market forces would determine that.

Jim Eadie: I will ask about the Canadian experience. As you know we will be hearing later from Professor Stockwell on the impact of social reference pricing in British Columbia. I noted that a 10 per cent increase in the social reference price had led to a 3.4 per cent decrease in alcohol consumption. Professor Stockwell’s research concluded that

"the present findings contribute to the case for using minimum pricing as a strategy intended to reduce the burden of injury, illness and death associated with alcohol consumption."

Is that your view? Given that we are considering robust and evidence-based measures that can impact on the major public health challenge that faces our country, and notwithstanding the fact that the alcohol market is different in Canada,
does the panel feel that any lessons can be drawn from the Canadian experience?

Dr Rice: Anne Ludbrook may be able to make more of that than I can. Canada’s experience provides further evidence that price controls make a difference, particularly at the lower end of the market. Professor Stockwell will say more about that.

Reading Professor Stockwell’s work brought home to me—as travel can also bring things home to us—how unusual the British alcohol market is. One does not walk into a supermarket in Vancouver and buy vodka. One does not walk into a supermarket in Wellington—or in Austin, Texas, where I was last month—and buy spirits. The United Kingdom is unusual in that all our alcohol is sold alongside all our groceries. That is a powerful explanation for why the UK has got so out of step, but we have not said much about that today. The UK has been out of step with the rest of the world for the past 20 years and one of the reasons for that is the way in which our market works. I was asked in New Zealand, “Why is vodka sold in supermarkets in the United Kingdom?” I had never thought about it before, which shows how used to it we are.

The important lessons from Canada are not just on the numbers and the minimum price but on the state control boards. Parts of Canada and the United States have democratic control of their alcohol markets. That would be a very desirable thing for us to have in this country. That idea seems a bit far away, though—when I have suggested it in the past it has been pooh-poohed, a little. We should not lose sight of the fact that other countries do that kind of thing perfectly successfully. We have a very free and deregulated market for alcohol, and we see the effects of that.

Jim Eadie: There is overwhelming support among health professionals for the measure, but have you had a chance to look at the emerging empirical evidence?

Dr Rice: Yes, we have. We held an event in the Parliament, which some of you attended. As you noted, the empirical evidence provides strong support for the model that the bill suggests. Professor Stockwell—who will speak for himself later today—feels that the Scottish formula is better than the formula that is used in British Columbia and other parts of Canada because it covers all alcohol, irrespective of type, and relates the price on the shelf more directly to alcoholic strength.

Benjamin Williamson: On the point about the Stockwell data, it is extremely welcome that there is now a good deal of empirical economic evidence coming through. In time, more evidence will come through and there will be a bigger data set to analyse, which is great. The report is at a very early stage, and the authors state that they intend to break down levels of severity among drinking types. Even if we accept the result that a 10 per cent increase in price leads to a 3.4 per cent reduction in consumption, it requires a leap of faith to say that that is the solution to all alcohol-consumption harm problems. My two major problems with the report as it stands are that it does not break down the types of drinker and, to return to my first point, that it does not seem that any—

Benjamin Williamson: The figure seems to be entirely in line with other figures with regard to the consumption effect, but none of the other economic arguments has been included—it relates simply to a reduction in consumption. We need to examine what happens in terms of the direct financial implications for moderate consumers as well as lost duty and VAT revenues.

Professor Ludbrook: It is important to note that the result from the Canadian data is entirely consistent with the Sheffield model result, so it provides additional external validity. Of course, it examines overall consumption and is not currently broken down, but we can try to extrapolate from it a little.

It is interesting to relate those data to the evidence from Sweden, which also has a monopoly market. Sweden has analysed a complete set of data and has shown that if you target price increases at the lowest-cost products, you will get a bigger impact on consumption for the same average price increase.

The CEBR has examined the impact of raising tax on consumption, and has shown that you do not have to raise the duty by as much on cheaper products to get the same reduction in consumption. It provided that information for the Local Government Association when that body was trying—because of its concerns—to get the Westminster Government to address the issue of duty.

Richard Lyle (Central Scotland) (SNP): Good morning—or rather, good afternoon. You have covered a number of issues that I was going to bring up. Jackson Carlaw hit the nail on the head when he said that a 2-litre bottle of cider might be changed to a 1.5-litre bottle, but would that not mean that people would drink less if we introduced minimum pricing?

With regard to licensing laws, we are not here to discuss a whole range of factors. We could get into the issue of whether there are too many off-sales, or too many this or that.
If you stood behind someone in a grocery queue in the 1960s, they would not have had booze in their basket. Now you can stand behind anybody, and they have booze in their basket. I am a smoker, but we have tackled smoking by banning it in public premises and— I am the first to admit— we have improved the health of this nation tremendously by doing so. If we also tackle this issue, we will improve the health of the nation.

I used to drive for an out-of-hours NHS service in Lanarkshire. Do the professor and the three doctors accept that every doctor agrees that minimum pricing should be brought in as soon as possible, whatever the price is set at after discussion? Am I right in saying that every clinician to whom you have spoken agrees with minimum pricing being brought in?

Dr Rice: Yes, that is correct. The written submissions from the various medical organisations show that they speak as one in that regard. They range from accident and emergency doctors, who you will know from your out-of-hours work are at the front line of violence and trauma, to public-health doctors looking at graphs on shifts of population. So, across the range of medical practice there is consensus that there needs to be price control, in particular in order to secure the floor price.

There has been a lot of interest from colleagues elsewhere in the UK and in other countries about what has been happening in Scotland. Many of my medical colleagues regard what we are trying to do as a model to follow; for example, the Royal College of Physicians in London has consistently presented Scotland as a model of where it would like to head in its discussions with the UK Government. Those discussions seem to have been more positive over the past few months than was the case before, so there may be the prospect of things improving in other parts of the UK, which is good. I agree that Scottish doctors are solidly behind the idea of minimum pricing.

The Convener: Richard Lyle mentioned smoking. We have seen the price of cigarettes get to the point at which people stop smoking, which is a good thing. However, there is now a significant illegal market for cigarettes—in particular for hand-rolling tobacco—which involves criminal elements.

Has any consideration been given to whether illegal drugs would come more into play and compete with alcohol, particularly for the young market? Dealers in many communities across the west of Scotland provide party packs at the weekend that have all the drugs that a group of people would need, along with a bottle of vodka, for example. Has any work been done on the possible dispersal or transfer of activity to drugs because they would become so much cheaper? I do not mean at the price level that we have been talking about, but I am concerned what could happen if the price was reviewed twice a year. I am concerned about a particular market that might be vulnerable to the marketing strategies of our drug dealers if the price of alcohol went up.

Dr Rice: We make some reference in our submission to potential disadvantages including the increased use of other drugs, but it does not work like that; essentially, the way that it works predominantly in Scotland is that alcohol is a gateway drug to other drugs. The only setting in which evidence of substitution has been found was in clubs in the 1990s during the ecstasy period, when people drank less because they took more ecstasy. Generally, however, when you look out with that kind of controlled environment, you will see that tobacco, marijuana, alcohol and other drugs are used together. We need to think of alcohol as a gateway drug for other drugs. That is a much more powerful effect than any substitution effect that has been found so far.

The Convener: Thank you very much for all the time that you have spent with us this morning. It has been informative and, at times, entertaining and more lively than I had expected.

Meeting continued in private until 12:53.
Alcohol (Minimum Pricing) (Scotland) Bill

Pricing mechanism

Professor Anne Ludbrook

Thank you for the opportunity to comment on this issue. The principle of maintaining the real value of the minimum price is an important one and the erosion that has taken place over time in duty rates points to the need to have a mechanism in place.

I am not sure that defining an automatic uprating mechanism is quite the way to go, however. There are some practical issues, such as the data available for a Scottish affordability index as indicated in recent Health Scotland work, and it may be that these can be improved upon over time. There is also the experience with the 'automatic' fuel duty escalator which has failed to remove the political aspect from the uprating process.

Perhaps the model which could be followed, albeit in a less resource intensive way, would be the uprating of the minimum wage. The recommendations are made by the Low Pay Commission - a mix of academic economists, union representatives and business representatives - based on evidence on a range of relevant factors. This means that concerns about jobs, for example, can be balanced with maintaining the real value of the minimum wage. These recommendations require to be approved - I think by the relevant Secretary of State - but I don't think they have to go to vote in Parliament. The researchers supporting the LPC can also undertake analysis of particular market issues as required.

Uprating MUP is not going to have such widespread impact on the economy as the minimum wage and a lighter touch may be appropriate. I would anticipate that much of the underpinning data can be provided through existing organisations, such as Health Scotland and ISD, with perhaps some more in depth analysis carried out as and when needed. The data would be assessed by an independent panel to make the recommendation on uprating. If such an independent panel were established then perhaps their first remit might be to determine the optimum interval for uprating. I don't think this is quite the same as uprating duty - which applies to all alcohol - and personally would not want to make a decision on this until after the implementation of MUP when data will be available on how other prices have changed in response. It is still unclear whether producers and retailers will maintain differentials or cross subsidise prices above MUP and these reactions could lead to quite different conclusions about uprating.

Hope this is helpful

Regards

Professor Anne Ludbrook
I feel that my area of expertise precludes me from commenting authoritatively on this topic.

A personal opinion would be that regular appraisal of the price which permitted e.g. annual re-adjustment might gain acceptance and therefore be ‘low key’ in terms of media coverage. It could thereby possibly deter stock piling/panic buying and also permit a more realistic appraisal of the impact of Minimum Unit pricing on the various measures of alcohol –related harm.

How the various influential factors which inform price at present, will react and adjust post the introduction of MUP are perhaps poorly modelled at present. A relatively speedy review of the MUP may be required.

Jan Gill
Alcohol (Minimum Pricing) (Scotland) Bill

Pricing mechanism

Dr Peter Rice

Thank you for asking for my views on this crucial issue.

My preference is for an index linked type of approach, with a frequent adjustment linked to affordability. A formula which came up with an automatic adjustment figure while allowing for a secondary correction based on the examination of other data. The automatic adjustment could happen twice a year, with the correction annually, for instance.

- The key relationships are between affordability and consumption and harm. Affordability is the result of price and income changes. Much of the increase in alcohol affordability in the 80s and 90s was due to rising incomes, rather than falling alcohol price. A formula based on price alone would not have been sufficient over that period. There is some academic debate at present on how best to measure affordability, but this should be able to be resolved.

- For the “correction” process, there needs to be a examination of real time trends in consumption and sales patterns. Health Scotland’s Price Band report from 2010 (link below) was a good piece of work and this data would be very important to be regularly updated and this, together with data from retailers (see below) could form the basis for an annual “tweak”. This correction process could include a full blown Sheffield type analysis at a less frequent interval.


- Alcohol producers and retailers are an important source of data. For instance, the fascinating data on low alcohol sales given by Emma Reynolds of Tesco at the 17th Jan committee session had not been available before. Similarly, the data from ASDA on patterns in their Northern Ireland outlet was of interest. There needs to be a mechanism to access this information in the interests of public health. The New Zealand government has announced its intention to establish this.


- I would suggest that the model that should not be followed is the Westminster one. While we have seen significant duty increases since 2008, which the RCPsych has welcomed, prior to that duty changes were limited and seemed to become a central part of the politics of the Budget process, to the detriment of public health. The IFS report (Fig 2.7 on p13) shows how excise duty rates fell in real terms from 1982.

Thanks again for the request.

Peter Rice
In preparation:

The impact of raising minimum alcohol prices in Saskatchewan, Canada:

Improving public health while raising government revenue?

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Abstract

We report outcomes from the implementation of an alcohol price policy change in the Canadian province of Saskatchewan. Substantial increases in the minimum prices of beers and smaller increases for other alcoholic products were introduced 1 April 2010 with some price adjustments for alcohol content: for each beverage type, minimum prices were higher for stronger varieties. Analysis of detailed alcohol sales data from the Saskatchewan government alcohol monopoly over 39 financial periods, with 26 periods before the intervention and 13 periods afterwards, confirmed significant reductions in sales of beer, coolers and cocktails. ARIMA time series models suggested that increases in minimum price significantly reduced consumption of beer, cocktails and coolers as well as total alcohol consumption. A significant shift in consumption from high-strength to low strength beers and coolers also occurred. Results indicate that minimum pricing is a promising strategy for reducing the public health burden associated with hazardous alcohol consumption while simultaneously increasing government revenue.

Word count: 3,306

Keywords: Alcohol consumption, minimum pricing, prevention, policy, economics, Canada
Does Minimum Alcohol Pricing Work? Case Studies from Canada

Tim Stockwell
Director, Centre for Addictions Research of BC and Professor, Department of Psychology, University of Victoria, www.carbc.ca

Presentation to Members of Scottish Health and Sport Committee, Edinburgh, Scotland, January 10, 2012
The risk of alcohol related harms is dose dependent — for both acute and chronic harms and for individuals and populations
Relative risk function and confidence interval for breast cancer

Relative Risk

Alcohol consumption in g pure alcohol per day

1 drk
2 drks
3 drks
4 drks
5 drks
6 drks
7 drks
8 drks
9 drks
Relative risk function and confidence interval for oesophagus cancer

Relative Risk

Alcohol consumption in g pure alcohol per day
UK Trends in Alcohol-related Hospitalisations, 95/96-05/06

Source: ONS, 2008
Principle of using price to control alcohol use is well-established

Meta-analysis by Gallet (2007):
- Identified 132 studies, 1945-2003 and concludes:
  - A 10% increase in price leads to an average of a 5% decrease in consumption.

- Identified 112 studies worldwide (1823-2007) and conclude:
  - A 10% increase in price leads to a 4.4% decrease in consumption and 2.8% for heavy drinkers.
Impact of price and taxation

When price of alcohol goes up studies show reduced rates of:

Alcohol-dependence (Farrell et al, 2003; Cook et al, 2002)

Liver cirrhosis, road trauma and assaults (Babor et al, 2003; Wagenaar et al, 2010)

STDs (Wagenaar et al, 2010)

Alcohol-related mortality and morbidity (Chaloupka et al, 2002; Chikritzhs et al, 2005; Wagenaar et al, 2010)
Importance of minimum liquor prices

The top 10% of drinkers (i.e., highest risk) pay 79c, bottom 50% pay $4.75 per standard drink (Kerr & Greenfield, 2007)

Young people and high risk drinkers especially responsive to minimum prices (Meier et al, 2009)

BC and most other Canadian jurisdictions retain the ability to set minimum liquor prices
National Alcohol Strategy Recommendation 26:

All jurisdictions adopt minimum “social reference” prices for alcohol indexed to CPI. Annual review of alcohol pricing throughout Canada to report compliance.
Minimum prices in Canadian jurisdictions

- Eight out of ten provinces have minimum pricing in government and private liquor stores, excluding Alberta and Quebec.

- Trade agreements have influenced these downwards.

- Eight out of ten provinces have minimum pricing in bars, restaurants and hotels, ranging from $1.65–$3.55 per drink.

- Some jurisdictions (e.g. Quebec) index some beverage minimum prices to adjust for inflation.

- MANY LOOPHoles e.g. Ubrew and de-listed products.
Comparing minimum prices in dollars per standard drink in British Columbia, Ontario and Saskatchewan

<table>
<thead>
<tr>
<th>Beverage</th>
<th>% Alcohol Content</th>
<th>BC Official Minimum*</th>
<th>Ontario Minimum Price*</th>
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</tr>
<tr>
<td>Spirits (Rum)</td>
<td>75.4%</td>
<td>$0.72</td>
<td>$0.76</td>
<td>$1.04</td>
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</tbody>
</table>
Canadian Provinces and Territories

Sales Tax on Alcohol (%)
Case Study 1: British Columbia

- The British Columbia government alcohol monopoly has set minimum prices for over two decades.

- Only spirit prices have been updated in keeping with the cost of living whereas minimum prices for all other beverages have become cheaper in real terms.

- When the government chooses to raise minimum prices it makes front-page news and is done basically to maintain revenue not for public health reasons.

- A complication: the government monopoly has been partially privatised though minimum prices still affect prices in private liquor stores.
Figure 1. Minimum price of alcohol beverages (CPI-adjusted dollars per drink, CPI in 2000=100 and 1 drink=17.05 ml) in British Columbia in 1989-2010
Statistical analysis of British Columbia price and sales data

Time series analysis of 80 annual quarters of data between April 1989 and March 2010 controlling for the effects of:

- Season
- Overall trends in data
- Trends in average alcohol prices
- Trends in household income

Inflation-adjusted minimum prices used to predict volume of alcohol sales for each main beverage
Estimates of minimum “price elasticities” for different types of alcohol

Percentage decrease in consumption of ethanol for a 10% increase in minimum price:

- ANY DRINK VERSUS REST: -16.1%
- Beer = - 1.5%*
- Spirits = - 6.8%**
- Wine = - 8.9%*
- Coolers = - 13.9% (borderline significance)
- ALL DRINKS = - 3.4%**
Estimated effect on acute alcohol-related hospital admissions/discharges

Preliminary analysis examining eight years of detailed hospitalisation data across 89 geographical areas of British Columbia suggests that:

- A 10% increase in minimum drink prices results in a 4% reduction in acute alcohol related hospitalisations
- A less pronounced effect for chronic alcohol related hospitalisations
Case Study 2: Saskatchewan

- Late 2009, request to alcohol distribution monopoly from provincial government to raise extra revenue to compensate for unexpected shortfall in revenue from provincial potash sales taxes
- Public health inspired proposal to adjust all minimum prices with higher rates for higher strength beverages
- Four strength categories for beer (<6.5% to >8.5%) with minimum prices set between $1.58 and $2.48
- Two strength categories for wine, 2 for alcopops and 5 for spirits
Figure 1. Percentage of per capita drinks in each period to average of period per capita drinks in Saskatchewan for fiscal years 2008-2010

Min price by strength since April 2010

% of period per capita drinks

Periods in fiscal years
Statistical analysis of Saskatchewan price and sales data

ARIMA time series analysis of 39 “financial periods” between April 2008 and March 2011 controlling for the effects of:

- Season
- Overall trends in data
- Trends in average alcohol prices
- Trends in household income

Inflation-adjusted minimum prices used to predict volume of alcohol sales for each main beverage
Estimates of minimum “price elasticities” for different types of alcohol

Preliminary analyses indicate:

- Similar overall effects to British Columbia
- Stronger effects for beer and other beverages
- Stronger effects for off premise then on premise sales
- Stronger effects for higher alcohol strength varieties of beer, wine and spirits
Figure 1A. % of the ethanol consumption of beer by strength in Saskatchewan in 2008-2010

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>&gt;6.5%</th>
<th>&lt;=6.5%</th>
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</thead>
<tbody>
<tr>
<td>2008</td>
<td>1.51</td>
<td>98.50</td>
</tr>
<tr>
<td>2009</td>
<td>1.39</td>
<td>98.60</td>
</tr>
<tr>
<td>2010</td>
<td>0.64</td>
<td>99.36</td>
</tr>
</tbody>
</table>
Conclusions

• Minimum pricing is implemented inconsistently across Canada with differing impacts on consumption

• Several loopholes permit sales of very cheap alcohol and minimum prices often do not keep pace with inflation

• However, periodic increases in the minimum price rates trigger reductions in consumption and some harms

• Reductions in consumption are more likely when the minimum price is relatively close to average prices

• Reductions in ethanol consumption are greater when there are across the board increases for all beverage types, especially when these match beverage strength
Is minimum pricing a well-targeted strategy?

- All pricing strategies have most impact on heavier drinkers
- Minimum pricing especially targets heavier and younger drinkers because they mostly prefer cheaper drinks
- Minimum prices can be adjusted so they are higher for more hazardous products (e.g. high-strength beer)
- A high proportion (about two thirds) of all alcohol consumption is inconsistent with low risk drinking guidelines (data from UK, Australia and Canada)
- Further studies are needed to confirm predicted disproportionate impact on alcohol-related harms
Thank you!
The Convener: Yes, that would be helpful, Professor Stockwell. We have around 10 minutes for a presentation. We appreciate that.

Professor Stockwell: There has been minimum pricing in Canada in around eight of our 10 provinces for many years in most instances. It is part of a suite of pricing strategies that can target the ethanol content of alcoholic drinks. The Alcohol (Minimum Pricing) (Scotland) Bill would do precisely that by specifying a unit of alcohol as having a minimum price. That is a very good example. The rationale for that, of course, is that the risk of alcohol-related harms depends on the dose. That applies to whether the harms are acute and short term, such as injuries or poisoning, or chronic harms that arise from various diseases resulting from alcohol consumption.

I have dose response curve illustrations. The slide shows one for breast cancer, which is a summary of all the studies that have ever been published on the risk of breast cancer. You can see the level of alcohol consumption going up to 20g, 40g, 60g and so on along the bottom. Each of the lines would be a bit more than two units. The point is that there is an exponential increase in risk with rising consumption.

The next slide relates to cancer of the oesophagus, which is another common cancer. There is a similar exponential curve.

The effect also plays out at the population level, of course. The next slide shows data on hospitalisations in the United Kingdom caused by alcohol. Members are probably very familiar with those data, which are from a period of rising per capita consumption. I understand that consumption levelled off shortly after that, although perhaps not in Scotland.

The principle of raising alcohol prices to reduce consumption is well established. There are two high-quality reviews that effectively consider every single published study on the subject. One of those reviews was done by somebody from the business world—a marketing professor in the United States—who identified 132 studies published after 1945. Across the board, his estimate was that a 10 per cent price increase leads to a 5 per cent decrease in consumption on average.

An even more careful study by Alex Wagenaar from the University of Florida had a higher bar for quality. It considered 112 studies that had been published since 1823 with 1,003 estimates. It came up with a similar conclusion but also concluded that prices affected the heavy drinkers as well. I will return to that topic.

As you are aware, there is also evidence that price and taxation have an impact on harm. We do not necessarily need to worry about effects on consumption, but there are studies that show directly that increases in price and tax reduce rates of alcohol dependence, liver cirrhosis, road trauma, assaults, sexually transmitted diseases and, in fact, all forms of alcohol-related mortality and morbidity.

Those studies concern across-the-board price rises, so why introduce minimum pricing? The theoretical reason is that we know that the heaviest drinkers gravitate towards the cheapest alcohol. One US study found that the top 10 per cent of drinkers with the highest risk paid on average 79c, compared with the bottom 50 per cent—the light drinkers—who paid nearly $5 per
standard drink. We also know that young people and high-risk drinkers are especially responsive to minimum prices.

There are some good theoretical reasons for minimum unit pricing, but there have been hardly any studies. In fact, until we published our work, we could not find a single empirical study into whether a minimum price would have any effect.

I note that our national alcohol strategy in Canada recommends—I believe that there are 43 recommendations—that every one of the Canadian jurisdictions should be encouraged to adopt minimum prices, which the strategy calls “social-reference prices”, that they should be indexed to the consumer prices index and that they should be reviewed annually to report compliance.

I also note that a number of other provinces have minimum prices in bars, restaurants and hotels. The social-reference prices mostly apply in liquor stores. The Government in British Columbia owns about 200 liquor stores in the province and there are about 800 privately owned stores. It has a monopoly on distributing the alcohol, so it can set the starting price. In its own stores, it will hardly ever sell below the minimum prices—there is one exception, which I will explain.

Some jurisdictions also index the minimum prices to inflation, but British Columbia has not done that.

One of the loopholes is that, if the products are not selling well in its liquor stores, the Government can delist them and sell them for a lower price, which surprised me. However, those delisted, cheap products account for less than 1 per cent of sales. It is a tiny proportion.

Slide 13 gives you an idea of the kinds of minimum prices that are charged for a Canadian standard drink, which is nearly double a British unit; it is almost 14g, compared with your 8g unit of alcohol. However, my observation is that Scottish and British people drink alcohol in pretty similarly sized servings to the Canadians—actually, I think that they are larger servings.

The slide shows how the minimum prices vary by beverage type and across different provinces. British Columbia has some of the lowest minimum prices; Ontario is intermediate; and Saskatchewan is among the highest. Those three examples show the range in Canadian provinces.

One of the loopholes concerns 75 per cent strength rum, which is at the bottom of the slide. Because the minimum price is not set to a standard amount of ethanol, it can still be cheap per standard drink, compared with a 40 per cent spirit, such as a tequila.

The next slide is a map of Canada. British Columbia is on the left and Saskatchewan is a bit to the left of the middle. I will give you some of our analysis of the impacts of minimum pricing in those two provinces.

The first case study concerns BC, where the Government alcohol monopoly has set minimum prices for more than two decades. That is the study period in our paper. In fact, only spirit prices were regularly updated during that time. Beers, wines and alcoholic sodas were hardly ever adjusted—only two or three times—but that makes for a nice natural experiment, because there were long periods with no change followed by a sudden, substantial change and then nothing. That enables us to compare what happened with the different beverages and over time.

One of the unfortunate consequences of that system from a policy point of view is that every time the Government dares to raise the minimum price it makes the front page of the newspapers and there is a great deal of alarm and criticism of the Government getting into our pockets, robbing us and so forth. Such moves are extremely unpopular, whereas in Australia, where the excise taxes are adjusted on a quarterly basis, no one notices. There, it is routine for the excise taxes to be adjusted in line with the cost of living.

I mentioned that the Government monopoly is partially privatised as regards where the alcohol is sold. Someone who was visiting British Columbia who went into a store would find it hard to notice whether it was a Government store or a private store; they would not know the difference. Given that the prices that the Government sells at in its stores are the prices at which it sells to restaurants and bars, which then add on their own profits, the minimum prices that it sets affect in some way, directly or indirectly, the prices of all alcoholic products that are sold, regardless of the type of outlet in which they are sold.

The graph on slide 15 shows the four main beverage types: spirits, beer, wine and coolers. We have quarterly data over the 20-year period—in fact, we have 84 quarters' worth of data on prices and sales. Each little adjustment represents an adjustment for CPI or an adjustment in the minimum price rate that has been applied to a litre of spirits, a litre of beer or a litre of wine. The top line, which shows the price of spirits, is the only one that has kept pace with inflation. The figures are in standardised, CPI-adjusted dollars. The price of the other three beverages, particularly coolers or alcoholic sodas, has tracked downwards and has not kept up with inflation.

In our time-series analyses over 20 years, we have controlled for the effects of time of year, overall trends in the data, trends in average alcohol prices and trends in household income,
and we have used inflation-adjusted minimum prices to predict the volume of alcohol sold for each main beverage. Our results are that, overall, for any one alcoholic beverage, our model suggested that a 10 per cent increase in its price would reduce its consumption per capita by 16.1 per cent in comparison with consumption of all the other beverages.

There are some substitution effects. If we look just at individual beverages and forget what is happening with the other types of beverage, we find that there is a relatively small but significant effect on beer—a reduction in consumption of 1.5 per cent—whereas there are larger effects for the other beverage types: spirits, wine and alcoholic sodas.

Overall, because of the substitution effect, we find that a 10 per cent increase in minimum price produces what appears to be a fairly modest 3.4 per cent reduction in overall consumption but, even though that looks small, we should bear in mind that it is the impact on total alcohol sales, whether they are made in restaurants and bars or private or Government liquor stores. Given that the minimum prices affect only a minority of the products that are sold, it is quite surprising that they should affect such a large proportion of total alcohol consumption.

Since then, we have looked in more detail at possible impacts on harm. We have used quarterly data on alcohol-related hospitalisations across 89 areas of the province over eight years. We have not submitted this work for publication, but I will share with you that our estimate is that a 10 per cent increase in the minimum price across the board resulted in a 4 per cent reduction in acute alcohol-related hospitalisations over the period, controlling for all the other factors. We are talking about injuries and poisonings. There was a less pronounced effect for chronic illnesses, which is pretty much what we would expect, given that we were looking at short-term impacts. It takes a number of years for chronic illnesses to develop, so that is the kind of result that we would have predicted.

18:15

Before I finish, I turn quickly to Saskatchewan. We have another paper in preparation on the situation there. There is interest in Saskatchewan because it decided to adopt a fairly radical approach to increasing minimum price. Late in 2009, Saskatchewan had a problem with a shortfall in revenue—I believe that it was to do with provincial potash sales, which are apparently important for the economy there. As luck would have it, there was a public health-inspired proposal to adjust all minimum prices in accordance with the strength of alcohol, pretty much like the Scottish Government proposes to do, although the Government in Saskatchewan did not put it in terms of the standard drink and just set different rates for different strengths. The proposal was adopted as a means of raising more revenue to make up the shortfall. There were four strength categories for beer. One category was for beers below 6.5 per cent and the highest rate was for beers above 8.5 per cent. The proposal resulted in a range of minimum prices, with higher ones for stronger alcohol. There were two strength categories for wine, two for alcopops and five for spirits.

I hope that the graph on slide 20 shows what happened, without giving you any statistics. We seasonally adjusted the data, because there were big seasonal variations in the sales of each beverage type. When we smoothed those out, we got detailed data for two years before the intervention and one year afterwards. It is clear that, before the line in the graph, which indicates the introduction of minimum pricing, there is a trend of increasing consumption and, after the line, there is a trend of steady or decreasing consumption for all the beverages. We used the same approach as we did in British Columbia and our statistical assessments suggest that there was a similar overall effect on consumption. In this case, there were stronger effects for beer, particularly high-strength beer, than there were for other beverages. There was a massive reduction in the sales of beers above 8.5 per cent in strength.

There was a stronger effect on sales off-premise rather than on-premise, which is what you would expect, because a minimum price has a more direct effect on prices in off-premises—off-licences if you like. There was also a stronger effect for higher alcohol strength varieties of beer, wine and spirits. The graph in slide 23 shows an example of the shift that occurred—the red part is the stronger beer and the green part is less strong beer.

In Canada, minimum pricing has been implemented fairly inconsistently and has differing impacts on consumption. Loopholes permit sales of very cheap alcohol and most of the minimum prices have failed to keep pace with inflation. However, periodic price increases that have occurred have triggered reductions in consumption and, it appears, some harms. It appears that reduction in consumption is more likely when the minimum price is significantly higher. That is fairly obvious—if there is a low minimum price, it will not have such a big effect. The reduction in ethanol consumption is greater when there are across-the-board increases for all beverage types instead of increases that target a particular beverage, which allows a lot of substitution.
Many people object to pricing strategies, but minimum pricing is perhaps one of the least objectionable strategies. I am sure that that is why you are considering it in Scotland. All pricing strategies have the most impact on heavy drinkers, but minimum pricing especially targets heavier and younger drinkers, because they mostly prefer cheaper drinks. Minimum prices can be adjusted so that they are higher for more hazardous products, which the Scottish Government proposes to do.

A high proportion of all alcohol consumption, whether it is in the United Kingdom or in Canada, is done in a way that is not consistent with low-risk drinking guidelines. About two thirds of all alcohol that is consumed is potentially putting the drinker at risk of some kind of harm. That should be taken into account.

We are doing further studies, which are needed to confirm whether there is a disproportionate impact on alcohol-related harms from adjusting minimum prices. I am happy to answer any questions.

The Convener: Thank you very much.

Fiona McLeod (Strathkelvin and Bearsden) (SNP): Good evening, Professor Stockwell. It is great to have you here by video link. I do not know whether you remember, but I was in the audience when you were in Scotland a few months ago. I am reminded of how shocked you were when you saw the statistics on alcohol misuse and the harm caused in Scotland. Could you put Scotland’s problems with alcohol misuse in an international context?

I also want to hear your view on our minimum pricing proposal, given the amount of work that you have done on the subject—in Australia as well as in Canada, if I remember rightly. Do you think that the proposal will have the desired result, which is a reduction in the harm caused by alcohol misuse?

One of the witnesses in our session this morning said that your data could not be disaggregated for moderate, hazardous and harmful drinking. However, I remember that, when you were here in Scotland, you spoke about the data that you had collected in those terms, and that is clear from the Meier and Wagenaar studies that you mentioned in your presentation this evening. Could you expand on that?

Professor Stockwell: Sure. It is very nice to see you again, at more of a distance this time. You are correct in thinking that I was a little shocked—you can tell from the way that I speak that I am a Sassenach and originally from the UK. When I left, around 25 years ago, Britain was about 25th in the international rankings for per capita consumption; it was very moderate and a long way behind.

Within about 15 years, after I went to Australia, I noticed that Britain had shot up in the rankings; I think that at one point it was third.

Scotland and the north—particularly the north-east—of England have always had the highest consumption in the UK. From memory, the statistics that I saw on per capita consumption in Scotland show that it is roughly 50 per cent higher than in Canada.

I was also quite shocked at how low the prices are in Britain and, when I have been out in the streets and cities on going back home, at how much vandalism and disorderly behaviour there is. It often does not feel very safe. I find that quite depressing, as I am sure you do, too.

I am convinced that the bill will be effective. In review after review of the evidence of what works in the alcohol policy area to improve public health and safety across the whole population, pricing and taxation strategies always come up as number 1. The problem is, of course, that those strategies are the most unpopular with the general public, so it is brave of you to follow that course.

You will be doing something that—from the scientific point of view—will without a shred of doubt save lives, reduce healthcare costs, prevent death and injury on the roads, prevent birth defects, and reduce public violence and a range of other things.

However, minimum pricing is felt to be an attack on individual freedoms; the right to drink is very dear to many people, and particularly the Scottish. If you can get the bill through with enough public support, it will certainly work. I believe it to be the most effective type of pricing strategy, not because it is just politically viable or a little bit more palatable than a strategy across the board but because—as I have mentioned—there is now evidence from three countries. I have seen evidence in Canada that I have not shown to you: we have a survey of what people pay for their alcohol according to whether they are moderate, light or heavy drinkers. As in the UK and in the USA, the heavier drinkers gravitate towards the cheaper alcohol. I think that the bill will be effective.

On the question whether we have any disaggregation, each study cannot cover the whole area; we should not look to just one study to answer every single question. The study that we have published answers one very important piece of the question: in public health, the total consumption of alcohol is known to be very predictive of the levels of harm. Scotland has much higher rates of liver cirrhosis and alcohol-impaired road traffic problems than Canada because its per capita consumption is so high. Our study looked at total sales data, but it is very good.
on class sales data too. It is just part of the overall puzzle.

Richard Lyle (Central Scotland) (SNP): Good evening. One of your presentation slides shows minimum prices in Canada by jurisdiction. Eight out of 10 provinces have minimum pricing in Government and private liquor stores, but Alberta and Quebec do not. How do those two provinces compare health-wise to the other provinces? Is health in the other eight provinces improving compared to Alberta and Quebec? Do you have any data to back up that suggestion?

Professor Stockwell: That is a very good question and we are currently looking into it. Unfortunately, although we have world-class sales data, it is hard to get data on alcohol-related health problems across all the provinces and we are in the process of accessing that. I can say that the consumption of alcohol in Alberta is high among Canadian provinces.

Quebec has a slightly different system, which is a partial alcohol monopoly, and there is a very French approach to drinking there. The people there appear to have different drinking patterns and patterns of harm.

The best way of determining whether a policy works is not to compare cross-sectionally at one point in time between neighbouring jurisdictions, because there are so many differences. The most scientific and appropriate way is to look at changes over time in one jurisdiction compared with another in which there has been no change. When such studies have been conducted, pricing strategies have always emerged as being incredibly effective.

The Convener: Professor Stockwell, I have a question on the theme of the provinces where there is price control. Do you have any comment to make on the point that, although the price of alcohol is broadly the same across the UK, Scots drink 20 per cent more than our neighbours south of the border? Are there any data comparable to that in the Canadian provinces? I am talking about the cultural issues that you referred to such as the different behaviour in the French-speaking provinces.

Professor Stockwell: Most of the northern provinces and territories—places such as the Northwest Territories, Nunavut and the Yukon—have the highest level of consumption. The western provinces such as Alberta and British Columbia also tend to have pretty high levels. Over on the east, we have some lower-consuming provinces, such as Ontario, where consumption is fairly low. We have a fair amount of variation.

The best way to see whether a policy works is to look at changes in a province over time. In the evidence from Saskatchewan that I showed you, the level of consumption goes in one direction and then goes in the other direction after an increase in the minimum price. That is a more effective and scientifically appropriate way of judging the effectiveness of the price increase than comparing it with another place that has a different culture, different laws and who knows how many other differences.

Bob Doris (Glasgow) (SNP): Thank you for the presentation, which was very helpful. All the pieces of the jigsaw seem to be falling into place and the evidence is showing that an increase in price means that consumption goes down. This is the latest in a long line of studies, and I do not believe that we have got a study that shows anything other than that.

It is obvious that many people in Scotland want to get on and introduce the minimum price. One of the pieces of evidence that the Scottish Parliament is looking at is the Sheffield study. I was interested to find out that research from British Columbia shows that a 10 per cent increase in price led to a 4 per cent decrease in the number of acute alcohol-related hospital admissions. Have you had a chance to look at the Sheffield study data? In particular, the modelling shows that year 1 alcohol-related hospital admissions could reduce by as much as 1,200 in a single year. Is that the kind of impact that you would expect to see if minimum pricing comes in in Scotland?

Professor Stockwell: Absolutely. I worked with the Sheffield group and was on the advisory committee when it developed its first model. Of course, the impact is determined by where the minimum price is set, and I know that the Sheffield group is preparing a model for the Scottish Government that will look at different impacts according to whether the minimum unit price is 30p, 40p, 50p, 60p or 70p.

The answer to your other question is that, yes, I would expect those kind of impacts. The group has done a great job of creating its model. It is working with us to apply the model to Canada as well, in Ontario and British Columbia. It is using some of the new estimates from our work to refine its model. The model is based on the best-available data, but it is only a model. However, ours is the first study to make a direct empirical estimate of responsiveness in terms of consumption and harm. In some ways I wonder whether, when we have that data, we need the models, but of course we need a better predictor for different jurisdictions of what the effects are going to be. A reduction of 1,200 in hospital admissions in the first year is entirely believable. The number will go up or down depending on where you are brave enough to set the minimum price.
18:30

**Bob Doris**: Thank you for that answer. I also have a question on moderate drinkers. The evidence that we heard at this morning’s committee meeting suggests that all groups of drinkers, whether moderate or hazardous, will get a public health benefit from minimum alcohol pricing. I would be interested to know about that.

In garnering public support for minimum pricing strategies, is the argument made strongly in Canada that all drinkers and those who do not drink at all see the social ills of overconsumption of alcohol in society, whether in terms of crime and law and order, acute admissions to hospital or the long-term cost of chronic conditions? Have arguments in that regard been marshalled effectively in Canada to gain public support for minimum pricing? Such arguments have been very effective here, so I am curious to know what the experience has been over in Canada.

**Professor Stockwell**: You are probably way ahead of us in that. You have to be, because you have lodged a bill in Parliament on minimum alcohol pricing. You might say that we are already doing that in a way in our provinces, but I think that I showed the committee that most of the provinces do not peg the price to inflation and that there are loopholes because they do not link the price to the ethanol content of the drinks.

In the past two decades there has not been much public dialogue on the issue. For example, we produced a report that I think was the first one to recommend a standard minimum price for a standard drink or unit of alcohol and which led the Sheffield group to do its modelling and make its recommendations.

We developed a number of recommendations for national policy on alcohol pricing. A member of the expert committee took that to the finance committee in Ottawa and said “Look, here’s the case for adjusting excise taxes. You’ve adjusted them once in the last 25 years. This is not a good thing for public health.” The reaction was “Well, we’ve heard this from the tobacco people but we’ve never heard it from the alcohol people.” That was the reaction from the finance people in the federal Government, who had never heard that information before.

It is apparent in most provinces or jurisdictions that there is no conversation between health and finance, yet the financial or economic policy issue is the most significant and potentially effective for health. We need more conversations and they are beginning to happen. Certainly, in the past three or four years there have been a lot more conversations about the issue, but I think that we lag behind you in that regard.

**Bob Doris**: Thank you very much, Professor Stockwell. I may have some more questions later on, but I will let some of my committee colleagues come in now.

**The Convener**: I have a list of members here, but I just have one question for Professor Stockwell first. You challenged us to be brave enough about the minimum price per unit. How brave should we be?

**Professor Stockwell**: If we do direct equivalences, which is a dangerous thing, I guess that the highest minimum price in Canada at the moment, which I think is a pretty good starting point, is $1.50 Canadian for a Canadian standard drink. That would work out at—I have to do this pretty quickly in my head—about $1.10 Canadian per unit of your units. If we translate that at the current exchange rate, it would be about 75p at the higher end. So 75p per unit of alcohol is at the highest level. That is pretty much what Saskatchewan introduced, and I showed the committee some of the impacts on consumption there in my presentation.

In the months after the pricing change, the chief of police in one of the big cities in Saskatchewan—I think that it was Saskatoon, but it might have been Regina—commented on a dramatic reduction in public order problems around late-night entertainment venues in cities at the weekends. He said that crime had gone right down and that public order problems had reduced.

A minimum unit price of 75p or 80p would be a good starting point; you could then peg it to inflation.

**Gil Paterson (Clydebank and Milngavie)** (SNP): It is nice to hear from you, Professor Stockwell. Have you an idea of how the costs that you mentioned relate to average disposable income? A direct comparison with Scotland in money terms will not work unless we know the average wage. We could probably find that out, to learn whether there is a correlation in relation to the higher minimum price that you suggested for Scotland.

**Professor Stockwell**: As I said, it is dangerous to make the comparison. The issue needs a little more careful inquiry.

**Gil Paterson**: I wonder whether the minimum price’s effect flattines. If we want the effect to continue and be maximised, must we stimulate a price increase every so often?

**Professor Stockwell**: We should look at the issue from the other end and try to fight against a decline in the value of the minimum price. What typically happens is that a price is set at a particular level but then declines in value, and consumption goes up. At the very best, we get...
periodic adjustments in line with inflation—that has happened for some beverages in some provinces—but by and large the minimum prices seem to have gone down in value.

What you do will depend on the effect that you want. If you want an increasing benefit, you will gradually increase the value of the minimum price. Given that you are making a monumental political effort to make minimum pricing happen, I suggest that you set the price at a very good level and ensure that you adjust it for inflation. I reckon that you should adjust it quarterly for inflation; you will have your own mechanisms for doing that. The more often you do it, the less people will notice. It is such a political hot potato and so controversial to increase the price of our favourite drug. It is a courageous thing that you are doing.

**Gil Paterson:** Strictly speaking, is it the cost that has the effect, rather than the shock tactics of the price going up?

**Professor Stockwell:** I believe so. There are price adjustments all the time. In a typical Government liquor store there are 5,500 different products, with a range of prices. I am sure that some of the heavier drinkers are price savvy and keep tabs on where they can get the best deals. However, if there is a minimum price, the price cannot go below that—a person just cannot get a popular beverage at a price below the minimum price. There might be a shock, but it does not wear off. People have their disposable income, whatever the amount. At the very least, you must maintain the value of the minimum price and ensure that it does not decline, to keep the effect.

**Gil Paterson:** Thank you. I might come back to you later.

**Jim Eadie (Edinburgh Southern) (SNP):** Good morning, Professor Stockwell. In your paper on the experience in British Columbia and in your presentation, you made it clear to the committee that the impact of minimum pricing is a substantial reduction in alcohol consumption, which is interesting. In your responses to Fiona McLeod and Bob Doris you were confident about the positive impact that minimum pricing would have in Scotland.

You said that a 10 per cent increase in the minimum price brought about a reduction in consumption of all beverages of 3.4 per cent. Such a reduction does not appear significant, as you said, but for specific types of alcoholic beverage, such as alcoholic sodas and packaged cider, the reduction was substantially greater. Will you say a little more about the differential in the decrease in consumption?

If we apply the lessons of Canada to Scotland, are you in a position to comment on whether minimum unit pricing will put Scotland in a better position in relation to the substitution effect that is the result of the particular way in which reference pricing works in Canada?

**Professor Stockwell:** Theoretically, you are in a much better position. Yours is the purest approach because you are starting from the public health aspect. Usually, minimum prices are introduced to protect Government revenue while health considerations, if they were ever there, are not at the forefront of people’s minds. As I said at the beginning, it is the ethanol that does the harm. The approach is to price according to ethanol content and then give incentives for people to choose lower-strength beverages because they become cheaper than the higher-strength alternatives.

We are learning about particular beverage effects. Almost every day, we do more analyses and I learn more. All that I can say at present is that, when we found that beer was not affected as much as other drinks were, we thought that that was normal because we knew that demand for beer is less affected by price changes than demand for spirits and wine is. However, in Saskatchewan, we found that beer was the most affected, probably because there were particularly heroic minimum price increases on beer that were graded according to strength. From memory, for stronger beer above 8.5 per cent, I think that a 10 per cent price increase led to a reduction in demand of about 25 per cent.

There are many complexities to do with cross-price elasticities. If the price of one product goes up, there is substitution with another. We saw that clearly in BC and Saskatchewan. Spirits were really hammered throughout the 20-year period and there was a substitution effect of increasing beer and wine consumption as a result. However, in Saskatchewan, when beer was hammered, there was an increase in the consumption of alcoholic sodas or alcopops with a lower alcohol content. That is because there was a differential increase. The increase in the minimum price of beer was much bigger than that for alcopops.

The proposals in Scotland should create a fairly level playing field, although there are complexities because the starting point for each beverage type is different. I suspect that, by and large, beer is about the cheapest beverage and spirits are the most expensive, with wine somewhere in the middle.

It will be fascinating to see what happens. A 3.4 per cent reduction in consumption might not seem large but, as I said, it is across the board. The figure depends on how much the minimum price increases. A minimum price of 70p or 80p would in effect be an 80 per cent increase in the minimum price in Scotland, compared with the cheapest alcohol now. The issue is complicated,
but the proposals in Scotland will be good for preventing substitution.

Jim Eadie: That is helpful.

In your presentation, you mentioned the 4 per cent reduction in hospital admissions that occurred in Canada as a result of the changes that were made. Bob Doris referred to that. Has any other impact assessment been done of the public health and public safety benefits of the reduction in alcohol consumption for wider society in the provinces that have adopted reference pricing?

Professor Stockwell: Unfortunately, no—there have just been the two things that I mentioned. One was the observation from the Saskatchewan police. That was not a formal scientific report, but it used the police’s crime data. That observation was that crime in public places at weekends in big cities in Saskatchewan had gone right down.

What you raise is the reason why we are doing our research, which we started about two years ago. Minimum pricing is an interesting emerging issue. Canada is one of the few jurisdictions that has minimum prices and nobody had studied the effects. If you ask us again in about a year, I hope that we will have more case studies to report and that a Canadian version of the Sheffield model will have been developed.

Jim Eadie: Finally, can you say a little about the differences between the UK and Canadian alcohol markets? Is there anything in those differences that would undermine your confidence in the positive impact of introducing minimum unit pricing? Are you concerned that, because of the differences in the markets, the UK would have to adopt certain aspects of the alcohol market in Canada in order to derive the benefits that have been derived there?

18:45

Professor Stockwell: I guess that the critical issues will be compliance and enforcement. You have a totally different situation. It is easy for most Canadian provinces to set a minimum price, as they have a monopoly on distribution. They simply sell the stuff for a particular price, and they will not sell it below a certain price. I guess that, in Scotland, you will simply have to keep tabs on whether the retail prices are compliant.

There is quite a complex calculation to make when there are thousands of different products with different strengths and volumes. Will the shelf price be compliant? How will you check? That is one difference. Apart from that, consumers do not really notice whether they are in a Government or private liquor store or a bar—people’s drinking and purchasing practices are very similar. They drink and purchase on the basis of the beverages that they like and their price. I do not think that who takes the profits matters.

Drew Smith (Glasgow) (Lab): I welcome Professor Stockwell. You said that the situation in Scotland is completely different from that in Canada, particularly in relation to the market and how retail works. That appears to be the case. Essentially, Canada has a nationalised retail system, whereas we have an almost completely unregulated market. For that reason, one criticism of minimum pricing is that it would create a windfall for supermarkets.

Can you tell us a little bit about the extra revenue that is raised because of minimum pricing? How is that money spent? What effect does it have? Does it simply go into general revenue or is some of it focused on tackling alcohol harm? Are there any wider issues that relate to the accessibility of alcohol sales in Canada that we should bear in mind as well as the pricing element?

Professor Stockwell: You have asked a lot of very good questions. There are many Governments in Canada: there are 13 provincial and territory Governments and there is the federal Government. With one or two exceptions, the provincial Governments simply put minimum pricing revenue into general revenue. In French-speaking Quebec, there is the prevention and education éduc’alcool programme—I am very bad at French. A proportion of the revenue is put into media campaigns. In fact, a media campaign has been launched just today that is funded from liquor taxes in Quebec and which promotes our new national low-risk drinking guidelines.

I do not want to exaggerate or minimise the differences in the Government systems. It is really about distribution. Only around half of all the off-sales are made through Government liquor stores, and half are private. There is a monopoly on the distribution of alcohol, so prices can be set. Therefore, there are some differences, but I do not think that they are material.

The revenue almost adds up to the direct costs. A nice national study was done in which the direct crime and health costs attributable to alcohol in every province were looked at, including the costs of policing and hospital beds. In every province, those direct costs just about exceeded the revenue collected. That does not include all the indirect costs—the costs for industry and so on. On private profits, part of me thinks from a public health and safety point of view that it does not matter who takes the profits; rather, what matters is having fewer dead and sick people and more healthy babies.

I understand that the windfall has given you the opportunity to introduce a special levy on alcohol
sales in supermarkets. If an adjustment could be made according to the amount of ethanol sold, that would be even more effective. It could give an incentive to sell drinks with a lower alcohol content. The difference is interesting, and I am sure that the issue will be controversial, but you have the best of both worlds in supplementing minimum pricing with a levy on supermarket sales.

**Drew Smith:** Unfortunately, the levy has not been implemented.

I want to ask about the mark-up of products and the variation in the minimum permitted price within a range of products. We have little evidence on what industry might do in response to minimum pricing and on whether unintended consequences might arise. What evidence do you have on what happens to the price of other products when the price of a particular product changes? How does industry react?

**Professor Stockwell:** Industry will, indeed, try to react: companies will work out the types of product that will be most profitable for them. I am not sure that it is relevant, but I will tell the committee of an experience in Australia. Tax changes were introduced to encourage sales of beer with a lower alcohol content, and some curious things happened. A threshold of, I think, 3.1 per cent alcohol was applied. Some beers, although not many, were already below 3.1 per cent alcohol, but a little tax benefit was offered for beers below 3.1 per cent. In Northern Territory, some beers were 3.2 or 3.3 per cent alcohol, and when the new law came in, the manufacturers just changed the strength to 3.1 per cent and flogged the beers to take advantage of the tax break.

I can think of examples where such pricing structures have encouraged the industry to provide beverages with a lower alcohol content. Structures can also give incentives to consumers to choose beers with a lower alcohol content, and they should also encourage retailers, if they can get more profit, to promote and display lower-strength beverages at the cheaper end of the range. That may be a good thing.

**Drew Smith:** Different systems operate in Canada, where provinces make their own decisions. Will you tell us more about how that affects competition? Are there illicit sales? Have online sales increased? Do people cross a border to buy something slightly more cheaply?

**Professor Stockwell:** That happens—but there is a real difference between our countries. Canada is huge. It is enormous. Our border with the United States is extraordinary; it is thousands of miles long. There are lots of entry points, and the border police are very strict. The border between England and Scotland does not have line-ups, with customs officials looking in the boots of people's cars to check whether they are smuggling drink.

What you suggest might apply a little across the Canadian provinces. We have the Rocky Mountains. It is quite hard to get to Alberta from most parts of BC, except for a few places. Local, geographic conditions would apply. However, by and large, people go for convenience and buy locally, although there are some mail-order sales.

Another loophole involves things called u-brew and u-vin, which Scotland does not have. It is extraordinary. Companies will brew beer for people, but it is called home brew because, at some point in the process, people are allowed to come in and drop a little bit of yeast into the mixture. The beer is then considered to be home brewed, and no tax applies. The cheapest wine and beer can be obtained in that sort of way, but it requires a bit of organisation and discipline, and it accounts for only about 4 per cent of alcohol sales in BC and Ontario.

**Dr Richard Simpson (Mid Scotland and Fife) (Lab):** We have had quite a long discussion about the difference in the market. Supermarkets here are now the main drivers of the increase in the consumption of alcohol, and that is a big change. It used to be that 50 or 55 per cent was off-trade and 45 or 50 per cent was on-trade, but now 70 per cent is from the supermarkets or off-trade and only 30 per cent is from the pubs and restaurants. Indeed, harmful drinkers get 90 per cent of their alcohol from supermarkets. Therefore, what the supermarkets do in response to minimum pricing will be fundamental to whether the measure works.

We have learned that the average unit price in the basket of alcohol of a group of harmful drinkers—I am talking about drinkers who were drinking 197 UK units a week, which I suppose would amount to about 100 Canadian standard drinks—was 43p, so it does not look as if a minimum price, which it was originally proposed would be set at 45p, would make a difference. There will be quite a lot of substitution. That does not take into account what the supermarkets will do.

Do you agree that that market element will be pretty important to whether minimum pricing works? We cannot control what the supermarkets will do with drinks that are just above the proposed minimum price. It is possible that they will reduce the cost of those drinks, particularly if they are more profitable.

**Professor Stockwell:** The only observation that I can make relates to a specific change in a minimum price that I have looked at in detail. In 2010, there was a significant change in the minimum price of spirits in British Columbia,
whereby the price of a litre of spirits went up from $30.66 Canadian to $31.66 Canadian. That affected the price of roughly 26 per cent of the several hundred products that were spirits. We were interested to see what effect that would have on the slightly more expensive beverages, which I think is what you are referring to. There was a ripple effect upwards.

That situation is not comparable with the situation in Scotland—we were looking at liquor stores in British Columbia, not at Sainsbury’s, Tesco or Waitrose. However, there was certainly an upward ripple in the prices of all the other products. I have had advice from industry sources—brewers in Canada—that when there is an increase in minimum price, there tends to be a ripple effect all the way up, because they like to make a distinction between their premium drinks and their cheap ones.

You are quite right. We do not know what will happen. What is in Scotland’s favour, I guess, is the amount of disposable income that people have. If some of the very cheapest drinks are eliminated, minimum pricing should still work in your favour, even if there are some slight compensations as regards the higher-priced drinks. The situation will have to be monitored. Minimum pricing will be more in your favour if you can apply the levy that I thought was going to go ahead, which I gather has been stalled. It would be particularly in your favour if that levy were based on the amount of alcohol—and, in particular, the amount of ethanol—that was sold.

Dr Simpson: Thank you.

My other question is about differences in pricing within particular categories of alcohol, which might be important. It is clear from the papers that you have sent us and from others that the minimum price in Canada—the social reference price, as it is called—is set at different levels not only on different types of alcohol, but at different levels within the same type. You have already mentioned that rum and tequila are priced quite differently, so there does not appear to be an ethanol-based uniformity.

Professor Stockwell: Exactly.

Dr Simpson: I know that when our predecessor committee was considering the Alcohol etc (Scotland) Bill in the previous session of Parliament, it received evidence on a problem that had emerged in one province in relation to beer with a strength of 10 per cent. A substantial SRP was imposed on such products, which reversed the increase in their sale. There was a lot of substitution, but the increase in sales of very strong beer was reversed.

How important is the difference between what is proposed here, which is a uniform, flat, ethanol-based price, and the existence of differentials between products in Canada? To what extent will that make it more difficult to apply what is happening in Canada?

Professor Stockwell: Theoretically, from a purely public health perspective, the idea of pricing ethanol in such a way that the more ethanol someone purchases for their consumption, the more expensive it will be, is what is proposed in Scotland is perfect. I guess that it would be more perfect if the same could be done for excise taxes as well, but that is another issue.

You commented on the difference in pricing between tequila and 75 per cent rum. You are absolutely right that in that instance the minimum price was applied to a litre of beverage, not a litre of ethanol. The fact that it was not an ethanol-based approach that was adopted resulted in some of the most dangerous products being given a price advantage.

19:00

It is essential that you persevere with having a minimum price per unit of alcohol. I imagine that, in the modern computer age and with the way in which all products and prices are set up, it ought to be possible to programme pricing to take account of unit minimum pricing. There should be programmes that do that very readily.

So, hats off to Scotland. It is a problem here in Canada that we are not doing the same—that is, apart from Saskatchewan. That may have been the province to which Dr Simpson was referring; it really hit the strong beer, and consumption of it fell through the floor.

Dr Simpson: The UK Government is talking about two things. On the one hand, it has continued what the previous UK Government said that it would do, which was to increase the excise duty by 2 per cent above inflation annually for the next few years. That is not a huge reversal of the previous increase in affordability, but when combined with a reduction in income as a result of the credit squeeze it could be quite significant. On the other hand, the UK Government has talked about two other measures: taxing higher-strength beers more firmly with greater excise and taxing white cider, which is a particular problem here. That cider has not seen much of any fruit—someone has waved a pear or an apple over a sort of ethanol production line and called the product cider.

Those measures have been taken at a UK level, so anything that we do in Scotland will have to be looked at in terms of its effect and whether it works. It will have to be looked at against that set of variables. I am sorry—this is a rather long-winded way of saying that minimum pricing will be
introduced because the party that is sponsoring it has a majority now, so minimum pricing will be with us whether some of us like it or not.

Do you agree that to determine whether minimum pricing is effective, a study should be done controlling for that variable by comparing groups in England, where there will not be a minimum price, with groups in Scotland of both hazardous drinkers and harmful drinkers? If there is a difference, the control variable will be minimum unit pricing. Such a study would give us an opportunity to see whether minimum pricing is having the effect, or whether other things such as income and general excise duty are having the effect.

Professor Stockwell: Yes. A study should definitely be done with control areas. I suggest the north-eastern parts of England for that. The whole of England could be looked at, but I think that the high-consuming parts close to Scotland may be a more precise control.

There are lots of different schools of thought on how to approach evaluations, but I would counsel against having survey-based evaluations, because I have some scepticism about their value. They tell us some things, but they are not very precise measures. You may be aware that they involve doing a survey of what people drink, but self-reports usually account for only 40 or 50 per cent of the total alcohol sales. Such surveys are useful for looking at whether heavy drinkers, moderate drinkers or low-consumption drinkers spend more or less, but they are not very precise in assessing change over time.

Such surveys might work, but it is more important to go straight to the harm measures and to look at the measures of consumption of the most hazardous products and get very good sales data on them—such data is usually very solid. It is also important to look at measures of harm such as hospitalisation data and, in particular, mortality data. The latter can be difficult to use, but perhaps studies could be done in that regard in five years’ time. However, data on presentations to emergency departments would be good, and alcohol-related hospital admissions would be another very good indicator, along with impaired-driving rates on the road. Public order offences in cities late at night might be another good measure in which Scotland could be compared with Newcastle and other northern parts of England.

Dr Simpson: That is very helpful.

My last question is on the slightly different topic of caffeinated alcohol. It will not be affected by minimum pricing, but it is nevertheless something of an issue in a particular region of Scotland; the west of Scotland is affected by mixed drinks that include caffeine.

Do you have any observations on that? I am sorry that I missed your earlier seminar, but I had another meeting. However, I know that you commented on that issue. Will you comment on the issue of caffeinated alcohol now that the Food and Drug Administration has banned mixed caffeinated alcoholic drinks?

Professor Stockwell: Caffeinated drinks are a concern, especially when they come in a container that has five or six units of alcohol, because the drink is so strong, along with the equivalent of about 10 cups of coffee. It is an age-old tradition to mix uppers and downers, such as heroin and cocaine or brandy and coffee and tobacco, and caffeinated alcohol is just the latest variation of that. As I am sure everyone is aware, the purpose is to keep the drinker awake so that they can drink more and party longer. Of course, the consequence is that people drink more alcohol and caffeine, both of which have their risks, especially the alcohol. Another consequence is that people are less aware of their level of impairment. They believe that they are alert, but even though someone feels alert, when they get behind the wheel of a car, there are certain deficits of which they are not aware. Reaction time and split attention skills are absolutely wrecked if someone has had too much to drink, despite the caffeine.

I am surprised by what you said, if I understood it correctly. I think you said that, if caffeine is put in a drink, no minimum price will be applied, which seems curious. I thought that the minimum price would apply to all alcoholic drinks, even if they have a little bit of caffeine in them.

Dr Simpson: I am sorry—perhaps I misled you slightly. The main product that is giving concern in Scotland is sold at a price that is above anything that has been suggested for the minimum unit price. Because of the number of units in the bottle, its price is already well above the proposed minimum level.

Professor Stockwell: Yes. I am trying to remember the name of that drink. Can you remind me? It is made by monks, I think.

Dr Simpson: Yes, it is made by monks—at least, one variety is. We must be careful for reasons of advertising and so on that we do not decry one particular drink, but there is a drink that is produced by monks and which is of particular concern. It is the main one, although there are others.

Professor Stockwell: Yes, it is famous. I guess that that could be a concern. It is not the only purpose of your alcohol policy to remove such products. It would be nice if local area licensing authorities could take action on that. I moved from Australia and now live in Canada, so I know that
Australia, like Scotland, has very little effective regulation of alcohol, which I find extraordinary. Even in Alberta, where retail outlets are privatised, 12 per cent strength beer has simply been banned and is not distributed.

A range of strategies is possible. Minimum pricing will be effective, because it affects drinking across the board and throughout the country. Anyone who drinks exposes themselves to all manner of risks. A minimum price will probably impact on most people, and even those who do not drink, as they will feel safer in public places. However, other strategies are needed. Minimum pricing will not be the panacea. You might need special restrictions. That mysterious product that is made by monks in the south-west of England could be packaged in plastic containers rather than glass ones. I understand that one problem is that the bottles are used as a weapon. Other measures can be considered.

The Convener: Do members have any other questions?

Gil Paterson: I have just a wee quick one. This is just as a matter of interest, although the answer might be no. Professor Stockwell, you said that the policy in Canada is driven by the need for revenue. Nevertheless, has the policy in Canada is driven by the need for revenue. I have been following the day before that in new of Scotland’s attempts and the way in which we intend to proceed received any interest in Canada? Has the proposal been talked about in any way?

Professor Stockwell: It has been talked about throughout North America. I have been following some blogs and newspapers. Your activities were discussed yesterday in The Washington Post and the day before that in The Huffington Post and the Chicago Tribune. What you are doing is being looked at across the world.

Gil Paterson: I hope that you take this as a compliment: I did not think that I would ever hear from an Englishman who knows more about drink than a Scotsman.

Professor Stockwell: I have spent quite a long time studying it. I worked and lived in Greenock in Scotland for a while when I was 19, and I learned more about alcohol than I probably should have done.

Bob Doris: I want to ask you a similar question to the one that I asked the witnesses in our earlier meeting today. In my experience of the drinking culture in Glasgow, which is the area that I represent, many young people pre-load on cheap alcohol in their homes after buying it from off-sales. With the minimal amount of money that they have left, they go into the town centres, pay the ticket price for clubs and have one or two drinks; often they are already drunk before they present in the large urban areas, which can cause social chaos.

I asked this morning’s witnesses whether they thought that minimum pricing would start to erode that damaging culture, and they thought that it would. Has there been a similar culture in Canada, and has there been a change in that culture because of the various forms of minimum pricing?

Professor Stockwell: That is a very interesting question. I would love to know whether there has been a change in Saskatchewan in that regard, given that it had such a big increase in the minimum price.

In all the countries that I have visited, pre-loading happens—Canada is no exception. The economics are obvious: people spend at least two or three times more per standard drink in a bar than in a liquor store. Young people are very price-sensitive, and pre-loading is time-honoured. When I was 19 and living in Greenock, a lot of pre-loading happened before going to the pub or a dance, with Carlsberg—I am sorry; I must not mention particular brands.

Inevitably, the market that will be impacted by minimum pricing will be liquor store or off-licence sales, where people do their pre-loading, so less of that will go on. Pre-loading will continue, and it will still be way cheaper to buy alcohol from a liquor store or a supermarket than from a bar, but there will be slightly less of it.

Bob Doris: Thank you for that, Professor Stockwell. I should point out that our convener represents Greenock in his constituency; I wonder whether you are of a similar age to him and perhaps frequented the same hostellies when you were 19. Perhaps that is one for another day. Thank you for your time this evening.

Professor Stockwell: We can do that off-line, perhaps.

The Convener: We can do that off-line, perhaps.

Dr Simpson: One of the concerns that we raised with the witnesses this morning was highlighted in the recent study by the Institute for Fiscal Studies, which showed that minimum pricing has a disproportionate effect on lower-income groups. We know that in Scotland the proportion of hazardous drinkers is actually greater with each rising decile of income. The harmful drinkers tend to drift towards the lower socioeconomic groups: they lose their jobs, housing and families—everything—and they end up in those groups, so they are not distributed in the same way.

Minimum pricing will surely—just intuitively—more substantially affect lower-income groups. Have you looked at that issue at all? Would you care to comment on it?
Professor Stockwell: Yes. That is the most commonly raised objection to all pricing policies. To put it more precisely, the group that will be affected the most consists of low-income individuals who drink a lot. People who drink a small amount will be affected by a few cents per week if they choose not to reduce their consumption. In all likelihood, most people on lower incomes who drink alcohol would slightly reduce their consumption if they are drinking within a budget. I guess the concern is that they may still carry on drinking just as much, and not have as much money for essentials and other things.

From an Olympian perspective, looking at all the possible policies that could be implemented, I do not think that you should sacrifice tremendous public health benefits—the hundreds of lives saved and the thousands of hospitalisations and economic costs prevented—because a small number of people would be affected. That is particularly the case as the health of other low-income individuals will improve as a result of the policy. If their uncles, brothers and fathers drink less, they may suffer less from some of the unfortunate consequences of alcohol consumption.

19:15

The extra revenue could be used for other welfare arrangements for people on low income, giving them the concrete, specific supports that they need. One of the more controversial programmes, which is getting a lot of traction here in British Columbia and Ontario, is for the most affected: people who are homeless, dependent drinkers—the skid row stereotype. Authorities have set up managed alcohol programmes in which alcohol is given to them for free. They receive one standard drink on the hour every day. The evaluations show that that has resulted in much less and much steadier and more controlled consumption, with fewer visits to the emergency departments or troubles with the police because people are not getting drunk as soon as they get access to cheap alcohol.

We need to think of the big picture. We must acknowledge that, with such a major change, there will be some unintended negative consequences, but they can be managed in other ways. The overall public health safety benefits are massive and should not be sacrificed for such concerns.

Dr Simpson: Thank you.

Richard Lyle: Professor Stockwell, your evidence has been enlightening and excellent. You were asked what the minimum price should be set at. I note that for some products the price in Saskatchewan is nearly double the price in British Columbia. Who has the better health stats?

Professor Stockwell: I will tell you that in about a year’s time, but again I counsel against making direct comparisons of that type. It may be that Saskatchewan had a really bad problem and that the statistics reflect that. Scotland is unique in wanting to introduce minimum pricing and it may be that in six months’ time you will have it. You could then compare Scotland and England and ask who has the worse problem. Scotland will probably still have the worse problem as it will not just go away: it will reduce.

We need to look at the direction of change: is the amount of harm going down after minimum pricing is introduced? There are one or two interesting exceptions, but I can assure you that in 98 of 100 cases an increase in price means that harms go down. I suggest that you comfort yourself with that fact and that you should not be too anxious about other comparisons.

Richard Lyle: Thank you.

The Convener: There are no other questions from committee members. Professor Stockwell, on behalf of the committee I express our appreciation for your time. I hope that you enjoy the rest of your day; we are now going home in the dark. All the very best and thanks for your evidence this evening.

Professor Stockwell: My pleasure—and very best wishes to you all.

Meeting closed at 19:18.
Thank you for asking for further input into this important matter. In the great
scale of things the most important issue is introducing the minimum price
policy in the first place. As years go by it will also be important to ensure there
is no major slippage in these minimum prices. Canada used to automatically
adjust alcohol excise taxes every year until the late 1980s and then it was
agreed to only adjust it through periodic legislation - the result is two updates
in 25 years and then only to compensate for reductions in GST i.e. no real
increase in tax overall. Australia adjusts its beer and spirits excise taxes
quarterly with the CPI along with tobacco and petrol and no one complains. In
BC minimum prices are only occasionally adjusted for most products and
slightly more regularly for spirits - when they do so it makes front-page news
along the lines "another government tax grab on our alcohol". It is well-known
that some US states have not adjusted their beer excise taxes for over 50
years, some even retaining the derisory rates of "a penny a gallon". The more
complex the calculation and process the more uncertainty and the greater the
ease with which another government of a different persuasion could simply
halt indexation. Furthermore, the more elaborate the calculation the more
uncertainty for those involved in the industry. CPI adjustments would not allow
for every swing in alcohol consumption or household income but they are well
understood and reasonably predictable. I strongly recommend that the bill
stipulates quarterly CPI adjustments to the minimum price. This would be a
very small piece of uncertainty for producers and retailers to factor in the their
financial planning.

Finally, however excellent the Sheffield Model is and however useful it has
been to developing the policy I think it would be a mistake to make it the
mechanism for indexing the minimum price. It would be an unnecessarily
cumbersome approach and allow too many variables to potentially influence
the outcome.

On affordability indexes, I think this would introduce more variability in prices
over time and that the CPI anyway captures some of the boom and bust cycle
of the economy. As long as there is indexation I think the main worry is to
make sure the mechanism is a simple and resilient to change as possible.

With best wishes

Tim Stockwell
Alcohol (Minimum Pricing) (Scotland) Bill

Scotch Whisky Association

Introduction

1. The Scotch Whisky Association (SWA) is the industry’s representative organisation. Its 56 member companies – Scotch Whisky distillers, blenders, and bottlers – account for over 90% of the industry. We welcome the opportunity to make this submission to the Committee.

2. The SWA agrees that attitudes in Scotland to alcohol misuse must change and alcohol-related harm must be reduced. The Association and its members actively promote responsible drinking. The Association operates a strict Code of Practice on responsible marketing and was a founding member of the Scottish Government Alcohol Industry Partnership. This has delivered a number of tangible outcomes including the delivery of four national Alcohol Awareness Week campaigns, sponsorship guidelines and a model employee alcohol policy. It also established the Fife Alcohol Partnership Project that is piloting a multi-component approach to tackling alcohol-related harms.

3. We are committed to playing our part to reduce alcohol-related harm and promoting a culture where responsible alcohol consumption is the accepted norm and misuse is minimised.

The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol

4. The Scottish Government has in place a comprehensive strategy to reduce alcohol-related harm, the key pillars of which are the ‘Framework for Action’, the Licensing (Scotland) Act 2005 and the Alcohol Etc (Scotland) Act 2010, the latter only coming into force on 1 October 2010.

5. We note the Scottish Government wishes to proceed with minimum pricing at a time when alcohol sales in Scotland have been stable for 6 years and indicators of health harm show a decline:
   a. Alcohol-related deaths have declined 15% in the last 5 years and deaths in 2010 were the second lowest in the last decade.
   b. Deaths from alcoholic liver disease have also declined since 2006.
   c. Alcohol-related hospital discharges have declined over the past two years (2007/08 - 2009/10) from 43,054 to 39,278, a reduction of 8.8%.

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1 MESAS: An update of alcohol sales and price band analyses. August 2011
2 Alcohol-Related Deaths, GROS 5 August 2011
3 MESAS Setting the Scene. Theory of change and baseline picture. March 2011
6. This suggests that the measures already put in place are having a positive impact. More importantly these measures have only been in place for a relatively short period of time. They have not yet been fully assessed, far less the effect of the measures under the Alcohol etc (Scotland) Act 2010. It is premature to introduce yet further measures and restrictions.

7. The SWA remains opposed to minimum pricing. We are unconvinced it will effectively tackle alcohol misuse. Minimum pricing will fundamentally damage the Scotch Whisky industry at home and abroad with negative consequences for the wider economy. The industry believes minimum pricing to be the most serious threat to its future international competitiveness.

8. EU jurisprudence is clear. The ECJ has invariably ruled that minimum pricing is illegal. Its effectiveness is also questionable and it will cause a number of negative unintended consequences.

**Legality**

9. Concerns over the legality of introducing a Scottish minimum pricing regime have never been addressed publicly by the Government, despite the clear jurisprudence of the European Court of Justice.

10. The Scottish Government believes a case can be made for Minimum Unit Pricing (MUP) on public health grounds. Evidence from Anne Milton, the UK Public Health Minister, to the Commons Science and Technology Committee stated that the UK Government has contrary legal advice which indicates that MUP is ‘probably illegal’.

11. The Swiss Government has also obtained a legal opinion on minimum pricing\(^5\). It clearly states that minimum pricing would breach its EU/EEA obligations and that a health exemption would not be likely to succeed.

12. Even campaigners for minimum pricing in papers published by them are not convinced of the legality\(^6\).

13. To address this legal uncertainty, the SWA believes the Scottish Government should notify the Bill to the European Commission through the technical notification procedure (Directive 98/34). The Government has refused to do so to date claiming the Bill does not require a change to the product.

14. Notification of the Bill would allow for full scrutiny by EU Member States and by the Commission itself. If the Scottish Government is confident in their legal advice, it is surprising they are reluctant to open up the Bill to

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\(^5\) Prof Dr A. Epiney et al, On the Compatibility of a Legal Minimum Price for Alcohol with the Free Trade Agreement Switzerland-EU and Economic Freedom. Legal Opinion on Behalf of the Swiss Alcohol Board, October 2009

this scrutiny when they have said they want MSPs to be allowed full scrutiny of the principle and price.

15. Minimum pricing is a barrier to the free movement of goods. It is likely to be found illegal under the EU Treaty (Article 34), and likely to be in breach of World Trade Organisation rules (GATT Art.III). These rules have allowed the Scotch Whisky industry to challenge successfully protectionism in global markets with a resultant increase in exports underpinning future industry success. Scotch Whisky accounts for around 80% of Scottish food and drink exports. If Government action in Scotland undermined EU and WTO rules, the precedent set would be used by third country administrations to protect their local alcohol industry. The knock-on effect would be hugely damaging for Scotch Whisky and the wider Scottish economy, reducing exports by as much as a half a billion pounds a year.

16. Exports of premium brands would be adversely affected overseas by a Scottish initiated trade barrier. Attempts to open up new markets would be stalled. Econometric analysis suggests that 14.5% of Scotch Whisky exports could be put at risk. At home, value brands and supermarket own label products favoured by those on lower incomes would see immediate price rises. Companies specialising in this sector, which represent 26% of Scotch Whisky sales in Scotland, fear a significant loss of business, leading to job losses and closures. At a 50p a unit price, an average priced bottle of Scotch would increase by 18.6%.

Effectiveness

17. The case for minimum pricing relies heavily on the Government commissioned ‘Sheffield’ modelling. The updated Sheffield report commissioned by the Scottish Government showed those drinking most heavily will have to spend less than the price of one pint of beer a week more when MUP is introduced and will be the least likely to change their drinking patterns and behaviour.

18. The Sheffield report has three categories of drinker - moderate, hazardous and harmful. The report assesses moderate consumers as drinking on average 6 units per week. This does not reflect government weekly drinking guidelines, which are 21 units for men, 14 units for women. Also, all drinkers within a category are assumed to hold the same characteristics. No assessment is made for age, gender, ethnicity, social grouping or different drinking patterns. For example, it is assumed that all hazardous and harmful drinkers buy on price alone, which is clearly not the case.

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7 University of Sheffield,: Model-Based Appraisal of Alcohol Minimum Pricing and Off-Licensed Trade Discount Bans in Scotland Using the Sheffield Alcohol Policy Model (v2): An Update Based on Newly Available Data. April 2010
19. There is no strong evidence as to the effectiveness of minimum pricing as a policy to reduce alcohol-related harm\(^8\). It is often portrayed as a targeted measure having greatest impact on problem drinkers with limited impact on moderate drinkers. A recent report from the Institute for Fiscal Studies\(^9\) rejected these assertions finding that MUP will hit responsible drinkers and, in particular, those on lower incomes at a time when household budgets are already under extreme pressure. The Scottish Government should concentrate on the target group of some 30% of drinkers who consume 80% of alcohol sold (see para. 21 below).

20. Although the Sheffield modelling work shows precise numbers on a range of potential impacts, nowhere does it state the reduction in the actual number of hazardous and harmful drinkers that would be achieved. In fact the proportion of hazardous and harmful drinkers remains unchanged.

21. Tackling alcohol misuse will take concerted effort over many years. It should be based on a multi-component approach, involving all relevant stakeholders targeting those drinking heavily and inappropriately. Targeting hazardous and harmful drinkers offers the greatest opportunity to reduce harm. Reducing the number of hazardous and harmful drinkers will reduce per capita consumption; we have no issue with that outcome. Reducing consumption without significantly reducing the number of heavy drinkers, while undermining a major Scottish industry and its contribution to the economy, is a policy option that undermines the national economic interest.

**Unintended consequences**

22. All price fixing measures distort the market. MUP will significantly distort the Scottish market. It is apparent from the Business and Regulatory Impact Assessment the Scottish Government is unclear how consumers and retailers will react. Any additional profits that may result from any increase in prices due to MUP will be retained by retailers, and not passed back to producers.

23. There is no consideration of the impact of minimum pricing on cross border sales, illicit supply, organised crime and fraud in the Sheffield Report.

24. Our experience shows those markets which deploy over stringent control policies see a greater incidence of fraud with alcohol supplied through grey and black markets. We would expect greater cross-border shopping with England where consumers will be able to source their preferred brands not only cheaper, but will also have access to quantity discounts.

25. Internet shopping is increasing for all types of goods. As Internet sales for alcohol products sourced from outwith Scotland are not subject to the

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\(^9\) Alcohol Pricing and taxation polices, IFS Briefing Note NB 124, 2011
Scottish licensing provisions and therefore MUP we expect to see increased alcohol Internet sales.

26. A key objective of the Government's alcohol strategy is reduced consumption. An increase in cross border purchases, Internet and illegal sales of alcohol as a result of the introduction of MUP could see the Government's goal being significantly undermined.

27. The Scottish Government should set out how it proposes to monitor and assess the impact of MUP on Internet sales, cross-border purchasing and illegal sales. Without this it will not be able to calculate Scottish consumption of alcohol when it is bought outside Scotland.

The level at which such a proposed minimum price should be set and the justification for that level

28. It is not the place of government to set prices and distort markets. Alcohol would become the only food and drink product where minimum retail prices are set by government – a policy long since discredited by bodies such as the Competition Commission and the OFT.

29. We are opposed to the introduction of MUP. If approved by Parliament and passed into law the scheme's effectiveness should be subject to annual review, against clearly understood, transparent and objectively evidenced criteria, and the scheme should be discontinued should the review demonstrate its ineffectiveness or its introduction leading to undesirable consequences, viz illegal activity/illicit market.

30. The Committee may also wish to refer to the longer submission on MUP from the SWA to the Finance Committee.

Douglas Meikle
Alcohol Policy Manager
Government & Consumer Affairs
Scotch Whisky Association
9 December 2011
DIAGEO

DIAGEO RESPONSE TO THE HEALTH AND SPORT COMMITTEE’S CALL FOR EVIDENCE ON THE ALCOHOL (MINIMUM PRICING) (SCOTLAND) BILL
**DIAGEO RESPONSE TO THE HEALTH AND SPORT COMMITTEE’S CALL FOR EVIDENCE ON THE ALCOHOL (MINIMUM PRICING) (SCOTLAND) BILL**

**About Diageo**
Diageo is the world’s leading premium drinks business and a top-20 FTSE 100 company. We employ more than 22,000 people worldwide, in more than 80 countries, including over 5,000 people in the UK, in more than 50 sites.

Our brands include: Bell’s, Johnnie Walker and J&B whiskies as well as a range of malt whiskies from our 29 Scottish distilleries alongside Smirnoff vodka, Captain Morgan rum, Baileys liqueur, José Cuervo tequila, Tanqueray and Gordon’s gin, Guinness beer and Blossom Hill wines.

**Diageo in Scotland**
Scotland is embedded in Diageo, our culture, values, brands and people. Today we produce over 30 million cases of Scotch whisky annually, making us the world’s single largest producer. We are committed to investing in Scotland, and the Scotch whisky industry, to promote global demand for our brands. Every year we invest over £75 million in Scotland improving our production capabilities, and spend over £400 million with Scottish-based suppliers.

In addition to our existing Scotch production footprint, Diageo also produces around 12 million cases of white spirit brands such as Smirnoff, Tanqueray and Gordon’s in Scotland. The majority of these drinks are sold globally in more than 180 markets, confirming Diageo as Scotland’s top manufacturing exporter, with our products accounting for over 20% of Scotland’s food and drink exports. Diageo currently employs more than 4,000 staff at around 50 sites throughout Scotland who all contribute to Diageo’s global success.

**Executive Summary**
Diageo welcomes the opportunity to submit written evidence to the Health and Sport Committee on the Alcohol (Minimum Pricing) (Scotland) Bill. We believe that an open and constructive dialogue between Government and stakeholders is a vital part of the process of good policy making and hope that our response will help inform policy development in this important area.

We continue to agree with the Scottish Government’s analysis that there is no single, simple solution to alcohol misuse and we fully endorse its objective of eliminating irresponsible behaviour – whether on the part of consumers, producers or retailers. We also agree that attitudes in Scotland to alcohol misuse must change and alcohol-related harm must be reduced. Diageo actively promotes responsible drinking and works with Government, communities and other stakeholders on a range of targeted interventions aimed at reducing alcohol-related harm and misuse. We are a founding member of The Scottish Government Alcohol Industry Partnership (SGAIP) and operate a rigorous internal code of practice on responsible marketing.

However, whilst we agree with the Scottish Government that a rebalanced relationship with alcohol is needed for some groups and individuals in Scotland, we do not agree that minimum unit pricing is the way to achieve this. Diageo continues to oppose the introduction of minimum pricing for alcohol. We believe introducing a form of minimum unit pricing would: disproportionately penalise the majority of the Scottish population who drink responsibly; be ineffective in tackling alcohol misuse among the minority; jeopardise the competitiveness of the alcohol industry based in Scotland; and potentially be in breach of UK and EU Competition Law.

There is no strong evidence as to the effectiveness of minimum pricing as a policy to reduce alcohol-related harm. It is often portrayed as a targeted measure having greatest impact on problem drinkers with limited impact on moderate drinkers. A recent report from the Institute for Fiscal Studies rejected these assertions finding that minimum unit pricing will hit responsible drinkers and, in particular, those on lower incomes at a time when household budgets are already under extreme pressure.

Rather than introduce minimum pricing, we believe the Scottish Government should focus on working together with industry to establish appropriate standards for alcohol promotions and help consumers make informed choices about how they drink. The Scottish Government should also work with a range of stakeholders such as parents, educators, police, media and NGOs to introduce targeted interventions aimed at the minority of the population who misuse alcohol, as this is a proven and effective response to the problem.

We strongly believe that a system of co-regulation is the most appropriate and effective approach to tackling alcohol misuse. Under co-regulation, the Government and the alcohol industry draw up standards together, which are strictly monitored and enforced, both within the industry and by Government through existing laws and regulations. Strengthening the enforcement of these existing laws and regulations would be preferable to the introduction of new laws.

**The Advantages and Disadvantages of Establishing a Minimum Alcohol Sales Price Based on a Unit of Alcohol**
Diageo agrees with the Scottish Government that a rebalanced relationship with alcohol is needed for some groups and individuals in Scotland. However, we continue to oppose the introduction of minimum pricing for alcohol both in principle and in practice, for a number of reasons:

**The Relationship Between Price, Consumption and Harm**
Diageo believes minimum pricing would not tackle the problem of alcohol misuse among the minority of the Scottish population and would disproportionately penalise responsible drinkers who make up the overwhelming majority. The Scottish Government’s own data shows that 73% of men and 82% of women in Scotland already drink within the Chief Medical Officer’s weekly alcohol guidelines.
The relationship between price and consumption is complex, as are the causes of alcohol misuse. For instance, the price of alcohol is largely the same in Scotland as it is in England; however, alcohol health harms in Scotland are far higher than in England. In 2009, the latest year for which comparable data is available, alcohol-related mortality rates for men in Scotland were nearly double those for men in England and Wales (30 per 100,000 population compared to 16 per 100,000 population). A similar pattern was seen for women, with alcohol-related mortality rates for women in Scotland almost double those for women in England and Wales (15 per 100,000 population compared to 8 per 100,000 population).

Proponents of using minimum pricing as a health policy instrument argue that increasing the price of beverage alcohol makes it less accessible to consumers and will result in reduced consumption, alcohol misuse and potential harm. However, the assumption of an inverse relationship between levels of taxation and total per capita consumption is largely based on basic economic theory and the relationship between supply and demand, as well as models projecting the impact of reduced taxation on drinking. There is little evidence to support a direct correlation between the level of alcohol price in a country and the level of drinking. Studies have shown that consumers respond differently to price changes in different countries and recent empirical evidence from Denmark, Finland, and Sweden indicates that despite predictions to the contrary, the lowering of the price of alcohol (through decreased taxation) did not lead to increased consumption.

Furthermore, we do not believe that minimum unit pricing is both a population-wide and targeted policy, as the Scottish Government asserts, as we do not believe that the minority who misuse alcohol will be effectively influenced by pricing mechanisms. This view is supported by a number of leading experts and organisations including the USA’s lead agency on alcohol issues, the National Institute on Alcohol Abuse and Alcoholism (NIAAA) which reported that research suggests the heaviest-drinking five percent of drinkers do not reduce their consumption significantly in response to price increases, unlike drinkers who consume alcohol at lower levels. National Institute on Alcohol Abuse and Alcoholism, Alcohol Alert No. 51, January 2001). Consistent with the NIAAA findings was a 2009 meta-analysis, “Effects of beverage alcohol price and tax levels on drinking: a meta-analysis of 1003 estimates from 112 studies,” published in Addiction. The study found that heavy drinkers are far less responsive to price increases than the total population of drinkers.

The Impact of Minimum Pricing on Responsible Drinkers

We do not support measures, such as minimum pricing, that aim to reduce total alcohol consumption. It is only the consumption of the minority of the population who misuse alcohol (causing health harm to themselves and crime and social disorder) that should be targeted, not consumption among the responsible majority who drink within the recommended guidelines. It is estimated that 80% of alcohol is consumed by 30% of the UK population, therefore targeting hazardous and harmful drinkers offers the greatest opportunity to reduce harm. Reducing the number of hazardous and harmful drinkers will produce a reduction in per capita consumption. Reducing consumption without significantly reducing the number of heavy drinkers, while undermining a major Scottish industry and its contribution to the economy, is not a policy that is in the national interest.

As the Scottish Government has noted in its ‘Business and Regulatory Impact Assessment for Minimum Pricing Per Unit of Alcohol as Contained in Alcohol (Minimum Pricing) (Scotland) Bill’ document, the majority of responsible drinkers will be significantly affected by minimum pricing. At a price of 50p per unit, for instance, 73% of all alcohol sold in the off-trade in Scotland will have its price increased afflicting the vast majority of consumers. 92% of vodka, 72% of whisky, 77% of beer and 63% of wine prices in the off-trade would rise overnight as a result of a 50p minimum unit price.

A Strategic Approach to Tackling Alcohol Misuse Based on Targeted Interventions

We believe that the solution to tackling alcohol misuse lies in: (i) sustained education and awareness; (ii) strong enforcement of existing laws applying to drinkers and drink retailers; and (iii) targeted interventions aimed at those who misuse alcohol or are at risk of misusing alcohol. In addition, every alcohol drinker also has to take responsibility for his or her own actions, as we all have a role to play in changing the country’s drinking culture.

Unless all stakeholders share the responsibility for effecting behavioural change, we will fail to change drinking culture in Scotland and will not find the balance that the Government is seeking.

The Scottish Government has in place a number of initiatives to reduce alcohol-related harm, including the ‘Framework for Action’, the Licensing (Scotland) Act 2005 and the Alcohol Etc (Scotland) Act 2010, the latter only coming into force on 1 October 2010. Alcohol consumption in Scotland has been stable for six years and indicators of health harm show a decline. This would indicate the measures already put in place are having a positive impact. As these measures have only been in place for a short period of time, their impact should be fully assessed before any new policies are introduced.

The Legality of Minimum Pricing

Diageo agrees with the Wine and Spirit Trade Association and a number of other stakeholders (industry and non-industry alike) that it is inconsistent with the operation of the free market for the state to intervene on price. This view is supported by United Kingdom and European Competition laws, intended both to prevent barriers to free trade and to protect consumer interest.

While we acknowledge that a definitive view on the legality, or otherwise, of the Scottish Government’s proposals for minimum pricing cannot be reached until its exact terms are specified, the legal advice thus far commissioned by the WSTA suggests a minimum price regime does conflict with the objectives of UK and European Competition laws and WTO rules.

Diageo does not wish, at this stage, to make detailed comments on the potential legality or illegality of the Scottish Government’s proposed plans for the introduction of minimum pricing. However, we would like to draw the Committee’s attention to recent comments made by the UK Public Health Minister Anne Milton in which she suggested that the UK Government has legal advice which indicates that minimum unit pricing is probably illegal: “Our advice is that that in itself is probably illegal as it contravenes European free trade legislation.”
There is also relevant jurisprudence that should be fully considered. We strongly urge that the Scottish Government engages with the European Commission, and in particular the Directorates General responsible for competition policy and the internal market, to ensure that it fully takes into account their guidance and moreover, in order to ensure that the Scottish Government does not enact legislation contrary to its obligations pursuant to the Treaty on the Functioning of the European Union. Technical standards such as rules governing the marketing of products require prior notification to the Commission and Diageo believes it is incumbent upon the Scottish Government to follow these procedures with a view to avoiding the need for industry players to bring proceedings against any legislation imposing minimum prices.

Impact on Competitiveness and Other Unintended Consequences

John Fingleton, CEO of the UK’s Office of Fair Trading, has recently made an important comment in this regard, stating that setting a minimum price on a product “has a number of undesirable effects.” He stated that “It would reduce the incentives of firms to compete, innovate and cut costs. So the dynamic benefits of competition are lost. It is the job of competition authorities to highlight to government where such a short term fix can have serious and long-lasting negative effects.”

We agree with Mr Fingleton’s comments. The introduction of minimum unit pricing is likely to lead to retailers reducing the range of products available to Scottish consumers in the future.

There is also a risk that if some people are priced out of the legitimate market, they will simply turn to illicit sources from which to obtain their drinks. There is very strong evidence to suggest that price increases fuel illicit production or cross-border trade in alcohol, particularly where there is a disparity between one country and another. The likelihood is further increased by the proximity of such countries and the ability to order online. For instance, the impact of higher duty rates and the strength of the Euro on the Irish market have been well documented, with a dramatic increase in cross-border traffic and alcohol sales north of the border. Alcohol sales in Northern Ireland went up by over 25% in 2008 while off-licence sales alone in the Republic of Ireland fell by 16%. We also know that following tax reductions on alcoholic beverages in Denmark (2003) and Finland (2004) to comply with EU harmonization requirements, cross border traffic of alcohol to Sweden rose.

The Level at Which Such a Proposed Minimum Price Should Be Set and the Justification for That Level

We are opposed to the introduction of minimum pricing. However, as a matter of principle if such a scheme is introduced any decisions over the appropriate minimum unit price and the administration of the scheme should be transparent, cover all categories of alcohol equally, and be based on a clear understanding of their likely impact on alcohol-related harm and alcohol misuse. This impact should be subject to regular review against published targets and minimum pricing should be discontinued should these reviews demonstrate it is ineffective or is causing undesirable consequences, as set out above.

Any other aspect of the Bill

We believe the ‘sunset clause’, which clause 2 of the Bill will remove, should be retained so that the impacts of the Bill can be properly assessed.

December 2011

References

2. Alcohol Pricing and taxation polices, IFS Briefing Note NB 124, 2011
3. SHS 2010
8. ‘Business and Regulatory Impact Assessment for Minimum Pricing Per Unit of Alcohol as Contained in Alcohol (Minimum Pricing) (Scotland) Bill’, P 15, para 2.30 “The 2010 price band data demonstrates that a considerable proportion of alcohol is sold very cheaply, with 11% of alcohol sold through the off-trade in Scotland retailing at below 30p per unit, 45% below 40p per unit and almost three-quarters (73%) under 50p per unit. Figure 9 shows the price distribution in percentage terms.”
9. Monitoring and Evaluation Scotland’s Alcohol Strategy (MESAS) – Nielson sales data 2010
10. MESAS: An update of alcohol sales and price band analyses. August 2011
11. E.g. Alcohol-Related Deaths, GROS 5 August 2011
15. Nielsen NI Scantrack Data
As Scotland’s pre-eminent brewer, Tennent Caledonian is committed to Scotland and we take our responsibilities as a brewer seriously. We are therefore pleased to participate in the consultation process relating to the proposed introduction of alcohol minimum pricing in Scotland.

A recent study by Oxford Economics (for the British Beer and Pubs Association) found that the sector sustains 49,960 direct jobs in Scotland and 71,093 in total when indirect and induced jobs are included. Tennent Caledonian employs directly 311 staff. The business supplies its products to more than 7,500 on-trade customers and 98% of off-trade outlets in Scotland.

Tennent Caledonian’s commitment to Scotland is evidenced in the level of investment that has been made here in Scotland by the business since its acquisition by C&C Group plc in 2009. This has included:

- Over 50 jobs brought to Wellpark Brewery in Glasgow’s East End, primarily in accounting, IT and finance;
- The launch and expansion of the Tennent’s Training Academy aimed at promoting best practice in the Scottish hospitality industry;
- Ongoing support for the Scottish licensed trade through loans, representing a seven figure investment in the past two months alone, at a time when small businesses have found it difficult to raise financial support elsewhere;
- The launch of Caledonia Best – a new 3.2% ABV ale, brewed in Glasgow using barley sourced only from Scottish farmers;
- Tennent’s ongoing support for Scottish football through its sponsorship Scotland’s two most popular clubs, Celtic and Rangers – continuing Tennent’s support for Scotland’s most watched sport;
- The successful and on-going Tennent’s brand advertising campaign, conceived in Scotland and built around and highlighting Tennent’s Scottish heritage;
- A renewed focus on export, with Tennent’s Lager now being sold in Australia and Canada;
- A £3.4m investment in a bottling line at Wellpark Brewery, bringing bottling capability back to Scotland.

Furthermore, Tennent Caledonian plays a leading and active role in the Scottish Government’s Alcohol Industry Partnership, of which we are a founding member, and adheres to all the relevant regulatory and advisory codes around the marketing of alcohol in any activity that we undertake. We are members of Portman Group and Drinkaware. Tennent Caledonian has for many years promoted responsible drinking in our advertising; our promotions and our sponsorships.
Nonetheless, we recognise that there is an issue with the abuse of alcohol by a minority of consumers in Scotland and that the Scottish Government has a role to play in tackling this. As such, Tennent Caledonian welcomes sensible moves to ensure that alcohol is enjoyed appropriately here in Scotland.

In principle, we support the Scottish Government’s proposals to introduce minimum pricing measures for alcohol as long as:

- minimum pricing is introduced as one of a range of measures aimed at tackling this issue;
- these measures are implemented fairly and proportionately.

We believe that, implemented correctly, minimum pricing may help reduce the abuse of alcohol by the minority of problem drinkers. However, we strongly believe that this measure must be supplemented with an ongoing focus on education and information for drinkers on the issues associated with alcohol abuse.

Furthermore, while we do not seek to advocate a specific price for minimum unit pricing, we believe it is vital that this is set at a level that is proportionate to the issue that this measure seeks to address. While we recognise that setting a price that is too low may have little effect on the issue that it seeks to address, we also urge the Scottish Government to recognise that setting a price that is too high will penalise the vast majority of responsible drinkers who enjoy the consumption of alcohol at a moderate and wholly appropriate level.

In summary, Tennent Caledonian believes passionately that responsible adults have the right to enjoy drinking sensibly and that minimum pricing may contribute to fostering a responsible drinking culture in Scotland.

Steve Annand
Managing Director
Tennent Caledonian Breweries UK Limited
12 December 2011
Alcohol (Minimum Pricing) (Scotland) Bill

National Association of Cider Makers (NACM)

The National Association of Cider Makers (NACM) represents and promotes the interests of producers of cider and perry in England, Wales and Northern Ireland; and by implication the interests of cider apple growers and the rural communities in which this activity takes place. We appreciate the opportunity to comment on the Alcohol (Minimum Pricing) (Scotland) Bill.

Cider Industry

The cider industry is characterized by its wide range of scale of production with two major producers, a handful of medium-scale producers and a very long tail of very small scale producers with some perry and cider makers producing less than 70HL per annum. Approximately 480 producers, in all, predominately based in rural communities in the South West of England and the three counties of Gloucester, Hereford and Worcester. Some 1,000 jobs are directly dependent on cider making with a further 5,000 rural/cider related jobs overall.

The principal raw material for making perry and cider is pears for perry and apples (both cider apples and dessert apples) for cider. The source of the pears and apples for making perry and cider is from a wide variety of orchards, varying in scale from 2-3 trees to large orchards in England, Wales and Northern Ireland. Without the continued existence of the cider industry the UK’s apple orchards would be reduced by more than 50%.

Cider and perry is sold throughout the United Kingdom in a wide range of outlets from major national and regional pub chains, major multiple retailers to farm shops and local pubs and local supermarkets.

As set out in the BRI\(^1\), the share which cider and perry have of the Scottish alcoholic drinks market is only a relatively small 7%; this effectively means that 930 people out of 1,000 people do not drink cider. Furthermore of the 70 that do, cider is usually their 4\(^{th}\) preference drink.\(^2\) Strong white ciders only represent \(\frac{1}{2}\)%\(^3\) of the total alcoholic drinks market, not the 2% as set out in the BRI\(^4\). They are a declining part of the market and it is interesting to observe that in the leading multiple retailers these products are placed on the bottom shelf and are not regularly replenished.

Alcohol Misuse

As the figures clearly show, due to its small market share, cider and perry cannot be singled out as being responsible for alcohol misuse in Scotland, as some would suggest. A review of published reports in the public domain

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\(^1\) (BRI) Framework for Action: Changing Scotland’s Relationship with Alcohol – Business and Regulatory Impact for Minimum Price per Unit of Alcohol as Contained in the Alcohol (Minimum Pricing) (Scotland) Bill, Scottish Government 2011, paragraph 5.52, p 44.

\(^2\) Trade research

\(^3\) CGA/IRI On & Off Trade

\(^4\) Table 3, p 73
produced by the Scottish Executive, UK Government and other bodies, quite clearly demonstrates that no one alcoholic drink is responsible for alcohol misuse – misuse is caused by certain drinkers who clearly misuse alcohol and by some under 18s who are clearly breaking the law, with their parents principally responsible for supplying the alcohol to them. This therefore is not a problem about problem drinks but about problem drinkers and individual’s attitude towards alcohol.

NACM fully appreciates the Scottish Government’s concerns about alcohol misuse in Scotland and its desire to address this issue. NACM is an active member of the Scottish Government Alcohol Industry Partnership, set up to develop effective, practical and targeted measures to address the misuse of alcohol by the few.

The cider industry looks forward to continue its partnership with the Scottish Government to tackle these serious problems. In drawing up policies to reduce harm from problem drinkers, however, it is essential to base solutions on the facts and robust evidence of what works.

NACM fully subscribes to the Portman Group Code of Practice which is successful in ensuring that products are marketed in a socially responsible way and only to an adult audience, fully supports the aims and objectives of the Drinkaware Trust (with NACM’s leading members being directly involved in its operations) and an active participate in the Responsibility Deal.

**Minimum Price Based on a Unit of Alcohol**

Given that the majority of the public drink sensibly and that alcohol is misused by a minority of drinkers, general population measures such as increasing taxes or other means of raising prices e.g. introducing minimum unit pricing are not generally regarded as the appropriate means for tackling misuse – it penalises the majority of sensible drinkers without necessarily dealing with alcohol misuse.

The SchARR model does no more than demonstrate that if you raise the price of a product consumption falls (the economic principle of price elasticity of demand), the basis on which the whole minimum unit pricing thesis is built.

A number of factors can affect the price elasticity of demand for example:

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5. Research by Drinkaware and John Moores University, Liverpool.
6. School of Health and Related Research at the University of Sheffield.
7. Price Elasticity of Demand is a measure to show the responsiveness of a quantity of a product demanded in response to a 1% change in price (holding constant all other determinants of demand). It was devised by Alfred Marshall in 1890. The determining factor for establishing the price elasticity is the willingness and ability of consumers after a price change to postpone immediate consumption decisions concerning the goods and to search for substitutes.
- Availability of substitute goods and their relative price (in this case substitute goods could include discretionary food products whose purchase is dropped to maintain alcohol purchases)

- Consumer’s real personal disposable income

- Market dynamics; to name a few.

**Market dynamics and distortion**

The ScHARR study did not adequately model situations where other determinants were not held constant. The application of a 35p/unit minimum price (and above) would not appear to fall within the parameters of the 1% price change: the double digit price change represents a paradigm shift, where the level of price increase for one category is sufficient to alter existing market dynamics which would render historical price elasticities questionable.

The application of minimum unit pricing will compress price ranges of products (in the off-trade) within a category – eroding price hierarchies as the gap between the new artificial floor price of a product and the premium price is drastically reduced. Price ranges across categories will also be compressed: historic price elasticities would not be applicable as the basis for calculating impacts on demand for a range of alcoholic beverages (and the collateral reduction in the demand for discretionary food items.) Such price compression will be market distorting and bring with it unintended consequences. The impact on cider sales in Scotland will be far greater than that calculated by ScHARR.

This measure effectively denies access to Scottish markets because minimum pricing favours least efficient producers and denies cost efficient producers in England, in other EU member states and non–EU countries who make ‘English’ style cider access to market by not being able to reflect their cost efficiencies in lower prices. Minimum unit pricing is effectively a restriction on the operation of the free market and a barrier to international trade.

Minimum unit pricing removes price as a vehicle for reflecting quality considerations and removes the incentive for maintaining quality aspects of production. In the case of cider, as far as the Scottish market would be concerned, minimum unit pricing could undermine and make redundant the minimum juice content criteria for cider as the minimum price (depending on the level it was set) could nullify the tax penalty for lower juice content product.

The above assessment effectively challenges two claims made in the BRI:

“... that the effects of the price increase may not be disadvantageous to the alcohol industry as a whole because the estimated decrease in sales volume may be more than offset by the unit price increase.”

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9 BRI p 17 paragraph 2.34
“Minimum pricing is estimated to result in increased revenue to the alcohol industry as a whole.”

The BRI clearly shows that there will be serious damage to cider sales if the minimum price were set at 40p/unit of alcohol.

**Parallel markets**

The BRI is dismissive of the impact of internet trading and the development of an illicit market for alcohol. It tends to assume a passive response from consumers. This view is not shared by the Economist, *“If prices are much higher in Scotland than in England, parallel markets, both legal and illegal, will emerge.”* Parallel markets are active in Sweden and Finland where penal tax regimes operate against alcoholic beverages.

There is an example from recent history when coffee prices rose very steeply where lorries on route between production centres to distribution depots in the UK were hi-jacked for their cargoes for selling in illicit markets.

Where prices are artificially raised above a market price illicit alcohol production and counterfeiting does take place which is recognised by the WHO Global Strategy. The recommended course of action is greater enforcement but this adds to policing costs yet the BRI figures show that overall crime volumes are estimated to fall by around £18m over 10 years.

**Conclusion**

Penalising the general population does not seem to be the appropriate way forward in either seeking to bring about cultural change in Scotland’s relationship with alcohol or dealing with alcohol misuse (the problem drinkers).

The industry is working with the Scottish Government to address the issue of alcohol misuse and as the Economist pointed out, *“some drinking trends are beginning to come right, with a recent fall in alcohol related deaths, fewer adults saying that they drink over the limit and fewer 13 – 15 year olds saying they drank at all the previous week: why rush into more change?”*

Given the significant anticipated drop in the sales of cider as a result of the introduction of minimum pricing the negative impact on industry is disproportionate to the outcomes that are being sought particularly as they stand to be undermined by unintended consequences.

NACM is concerned, along with other organisations representing alcoholic drinks producers that:

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10 BRI p 39 paragraph 5.37
11 BRI p 73, Table 3
12 The Economist, December 3rd – 9th 2011, p 36.
13 BRI p 34, paragraph 5.21 and Table 4.
14 The Economist, December 3rd – 9th 2011, p 36
Policy on alcohol misuse should be addressed to those who have the problem not the majority who do not rather than propose a measure which unnecessarily impacts all consumers of alcoholic drinks regardless of whether or not they have anything to do with alcohol misuse.

There is the assumption of a direct link between price and reducing harm, particularly as it is has yet to be supported by the evidence. No evidence has been produced to substantiate the thesis that minimum unit pricing will be effective in tackling alcohol misuse other than the basic mechanism that as the price of a product goes up then the consumption of it in general goes down.

Of concern is the apparent failure by those wishing to introduce further legislative controls on the availability and the price of alcohol to identify and deal with the real causes of alcohol. To focus on the availability and affordability of alcohol as the sole and root cause of misuse loses sight of this. When the BRI looked at alternative policy instruments it looked no further than price instruments and failed to give consideration to targeted interventions. The real drivers behind harmful drinking, binge drinking behaviour and under 18’s alcohol misuse are overlooked as a consequence. Failure to get this right means that behaviour does not change, misuse and harmful drinking continues but that the general public are penalised as a result of failed policies built on false premises.

National Association of Cider Makers (NACM)
12 December 2011

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15 BRI p 90 paragraphs 72 – 78.
thank you for giving the scottish beer and pub association (SBPA) an opportunity to comment on the alcohol (minimum pricing) (scotland) bill.

the committee may be aware that the scottish beer and pub association’s members account for 1,200 of the 5,000 licensed public houses in scotland. our members promote the responsible sale of alcohol and management in all of its licensed premises, helping to scotland a safe and enjoyable place to visit and socialise in. our members also include a number of scotland’s major brewers and drinks producers. our association’s sister trade association is the british beer and pub association, the BBPA.

a recent study by oxford economics (for the british beer and pub association) found that the sector sustains 49,960 direct jobs in scotland and 71,093 in total when indirect and induced jobs are included. this compares to a total of 45,300 jobs supported by scotch whisky in scotland. the beer and pub sector also adds nearly £1.5 billion in value to the scottish economy.

we would respond to the committee’s questions as follows:

question: the advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol

the individual views of SBPA’s members vary on the issue of minimum pricing and therefore, as an association, SBPA does not have a collective position in relation to the principle of minimum pricing of alcohol. in previous submissions on the subject we have focused instead on our concerns about the process by which a minimum price would be set and implemented; the potential conflict of the measure with european law; and the potential impact on consumers and the scottish licensed and hospitality industries. we would repeat those comments.

however, we would reiterate that a number of our members are supportive of the introduction of minimum pricing of alcohol, whilst other members are opposed to the measure, and we understand that some of our members may be making submissions to the consultation directly.

in general, SBPA believes that government interventions on tax and price are blunt and poorly targeted. policy should target problem drinkers, not penalise the whole population.

SBPA would question the scottish government’s ability to deliver its proposals for the minimum pricing of alcohol using the powers available to the Scottish Parliament under the Scotland Act 1998. Even if this is an option, we would highlight that there may be significant adverse consequences for the competitiveness of the Scottish pub and hospitality industries of having differential governmental policies on the fundamental issue of product pricing.
between Scotland and the rest of the UK. We do not believe this would be to the benefit of the industry or our customers.

We believe administrative intervention on the price of alcohol under European law can only be used as a final resort having attempted other public policy solutions, and only on the basis of clear evidence that such intervention will reduce alcohol misuse and harm. We believe it is therefore for the Scottish Government to proactively and conclusively demonstrate this in justifying the appropriateness of its proposals to the relevant competition authorities prior to progressing with its proposals.

SBPA however is not yet convinced that the Scottish Government has exhausted other policy solutions on this issue, particularly in light of the fact that the Licensing (Scotland) Act 2005 only came into effect in September 2009 with subsequent changes, including those restricting off-sales promotions only coming into effect in October 2011. There has been no time to meaningfully assess the cumulative impact of all of these legal changes on tackling alcohol abuse.

More fundamentally, we believe that this blanket approach on pricing will prove detrimental to the majority of Scots who consume alcohol sensibly and responsibly, in attempting to tackle a problem relating to a minority.

**Question: The level at which such a proposed minimum price should be set and the justification for that level**

We would highlight that in delivering the Scottish Government’s proposed pricing scheme industry will necessarily be excluded by competition law from any consultation on what prices should be. This is also the view of the Scottish Government itself in Section 31 of its Policy Memorandum to the Bill which states:

“The Scottish Government, therefore, does not consider self-regulation or industry involvement in setting a price is either desirable or compatible with EU law and in particular Article 101 of the Treaty on the Functioning of the EU which would prohibit the alcohol industry from being involved in the setting of a minimum price.”

Having considered this from a practical perspective, we do not believe Government or other groups outside of the industry actually have the necessary competence to set the price of a pint of beer. Industry which collectively could assist in that process will be excluded from those discussions. On that basis we are unable to offer any comment on one of the questions posed by the Committee as part of its consultation, namely “The level at which such a proposed minimum price should be set and the justification for that level.”

Even if SBPA could legally comment, we cannot offer any meaningful insight on these issues given that this would be reliant on modelling customer behaviour which we do not believe to be possible in isolation. These are
matters for commercial negotiation and given that we do not represent off-sales retailers of alcohol we cannot meaningfully comment on these matters.

Question: Any other aspects of the Bill

We would offer the following comments on other aspects of the Bill.

“Sunset Clause”

The Association notes that the Scottish Government conceded a “sunset clause” during the Scottish Parliament’s deliberation on the Alcohol etc. (Scotland) Act 2010. This was the only provision relating to proposals for minimum pricing which was passed into law by the last Parliament. We believe that the inclusion of a “sunset clause” should be a pre-requisite in relation to the current Bill.

If the Government was prepared to agree a sunset clause in relation to the Alcohol Act 2010 then this is made even more imperative in relation to the proposed Bill given that the current Scottish Government has an overall parliamentary majority and the current term of the Scottish Parliament will run for five years. As such we believe there must be a “sunset clause” included in any legislation given that the measure is untested and untried and should be subject to meaningful scrutiny following its introduction.

Evidence-Based

The detail of how any minimum pricing proposals will work and be adjusted following their introduction is unclear. We would suggest this detail needs to be included on the face of the Bill itself and not left to Regulations which are subject to much lower levels of parliamentary scrutiny than the legislation itself. Additionally, we would suggest that any specific proposed minimum price for a unit of alcohol needs to be introduced on the basis of clear evidence which should be subject to independent scrutiny.

As the Scottish Government has conceded the drinks industry cannot be involved in discussions about minimum pricing levels. SBPA would suggest that this severely undermines the ability of any pricing proposals to be implemented and adjusted on an evidence-based foundation.

Process

In the event that the Scottish Government is successful in passing the Alcohol (Minimum Pricing) Bill, the Association would suggest that the processes for reviewing and adjusting any minimum pricing level need to be made more transparent and explicit. We believe that the Scottish Government has said that any proposal to adjust the minimum pricing level would be subject to an affirmative vote by the Scottish Parliament.

SBPA would suggest that this needs to go further in that the Parliament, in advance of any vote on these matters, should have to take evidence on these
matters and produce a report commenting on any Scottish Government proposals to adjust minimum pricing levels. This exercise should perhaps be advised by an independent advisory group with a wide membership reflecting the lack of industry involvement.

Again we would suggest this detail needs to be included on the face of the Bill itself and not left to Regulations which are subject to much lower levels of parliamentary scrutiny than the legislation itself.

Financial Benefits For Industry

We do not accept that there will necessarily be any “windfall” generated for brewers or on-sales licensed retailers from the introduction of minimum pricing of alcohol. Pubs and clubs already sell alcohol well above the minimum price levels which have been previously suggested by the Scottish Government. Additionally, there would still need to be on-going contractual discussions between producers and off-sales retailers as to the price at which alcohol was sold by producers post any minimum price being set.

We would not anticipate that the price at which alcoholic products are sold by producers to off-sales retailers would be significantly different simply because of the introduction of minimum pricing in Scotland. The relatively dominant position of retailers in the supply chain, and the already intense competition between the major supermarket chains would be more significant factors in determining pricing levels. This is referenced in the Regulatory Impact Assessment for the Alcohol (Minimum Pricing) (Scotland) Bill, produced by the Scottish Government, which states:

“5.30 ... The RAND report for the Home Office concluded that the evidence from the UK alcohol market suggested that major retailers of alcohol, operating in an oligopolistic market, have a relatively stronger bargaining position than producers.”

We would therefore suggest that any financial benefits arising from the introduction of minimum pricing would be very largely, if not totally, retained by off-sales retailers, specifically the major supermarkets

Lead-In Time

In relation to the lead-in time for any introduction of minimum unit pricing, the Association would suggest that there will a resource requirement for producers and off-sales retailers to facilitate the introduction of any minimum price for alcohol. There may also be consequent impacts on existing contractual arrangements between producers and retailers which will need to be accommodated if minimum pricing is introduced, dependent on how soon minimum pricing was introduced after being passed by the Scottish Parliament.

An additional consideration is the sales cycle relating to alcohol and alcohol sub-categories and volumes sold during the course of a year. It would be sensible not to seek to introduce minimum pricing of alcohol at one the busier
times of the year for alcohol sales, for example, during or in the run-up to the festive period, in order to allow any pricing regime time to bed-in.

Additionally, we would request that the Scottish Government delivers a funded awareness campaign relating to the introduction of minimum pricing in the lead-up to its introduction targeted at customers and more importantly the trade. This critical support has been lacking in relation to previous changes in licensing legislation introduced by the Scottish Government.

**Business Costs**

It is not possible for us to meaningfully comment on the additional costs relating to the introduction of minimum pricing at this time. This will clearly be dependent on the detail of any specific proposals and the mechanisms put in place to deliver these.

We trust our comments are of use and as always the Association is willing to supply any further information, if the Committee requires it.

Patrick Browne  
Chief Executive  
Scottish Beer and Pub Association  
11 December 2011
Alcohol (Minimum Pricing) (Scotland) Bill

Scottish Licensed Trade Association

The Scottish Licensed Trade Association is the leading trade body representing the independent liquor licensed trade in Scotland, including Public Houses, Hotels, Convenience Stores, Restaurants and Late Night Entertainment premises. The Association welcomes the Health & Sport Committee’s invitation to submit a response on the Alcohol (Minimum Pricing) (Scotland) Bill.

The SLTA has advocated the introduction of minimum pricing controls for alcohol for more than 40 years, since the UK Government of Edward Health abolished Retail Price Maintenance. The SLTA foresaw then, the horrendous problems which we see today, as a result of cheap alcohol, readily available and everywhere in sight. It must be remembered that in the 70’s, the problem was only confined to the On-trade, few supermarkets existed and the quantities of alcohol sold through supermarkets were negligible in comparison to the On-trade. However, over the last few years in particular, the dictatorial practices of the major supermarket chains, in respect of their buying power on suppliers, has driven the pricing of alcohol products into “freefall”. The link between excessive drinking and promotions and deep-discounting in off-sales, particularly supermarkets is, in our opinion, the prime contributing factor we associate with alcohol problems in Scotland and must be addressed. Not only does The SLTA agree with a minimum pricing policy, this is also a view shared by the whole of the UK & Ireland Licensed Trade Association.

Whilst retailing restrictions on promotional activity within the licensed trade will have a small impact, radical minimum pricing is required in order to completely change the consumption habits of young people in particular. Minimum Price is not a panacea, but controls on pricing are the foundation for other complementary policies to be effective.

The SLTA is basically in agreement with establishing a minimum alcohol sales price based on a unit of alcohol and whilst there are a number of methodologies to identify such a price, in general, in health terms, such suggestions lead to one contributing factor, it should be linked to the alcoholic strength of the product. There would be no point on basing a minimum pricing policy on simply “unit” terms as there is already confusion on what a “unit of alcohol” actually means.

With regard to the advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol, The SLTA sees no other possible alternatives to effectively addressing the public health issues surrounding alcohol consumption or delivering the results minimum pricing, combined with a ban on off-sales promotions, could deliver. Already we see, in particular supermarkets, circumnavigating the current legislation recently introduced to control alcohol sales promotions – instead of three bottles of wine for £10, it is simply £3.33 a bottle, only selling bottle or canned beer/lager in multi-packs and purchasing alcohol on the internet, are but a few.
Unfortunately those who advocate that education is the best way forward have, despite their efforts, failed to succeed. The figures on Health, Crime and Disorder, Lost Working Days, and Underage Drinking etc. demonstrate this. Those who advocate taxation, do not understand how the industry works. The last three UK budgets illustrate this. The large alcohol retailers do not necessarily pass on any duty increase and in a number of cases simply force their suppliers to absorb the cost. The 10 leading supermarkets have admitted to using alcohol as a loss leader and said they would continue to do so. Taxation has never resolved the problems associated with alcohol abuse and never will. There has been a substantial change in the drinking habits of individuals over the last 30 years, from drinking in a controlled environment to an uncontrolled environment. We would contend that the migration to uncontrolled and unsupervised consumption of alcohol has had a substantial adverse effect on potential Government tax revenues (VAT and Corporation), due to the low cost selling and loss leading practices of the supermarkets in particular.

The level at which a minimum price should be set has to be proportionate to the problem but defining what is “proportionate” is difficult to establish initially.

Amounts of 25p, 50p and 70p have been muted for the level at which the minimum price should initially be set. The SLTA is of the opinion that a Minimum pricing at 25p would be utterly pointless as it would fall well below existing pricing levels for most UK alcohol retail products. Similarly, pricing at 70p would be punitive to responsible drinkers and unfairly penalise those who enjoy an occasional social drink responsibly. If a 50p minimum price was introduced this would seem a reasonable amount to encourage safe responsible consumption across all sections of society by ending the supply of cheap (discounted) alcohol products which we see promoted in our society every day. It would also put an end to the morally wrong situation where alcohol, on some occasions, is cheaper than bottled water.

Few products, other than those regularly discounted, would be affected by any price below 50p in the Scottish on-trade sector where the average price of a unit of alcohol is 134p. However, within the off-trade, recently published research shows that in 2010, 45% of off-trade alcohol sales were sold at less than 40p per unit of alcohol and 73% at less than 50p per unit of alcohol. With the vast majority of alcohol in Scotland being sold through supermarkets, it is obvious that a minimum price of alcohol set at 50p per unit would undoubtedly have an effect on cheap alcohol prices in supermarkets.

The introduction of minimum pricing for alcohol sales within the licensed trade would give a universal standard of responsibility for all sectors of this industry to adhere to and would stop those retailers who undermine the efforts of Government, alcohol related public bodies and charities, and responsible retailers, to better control Scotland’s drinking culture.

Colin A Wilkinson
Secretary
Scottish Licensed Trade Association
12 December 2011
The Salvation Army welcomes the introduction of the Alcohol (Minimum Pricing) (Scotland) Bill (SP Bill 4). Being cognisant of the fact that the evidence given in support of minimum pricing, when it was introduced as part of the Alcohol etc. (Scotland) Bill in November 2009, is still considered relevant to this Bill we restate our support and present the following detail in evidence.

**The advantages of establishing a minimum alcohol sales price based on a unit of alcohol.**

The Salvation Army would commend to Parliament the evidence contained within the Policy Memorandum which clearly shows a direct link between the price and availability of alcohol and the personal, social and societal problems associated with its consumption. As the evidence shows, as alcohol has become more affordable (in 2010, alcohol was 44% more affordable than in 1980\(^1\)) and available, (more than 7,800 premises across the UK sell alcohol 24 hours of the day, 7 days a week\(^2\)) alcohol-related illness and alcohol-fuelled crimes increase. The cumulative cost to Scottish society is estimated at £3.5 billion each year\(^3\).

The Salvation Army acknowledges that changes enacted through the Licensing (Scotland) Act (2005) and the Alcohol etc.(Scotland) Act (2010), have set a clear, ‘direction of travel’, however, it is of concern that the findings of a recent report\(^4\) reveal that alcohol is available for as little as 14p per unit in some parts of Scotland and two cans of ‘own brand’ lager can be purchased for less than the price of branded cola. The need for the establishment of a minimum alcohol unit price is clear.

An appropriately set minimum unit price will effectively remove ‘cheap’ alcohol from the market. Such products tend to be purchased by harmful drinkers and the evidence indicates that the intake of the heaviest drinkers will also be affected by price. A population based measure, such as minimum unit price, will, consequentially have targeted impact on specific groups.

**The disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol.**

It has been argued that minimum unit pricing could be against European legislation and that the law, once passed, will be challenged by the industry

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1. NHS Information Centre Stats on Alcohol: 2011
2. Department of Culture, Media and Sport, 2010
4. The Four Steps to Alcohol Misuse, Alcohol Focus Scotland, Scotland Health Action on Alcohol Problems, Balance, the North East Alcohol Office and Our Life, November 2011
resulting in a lengthy legal battle in the European courts. We would contend that this is a fight worth having as, to do otherwise, would allow supermarkets to continue to sell 'low cost' alcohol and allow the exacerbation of Scotland’s problem with alcohol.

It has also been postulated that minimum unit pricing will adversely impact on the poorer populations in Scotland. The Salvation Army in Scotland works on a daily basis with the socially excluded and marginalised and recognises that low income and socially disadvantaged families are, in fact, disproportionately affected by problematic alcohol use. Approximately two thirds of all alcohol related deaths in Scotland in 2007 were amongst the most deprived communities5. Also, people living in the most deprived areas of Scotland are eight times more likely to be admitted to a psychiatric unit with an alcohol-related disorder than people living in the least deprived areas6. A minimum unit price would, in fact, show the greatest health benefit in this group.

**The level at which such a proposed minimum price should be set and the justification for that level.**

This is a matter for experts to decide, however, it is important that the minimum price set is high enough to have an impact on purchasing. We acknowledge that the research by The School of Health and Related Research, University of Sheffield in 2008 and 2009 produced a convincing model measuring the potential impact of minimum alcohol pricing on a variety of population groups. We are encouraged by the intention of the Scottish Government to re-run the Sheffield Model to secure up-to-date evidence in support of the minimum unit price.

The current research indicates that setting a level of 50p per unit would result in a significant reduction in alcohol related harms whilst ensuring that alcohol remains affordable for moderate drinkers. Alcohol consumption would be reduced across all populations groups with the most significant reduction in harmful drinkers (10.3%). Concurrent with the obvious health benefit to the people of Scotland would be the significant reduction in alcohol fuelled crime and disorder with a consequential improvement in the safety of our communities.

We would advocate that the minimum unit price is set by secondary legislation to enable ministers to vary the price as circumstances change.

We would support a starting position of 50p per unit.

**The rationale behind the use of minimum pricing as an effective tool.**

The Licensing (Scotland) Bill (2005) requires licensing boards to monitor density-related problems and to take action by banning new premises or revoking licenses in the interests of public health. Limiting “alcohol outlet

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5 Alcohol Statistics Scotland, 2009, ISD
6 Alcohol Statistics Scotland, 2009, ISD
density” as a public health measure is well supported in the literature and we welcomed this initiative. There is also a significant body of research literature on the relationship between the price of alcohol and consumption levels. In a recently published study the authors conclude that

“…price affects drinking of all types of beverages, and across the population of drinkers from light drinkers to heavy drinkers. We know of no other preventive intervention to reduce drinking that has the numbers of studies and consistency of effects seen in the literature on alcohol taxes and prices”.

The evidence suggests that consumers of alcohol increase their drinking when prices are low and decrease their consumption when prices rise. Therefore, public health can be further protected by increases in price. Governments can effect change at a societal level using the lever of price. The window of opportunity presented by the Alcohol (Minimum Pricing) (Scotland) Bill must be taken if the objective to protect and improve public health is to be realised. The results of the Sheffield Modelling Study into minimum pricing in Scotland indicate that the physical and social harm caused to Scotland’s People could be ameliorated by the imposition of a minimum unit price. Reduced harm, saved lives, and the resultant cost savings to public services are positive outcomes that would be universally welcomed. We strongly support the establishment of a minimum unit price as part of a raft of measures to improve Scotland’s health and social wellbeing and to reduce the existing alcohol-attributable disease burden.

We accept that the introduction of minimum pricing will not, of itself, resolve the current alcohol related problems in Scotland. We continue to challenge the Government to fully enact present legislation dealing with alcohol, invest in social programmes to support families, generate attitudinal change which will enable positive choices about the role of alcohol in our lives and improve support and treatment for those who need it. However, we welcome the introduction of minimum pricing as a significant step in the right direction.

The harmful use of alcohol is a global problem and the eyes of the world are on the Scottish Parliament as the progress of the Alcohol (Minimum Pricing) (Scotland) Bill is monitored. The World Health Organisation (WHO) are

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11 Model-based appraisal of alcohol minimum pricing and off-licensed trade discount bans in Scotland. A Scottish adaptation of the Sheffield Alcohol Policy Model version 2, ScHARR, University of Sheffield, September 2009.
Currently developing a “Global Strategy to Reduce the Harmful Use of Alcohol”\footnote{Draft Global Strategy to Reduce the Harmful Use of Alcohol; Revised Version; WHO Executive Board 126\textsuperscript{th} Session, Geneva, 18\textsuperscript{th}–23\textsuperscript{rd} January 2010} and Scotland is in the vanguard of countries who are developing innovative national policies to address the impact of the harmful use of alcohol on their citizens. Addressing price and availability through legislation are consistently recognised as effective, public health interventions and we would strongly encourage Parliament to continue to pursue these options.

Alan Dixon, Major
Assistant to The Scotland Secretary
The Salvation Army Scotland Office

Dean Logan, Major
Territorial Addictions Officer
The Salvation Army Territorial
London

8 December 2011
Alcohol (Minimum Pricing) (Scotland) Bill

Consumer Focus Scotland

Consumer Focus Scotland started work on 1 October 2008. Consumer Focus Scotland was formed through the merger of three organisations – the Scottish Consumer Council, energywatch Scotland, and Postwatch Scotland.

Consumer Focus Scotland works to secure a fair deal for consumers in both private markets and public services, by promoting fairer markets, greater value for money, and improved customer service. While producers of goods and services are usually well-organised and articulate when protecting their own interests, individual consumers very often are not. The people whose interests we represent are consumers of all kinds: they may be patients, tenants, parents, solicitors’ clients, public transport users, or shoppers in a supermarket.

We have a commitment to work on behalf of vulnerable consumers, particularly in the energy and post sectors, and a duty to work on issues of sustainable development.

Summary of Consumer Focus Scotland’s position

Consumer Focus Scotland welcomes the opportunity to submit written evidence to the Health and Sport committee on the Alcohol (Minimum Pricing) (Scotland) Bill. We have a particular interest in the likely impact of the Bill proposals on consumers in Scotland. The main focus of this evidence relates to the advantages and disadvantages of establishing a minimum alcohol sales price. We do not have a set view on the level at which the minimum price should be set.

We take the view that it is only justifiable to interfere in otherwise functional markets when there is clear evidence of the benefit of doing so in terms of the public good. At the same time, there must be no significant consumer disbenefits.

There is clear evidence of the social costs of excessive drinking in Scotland, and strong evidence that consumption is affected by price. There is some evidence that introducing a minimum unit price would have an impact on under-age drinkers and on younger binge drinkers, who are more likely to drink cheap alcohol.

While we have some concerns that a minimum unit price for alcohol may impact disproportionately on lower income consumers, we nonetheless think it is worth introducing a minimum unit price in an attempt to tackle the drinking behaviour of very young drinkers, and harmful drinkers.

It is however essential that this is recognised as being only one part of a wider coordinated programme of education, social marketing, and other mechanisms to discourage irresponsible and reckless drinking. Consumer
Focus Scotland takes the view that behaviour change in this area will take a long time, and a variety of approaches will be needed if Scotland is to tackle the social costs of alcohol and change behaviour.

If a minimum unit price is introduced, the Scottish Government should make a commitment to reviewing how the policy impacts on moderate drinkers living on a low income, and monitoring the impact of the policy on overall levels of alcohol consumption and associated harm. It should also make a commitment to anticipating and reviewing supply side responses and any market restructuring that might result from the introduction of a minimum price, as these could lead to the policy having a significant impact on all consumers.

The following sections outline our position in more detail.

**When is intervention in a functioning market justifiable?**

Our position is that there should be a presumption against such interventions unless there is clear evidence that they would result in a positive impact on a public good – whether that is defined in terms of public health, law and order or cost savings in public services - and no significant consumer disbenefits.

Those in favour of minimum prices argue that there is considerable evidence of ‘externalities’ in this market. The cost of alcohol-related harm in Scotland has been estimated at £2.25 billion a year\(^1\), impacting on employment, criminal justice and health, as well as inflicting personal harm both directly and indirectly on members of society. Evidence published in 2009 shows that, on a global basis, one in 25 deaths are alcohol related\(^2\). This includes deaths from mouth and throat cancer, breast cancer, violence, road accidents, alcoholic poisoning, stroke and suicide. In addition, it is argued that consumers may not be fully rational in their alcohol consumption decisions, for example not taking into account the risk of addiction. Consumer Focus Scotland believes that this evidence of the social impact of alcohol justifies an intervention in relation to price.

**Will a minimum unit price for alcohol have the desired effect?**

There is evidence in relation to both tobacco and alcohol that there is a clear relationship between price and demand. Despite the addictive nature of alcohol, there is evidence from the USA that price and level of taxation of alcohol are directly linked to the level of consumption\(^3\). The effects of price rises are significant compared with other policies and prevention programmes. In Europe there is similar research showing that the most effective measures in reducing alcohol consumption are price, availability, drink driving measures

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\(^1\) Scottish Government, Cost of alcohol use and misuse in Scotland, 2008 http://www.scotland.gov.uk/Publications/2008/05/06091510/0

\(^2\) J Rehm et al, “Global burden of disease and injury and economic cost attributable to alcohol use and alcohol-use disorders”, *Lancet*, vol 373; 9682 p 2223-2233

\(^3\) Wagenaar et al, Effects of beverage alcohol price and tax levels on drinking: a meta-analysis, *Addiction* vol 104, 2009
and other short term interventions. Education and mass media campaigns have proved less effective.4

The bill does not provide for across the board price increases, and the introduction of a minimum unit price for alcohol must be recognised as only a partial measure, which is likely to impact on some people considerably more than on others, and may have only a limited impact on the overall trend towards the increasing consumption of alcohol.

A study carried out for the Department of Health in England (known as the Sheffield study)5 reviewed the evidence on the relationship between different policy interventions, including price, and alcohol consumption, with particular reference to their impact on the groups considered most at risk: underage drinkers; young adult binge drinkers (18-25); harmful drinkers (those drinking more than 35 (women) or 50 (men) units a week); and those on low incomes. This study was followed by a similar study in Scotland.6

The studies reached several conclusions, including the following:

- There is strong and consistent evidence to suggest that price increases and taxation have a significant effect in reducing demand for alcohol.
- There is strong evidence to suggest that young drinkers, binge drinkers and harmful drinkers tend to choose cheaper drinks.
- There is low quality evidence that minimum pricing might be effective in reducing consumption of cheap drinks. There is also evidence that such a policy may be acceptable to many members of the community.

The researchers estimated that the value of harm reduction in Scotland would be £950k if a minimum unit price of 40p was set.

**Behaviour and culture cannot be changed overnight**

While there is evidence of a direct relationship between price and consumption, there are other factors which need to be borne in mind. It is generally accepted that alcohol is an integral part of Scottish culture. Lessons from other fields show that effecting behaviour change requires a wide range of approaches, including awareness raising, education, legislation and continuing support for behaviour change. Researchers from the Institute of Social Marketing at the University of Stirling have argued that achieving changes in social and personal attitudes to alcohol will involve looking beyond

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traditional public health responses to approaches in other fields which have been successfully used to influence attitudes, behaviour and policies.7

Research by the Joseph Rowntree Foundation8 has shown that patterns of drinking behaviour are complex. Binge drinking levels changed little between 1998 and 2006 in Great Britain, but this masked an increase of 7 per cent in women – especially those over 25 – and a fall amongst men aged 16-24. The proportion of women who binge drink almost doubled between 1998 and 2006 and is now at 15%. Researchers also found that whilst fewer children are drinking, those that do drink are drinking much more than they did in the past. Other recent evidence9 shows that among 11-15 year olds who drink, consumption has gone up from 5.3 units a week in 1990 to 12.7 in 2007 and 14.6 last year.

**What is the impact of minimum prices on consumers, and disadvantaged or low income consumers in particular?**

We are unaware of any peer reviewed studies carried out to date on the effect of minimum prices on disadvantaged or low income consumers. However, recent independent analysis of alcohol consumption in Britain by the Institute for Fiscal Studies10 concluded that the introduction of a minimum price of 45p per unit would have a disproportionately large impact on low-income alcohol consumers (as well as those purchasing large amounts of alcohol), as they tend to buy lower-priced alcohol.

However, the evidence from this report suggests that the impact of a potential minimum price would vary among different groups of people. For example, although the research found that on average, cheaper products accounted for a much larger share of total units for poor households, the very poorest drinker households were in fact slightly less likely to buy below 45p per unit drinks. It also found that in cash terms, those who experience the greatest average loss would be those with incomes between £20,000 and £30,000, who would lose £1.26 per week or 2.4% of their total food expenditure.11

In general, however, any minimum price policy is likely to have a more direct impact on low income consumers, as many lower value products could significantly rise in price. The price rises caused by a minimum unit price will vary between types of alcohol. If the unit price was set at 50p, a bottle of wine would cost at least £4.50 and a bottle of vodka or whisky would cost around £13. It is currently possible to buy a bottle of wine for under £3, and a bottle of vodka for £6. A 3 litre bottle of cider at approximately 5.5% alcohol, currently

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available at less than £4, would more than double in price to at least £8.50. It is currently possible to buy four cans of own brand lager for less than £1. These would cost around £4 with a minimum unit price of 50p. The University of Sheffield research suggests that if the unit price was 50p, moderate drinkers would only pay, on average, an extra £12 a year whereas harmful drinkers, because they buy so many more units, would pay an extra £163 a year on average.

However, these average costs mask considerable variation. With a minimum unit price of 50p, someone buying two bottles of wine at £3.50 every week would see their annual bill rise by around one-third from £354 to £468, whereas someone buying five bottles of wine a week at £6 would see no increase in their bill. A moderate drinker on a low income buying 4 cans of own brand lager a week would see their costs go from approximately £52 to £208 a year, a fourfold increase. Anyone drinking primarily in a pub or restaurant would see no difference in their outgoings.

The impact of a minimum unit price on people living on a low income needs to be monitored. While the cost of alcohol is likely to rise for those on a low income, it is possible that there will also be benefits associated with this policy. For example, levels of alcohol related violence might be reduced, or supermarkets might use other goods as loss leaders if they can no longer use alcohol in this way.

Depending on the level at which any minimum alcohol price is set, minimum pricing may have only a small direct impact on moderate drinkers. However, it is possible that the response from retailers/suppliers, and the market restructuring which may result, could have a broader impact. If the introduction of a minimum unit price causes the whole alcohol market to shift upwards in price, enabling retailers to preserve current pricing structures, then all consumers of alcohol will suffer a disbenefit. Subsequent efforts may need to be made to ensure that all consumers understand the broader benefits of minimum pricing. As we are not aware that any research has been carried out into potential supply side responses, we believe it is important that such research is carried out before and after the introduction of a minimum unit price. The Scottish Government should keep this under review as part of its monitoring of the impact of its minimum pricing policy.

The need for UK wide action

It is likely that a minimum unit price will be more effective if there is a consistent policy throughout the UK. The announcement in the March 2011 UK budget of a ban on below cost (duty + VAT) sales of alcohol in England and Wales constitutes a de facto minimum price, albeit one which varies with the levels of duty applicable to different types of alcohol. Although in practice this ‘minimum price’ is significantly lower than any option likely to be applied in Scotland, it does indicate a small step in a similar direction at a UK level.

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12 It is estimated that the minimum price will be around 21p per unit of beer and 28p per unit of spirits. http://www.bbc.co.uk/news/uk-politics-15634956
Price: at what level should a minimum price be set?

It must be borne in mind that a minimum unit price for alcohol is unlikely to have any effect on the level of drinking in on-sales premises like pubs and clubs, where prices are already higher than any likely minimum price. It is also unlikely to have any effect on certain products which already cost more than 70p per unit, such as Buckfast tonic wine, which is associated with harmful drinking and violence in the west of Scotland. We do not have a set view on the level at which a minimum price should be set, but consider it important that it is set at a level which is related to the cost of products which are associated with harmful drinking and which are purchased by under-age drinkers.

Consumer Focus Scotland
12 December 2011
Alcohol (Minimum Pricing) (Scotland) Bill: Stage 1

09:52

The Convener: Item 6 is our third oral evidence session on the bill. I give a warm welcome to Gavin Hewitt, chief executive of the Scotch Whisky Association; Michael Patten, global public affairs director of Diageo; George Kyle, head of sponsorship and public relations at Tennent Caledonian Breweries (UK) Ltd; Bob Price, director general and policy adviser of the National Association of Cider Makers; Patrick Browne, chief executive of the Scottish Beer and Pub Association; Paul Waterson, chief executive of the Scottish Licensed Trade Association; Emma Reynolds, Government affairs director at Tesco; and David Paterson, head of regional affairs at Asda.

I welcome you all to the round-table session. There are a lot of people round the table—it is a big tent. We hope to let as many people comment as possible. If you have an important point, catch my eye and you will get in, but do not feel the need to respond to every question. It would be ideal if we could have more of a discussion, during which slightly different views might be expressed.

Gil Paterson (Clydebank and Milngavie) (SNP): Good morning. I have a straightforward, simple question. Do you agree that alcohol damages health and that action is needed?

Michael Patten (Diageo): Yes, the misuse of alcohol harms health. There is no question about that. The evidence is clear and we support actions to reduce the misuse of alcohol.

Gil Paterson: Are there any other points? Has Michael Patten answered for everyone?

The Convener: Does anyone disagree? No one has indicated that they disagree.

Gil Paterson: Fine. You agree with that statement, but I know that there are some differences of opinion on the effects of minimum pricing. I asked whether action is needed, and I think that you agreed that it is, but I do not want to put words in anyone’s mouth. Minimum pricing is the platform that the Government has established, although you may have different opinions on the matter.

Action was taken on substances such as tobacco and, although price was involved, one of the measures in that case was the labelling of the product to say that it damaged health. Instead of putting the price up, should we be thinking along the lines of putting pictures on bottles to show the damage that alcohol does to people? Is that a reasonable compromise?

Bob Price (National Association of Cider Makers): I will comment on the general direction of the questioning. We have heard that the misuse of alcohol is an issue, but alcohol is misused in degrees. Someone who is a responsible drinker does not move away from that and cross a line into being an irresponsible drinker—it is a graduated process. We have to look at targeted interventions to deal with specific issues. Taking a blanket approach to alcohol will miss what you are trying to achieve. Our evidence as a cider industry is that blanket approaches may have unintended consequences. We, as an alcohol industry, are working together to try to find targeted solutions to deal with the problems that we can identify.

Fiona McLeod: Bob Price and Michael Patten said that alcohol misuse causes ill health. Do they not agree with the evidence from the World Health Organization that one glass of wine per day, per woman, increases the risk of breast cancer?

Bob Price: I do not like to be too semantic about what evidence is. We must treat experience—empiricism—as evidence, as well as lab tests and controlled tests with the population. In talking about the increased risk of various forms of ill health caused by the misuse of alcohol, we must understand what “increased risk” means to the general population, instead of trying to panic them morally by saying, “If you drink alcohol you are putting yourself in a serious situation.” It is all about levels of risk.

Fiona McLeod: Should we just ignore the evidence that one glass of alcohol per day increases the risk of breast cancer?

Bob Price: No, we can take cognisance of it and weigh up the risks involved. The risk factor for the population differs from that for each individual, because each individual has their own risk factor.

Paul Waterson (Scottish Licensed Trade Association): The licensing legislation contains many checks and balances on how we can sell alcohol, to whom we can sell it, how often we can sell it to them and so forth, but there is one loophole—price. We have tried to do something about irresponsible promotions, but it is difficult to be so prescriptive as to stop them completely. That is why we need minimum pricing: it is the most important element missing from those controls.

Given that we know the problems with alcohol, is it right that it is used as a marketing tool—a way of getting people into stores to make money out of other goods? We believe that it is completely wrong that pricing should be used in that way. We have seen prices go down further and further, and that obviously contributes to consumption. I am
worried about the number of people who are seduced into drinking more than they usually would, faster than they usually would. We may never see them in the statistics, but every weekend there are people out there drinking simply because it is cheap and they can indulge themselves more than they usually would. That is a very worrying aspect. We need Government intervention to bring some equilibrium back into price. When alcohol is being given away, we will have problems in society. We have been going on about it for years and I hope that something will be done about it.

Gavin Hewitt (Scotch Whisky Association): Alcohol clearly has its place in a normal and healthy society, but we believe very strongly that misuse does not have a place in that society. We want to address the misuse, not the use, of alcohol. As an industry, we are committed to responsible drinking within the terms of the guidance laid down by the chief medical officers of the four Administrations of the United Kingdom.

Picking up on Mr Paterson’s point, it is not a question of putting pictures on bottles but of giving the drinking public guidance on the measure of responsible drinking—that relates to units, pregnancy and other matters. The industry is committed to ensuring that, by the end of this year, 80 per cent of alcohol containers will carry unit measures and the guidance that is recommended by the chief medical officers.

10:00

Bob Doris (Glasgow) (SNP): I want to pursue a line of questioning on minimum pricing that I pursued at last week’s evidence session. One of the reasons why I support minimum pricing is that, in Glasgow, a lot of young people—it is quite often but not always young people—go to corner shops or supermarkets to buy very cheap alcohol, perhaps a 2-litre bottle of cider for under £2, and get fuelled up on alcohol in their homes. They drink to dangerous levels and then decide to go out for the evening in the city centre or wherever.

Last week, I asked about the problems that that causes—not necessarily the health problems for those individuals but the problems that it creates in our high streets. We have representatives of the licensed trade with us today. What issues arise when people are turned away from pubs and clubs who are intoxicated before they even visit licensed premises? What disorder ensues? When individuals slip through the net, as they inevitably will, and get through the stewarding process, what dangers does someone who is seriously intoxicated pose to other revellers in a busy pub or nightclub? I would like to hear about not just the extent of the problem for the on-trade but the responsibility that the off-trade believes it has in regulating prices to ensure that alcohol is not so cheap that that pattern of behaviour continues.

Patrick Browne (Scottish Beer and Pub Association): Anybody who works in the licensed trade would recognise that there is an issue with the pre-loading of alcohol, which causes licensees and their staff problems. The question is whether minimum pricing would resolve that or have the opposite effect, causing people to stay at home rather than wander out and create problems in the high street. That might solve one problem but create a bigger health problem. People recognise that pubs are, at least, a controlled environment where we can regulate what people drink, whereas people who drink at home pour their own measures and consume what they want to consume.

I do not know what impact minimum pricing would have on pre-loading, but pre-loading causes problems. I serve on the Glasgow local licensing forum, and Strathclyde Police tells us that there has been a 30 per cent reduction, quarter on quarter, in the number of violent incidents in Glasgow city centre. However, that is not translated into the coverage that Glasgow city centre gets. Yes, there is a problem with pre-loading, but that issue is being addressed in other ways, for example through policing.

Michael Patten: The evidence clearly shows that young people are less responsive to pricing than we would want and that pre-loading is a cultural issue. We have seen shifts in the culture around alcohol consumption that need to be addressed, but we are not going to succeed in doing that using the pricing mechanism. It is a night out that the young people are after—the event—and getting together for the pre-loading is part of the culture and how people are approaching alcohol. The elasticity evidence that has been adduced thus far shows clearly that, for legal-purchase-age young people with a disposable income—we must make a distinction between those for whom it is legal to purchase and consume alcohol and those for whom it is not—pricing may not get us to where we want to be on that front.

Paul Waterson: Pre-loading is a real problem for operators in town centres, because people are turning up intoxicated. We do not let them in and they are then on the streets, which creates its own problem. We must also consider what happens afterwards, post their night out—post-loading, if you want to call it that. That is a real problem, too.

A change is taking place that is driven by price, which is taking people out of the controlled environment and allowing them to drink at home. It is quite an easy equation to do. There is no doubt that young people are strategic when it comes to planning their drinking on the basis of price. That
creates problems in our city centres, which we are working hard to alleviate, as Patrick Browne has highlighted, but it is extremely difficult for us when people can get the strength of alcohol—

The Convener: How do you respond to Mr Waterson’s contention that the evidence says that young people are the group that is less likely to respond to minimum pricing?

Paul Waterson: At the weekend, city centres are now populated by young people.

The Convener: We are talking about whether minimum pricing will address—

Paul Waterson: Absolutely. When young people—students and other young people on that level of income—drink, they often look at the number of units that they will get for the amount of money that they have to spend. Now, when they drink at home, they do so purely for drink’s sake. They do not get the same entertainment at home; they drink for drink’s sake. They come out for an hour or two and then go back to flats and so on. That is a real problem and it is driven by price.

The Convener: But I am trying to get to whether—Mr Patten has a point to make.

Michael Patten: I understand the line of questioning, but I think that we need to look at the behaviour that is taking place. With young people, in particular, it tends not to be everyday drinking but drinking as part of a big night out. The quantity of alcohol that young people will consume is not driven directly by price. If they can access a product at a lower price, they will do so, but that is not the primary motivation.

I do not disagree with what Paul Waterson says about the behaviour of young people and the outcomes that need to be achieved, but the question that I want to respond to is whether minimum pricing is the policy measure that will get us there. If we look at the detail, we find that the Sheffield study has done quite a lot of work on population cohorts and price behaviour; the evidence on young people suggests that they are less price responsive than other parts of the population.

Dr Simpson: I see a lot of members of the committee shaking their heads at that, but it is a fact that, according to the Sheffield study, at a minimum price level of 40p, the reduction in consumption that is expected for the 18 to 24-year-old group is 0.6 per cent, as opposed to an average reduction in consumption across the whole population of 2.3 per cent. Let us not have members of the committee not recognising the evidence that is the only basis for minimum unit pricing—the Sheffield study. It said quite clearly that that was the case.

Bob Doris: Members of the committee can speak for themselves. That was an unhelpful intervention.

Jim Eadie (Edinburgh Southern) (SNP): Dr Simpson said that that study was discredited.

The Convener: Excuse me. I have been elected by the Parliament to convene the committee, and I will do so to the best of my ability. I want us to have a debate that is based on the evidence that we receive, and there will be opportunities for us to do that. It would be helpful if we allow people to present that evidence—I say that to everyone.

David Paterson (Asda): One of the issues is that alcohol misuse in Scotland is quite a complex problem. There are significant cultural issues, but we must bear in mind that, when we talk about price, we are talking about a range of issues. The problem of underage drinking is slightly different from that of binge drinking among 18 to 24-year-olds on Friday and Saturday night, which is different from the problem of over-60s consuming too much wine and the impact that that has on their long-term health.

Price is subjective. One person’s cheap bottle of alcohol is much less affordable for someone else. A number of our customers who buy alcohol from our stores will consume it responsibly. There will be many people around the table who will have bought alcohol in bulk and who will still find cans or bottles in their larder, their garage or their cupboards that they will share with friends and family. We know from our customer research that a lot of our customers do that. Do some customers consume too much of that all at once? Yes, they do.

Overall, the question is whether a single measure on price will address all those issues. We have some doubts about that. Regardless of whether minimum pricing comes in, we still think that a number of other targeted measures will be required that deal specifically with those different drinking behaviours.

On Michael Patten’s point about young people, it is clear that an element of pre-loading is going on, but it is also clear that young people spend a lot of money in the night-time economy. If it was a simple financial transaction, we would see that they would not spend any of that money in the night-time economy. The fact that customers are finding their disposable income squeezed is shifting behaviour. I take issue with Paul Waterson’s point that the shift from the on-trade to the off-trade is entirely driven by price, because I think that a number of wider cultural issues are involved, too. When we ask our customers why they like to buy wine and drink it at home, they will cite a number of factors, including that it is about
sharing with family and friends. In many cases, they see that as a safer drinking environment than going out to the pub. For families with young kids, that is simply not an option, so they socialise at home. The shift is driven by a wide range of social and cultural factors, so it is a complex issue.

Richard Lyle (Central Scotland) (SNP): We have an opportunity from having two of the largest retailers in the country here. I have a couple of questions for them. I worked in the grocery trade for 20 years as a store manager and I know that, in the 1960s, most people did not buy any drink with their groceries. Now, in every trolley that you stand behind, people will have, for example, one or two cases of beer, a bottle of whisky or cider, or whatever. There are claims that large off-trade retailers regularly use alcohol as a loss leader to drive footfall into stores and that the price of other products is used to subsidise low-cost alcohol. If we bring in minimum pricing, will you continue to encourage people to come into your stores by having special offers for alcohol, such as three bottles of wine for X cost, and offering loss-leading alcohol products?

David Paterson: It is clear that if minimum pricing comes in, we will comply with the law, which will state that we cannot sell any alcohol below the minimum price per unit. There is already a ban on quantity discounts, which came into force from October, and there are already rules about where we can and cannot sell alcohol and the time that we can do so. When we get to the point at which the price is set, we will have one of the most restrictive alcohol-retailing regimes in the world, and it will be clear how we deal with that. We will not be able to offer, for example, three bottles for £10 or an additional discount for buying more and we will not be able to sell any alcohol below the set price.

That raises interesting issues for us, one of which we are grappling with just now, which is that we do not always sell all the alcohol that we buy from producers. There is not always a demand or we get breakages in multipacks and so on. What we now have to consider is that, when minimum pricing comes in, we will not be able to reduce the price of that unsold alcohol to below the minimum, so we will be unlikely to sell it. We are therefore considering what we will have to do with a significant increase in our wastage and how we can find a secondary market for that kind of product. There are therefore a number of consequences of minimum pricing, but selling at below the minimum price is not one.

Richard Lyle: So you are saying that you are going to have—

The Convener: Richard, you asked a question of the retailers here, and I think that we have a response from Tesco.

Emma Reynolds (Tesco): I agree with David Paterson’s earlier points about this being a broader question and a complex problem that needs a response that is not just focused on price. However, we recognise that there is a body of evidence that links price to consumption, and consumption to harm. There is a legitimate debate, and we have said for some time that we are prepared to play a constructive part in discussions about the minimum price. That remains our position. On Richard Lyle’s specific point about implementation, we would of course comply with the law.

Richard Lyle: David, you said that you would have some wastage. Can you expand on that?

David Paterson: Yes, it is straightforward. Everybody who sells alcohol will know that you do not always sell all the products that you buy, because there is not always customer demand for them. Currently, for example, there will be special offers on bin-ends in order to sell excess stock, or we will try to reduce the price of a 12-pack with three damaged cans in order to sell the remaining nine. However, it is crystal clear that, under minimum pricing, we cannot reduce prices below the minimum price per unit. For example, if a 15-pack is being sold at 5 per cent above the minimum price, when we break that down we have little room in which to clear it through. Those are some of the practical implications of minimum pricing. To be honest, our focus as a business is now on how we change our system, processes and training to implement what will be a significant change to our business model.

10:15

Jim Eadie: I have a specific supplementary question. The Alcohol etc (Scotland) Act 2010 came into force in October last year. It was designed to ban irresponsible promotions, yet Alcohol Focus Scotland and others have accused the supermarkets of seeking ways to undermine that legislation. David Paterson and Emma Reynolds said in response to Mr Lyle that their companies would abide by the letter of the law. Do they accept that many people feel that their companies are not abiding by the spirit of the legislation that the Parliament introduced? As the cover of Alcohol Focus Scotland’s newsletter shows, when certain promotions were banned, supermarkets almost immediately introduced bottles of wine priced at £3.33.

David Paterson: No. The clear intention of the quantity discount ban was to reduce any incentive for a customer to buy a larger amount of alcohol than they had intended to buy. That was the clear and unequivocal objective of that measure. The Cabinet Secretary for Health, Wellbeing and Cities Strategy made it clear that it was not about price; it
was about saying to people that they should not feel that they have to buy three bottles of wine if they want only one. I do not accept the premise of the question.

We made it clear when the Alcohol etc (Scotland) Bill was introduced that, when there is intervention in a market, particularly a market that is part of a wider UK single market, there will be a number of unintended consequences, which cannot be wished away. Other retailers have been attacked for their use of online retailing. It seems bizarre that companies that are based solely in England can continue to sell alcohol under any deal and at whatever price they want, but companies that are in Scotland and invest here are not able to do that. There has to be a level playing field. Given that we operate in a single market, that is clear. If a price intervention is going to happen, there has to be a level playing field.

**Jim Eadie:** I am interested in what you have to say, but nothing that you have said challenges the assertion that the supermarkets undermined the spirit of the legislation by, as I said in my question, encouraging online purchasing and slashing their prices. That leaves the wider health community in Scotland, which is rightly focused on the biggest public health challenge that faces the country, with the impression that your companies are putting their profits before the health of the people of Scotland.

**David Paterson:** It is worth saying that we did not slash our prices and we have not driven customers to online purchasing. We do not have an online alcohol offering, so we have not done that.

**Jim Eadie:** Perhaps it would have been helpful if you had said that in response to my initial question.

**Bob Doris:** In my earlier question, I tried to establish the relationship between the on-trade and the off-trade. I received some interesting responses and Jim Eadie's question also teases out that relationship. I was interested in the comments by Mr Browne, who is on the Glasgow local licensing forum, about the success in Glasgow city centre. I acknowledge that success, as a lot of good work is going on there. My understanding is that that success is based on increased supervision and regulation in various zones in the city centre.

Mr Browne's contention—which I do not agree with, although it is a reasonable one—was that an unintended consequence of minimum pricing could be that more people will drink at home rather than travel to the city centre. Do the witnesses really believe that, if we increase the price of off-sales alcohol, people are more likely to buy off-sales alcohol and drink at home? None of the evidence shows that that would be the case. Could I have your comments on that? I see a contradiction there.

**Patrick Browne:** What I suggested in response to your earlier question was that, if people are currently pre-loading by drinking at home prior to going out, if they want to save money they might, perversely, stop going to the pub afterwards and just sit at home, as they would then have more money to spend than they would if they went out and they could drink at the same level as they did before. That is the point that I was trying to make.

**George Kyle (Tennent Caledonian Breweries (UK) Limited):** I think that everyone has acknowledged the complexity of Scotland's relationship with alcohol and agrees that minimum unit pricing is not a panacea or magic bullet that will deal with every instance. The research and modelling that we have undertaken suggest that a minimum unit price of 45p will not close the gap between off-trade and on-trade pricing and therefore will not induce people to switch back to the on-trade, where there is probably more in place in the way of education measures and supervision, and where people go through the rite of passage of learning to drink in a controlled environment.

**Bob Doris:** I assume that you think that a minimum unit price will close the gap to an extent. The issue is the degree to which it closes the gap.

**George Kyle:** Yes, I think that our modelling suggested that the figure would go from £3.08 a litre to £2.99 a litre.

**Bob Doris:** Minimum pricing will close the gap in some areas. For example, some ciders will double in price—I am not targeting cider, Mr Price.

Mr Patten was right to talk about the culture in society. People have a fixed amount of cash to spend on alcohol and they will divvy it up, deciding how much to spend at home and how much to spend in the pubs and clubs in their towns and cities. That pattern will be affected by minimum pricing because, if someone has £50 to divvy up to spend on a night out and it is more expensive to drink at home, they will end up drinking a smaller quantity of alcohol at home. Do the witnesses accept that proposition? I am not saying that minimum pricing is a panacea, but I want to ensure that witnesses are not failing to accept obvious effects of minimum pricing.

**Michael Patten:** I follow your line of reasoning, but a look at the elasticities that play out in purchasing patterns suggests that young people—again, I am talking about legal-purchase-age young people—are generally purchasing alcohol at above the minimum price threshold and are less responsive to price. They tend to have more money in their pockets, and they design a night
out that involves coming together and celebrating in particular ways.

There are aspects to such behaviour that we absolutely do not agree with and there are consequences that young people do not face up to or even understand. We were all young once, and a sense of immortality is a factor. The point is that young people’s construct of a night out is not price led. It is about how the culture is evolving and the tendency for people to pre-load and then hit a night club until 4 am or 5 am.

We need to address the negative aspects of such behaviour, through more effective policies. We contend that minimum pricing will not deliver the outcome that we are looking for in that respect. We say that not because we wish it were otherwise but because we have looked directly at the evidence.

The University of Sheffield has done very good work and has adduced a lot of evidence about who is drinking where, how much they are drinking and what prices they are paying. However, a challenge for us is that, when that evidence is converted into modelling, some of the findings are not directly translated. As a consequence, some of the outcomes that Sheffield predicted are overstated relative to the evidence.

I will give a specific example. On the whole issue of elasticity of demand among consumers, it is rightly pointed out in the evidence that harmful consumers among young people are more price inelastic and that moderate consumers are more responsive to price. However, when that is plugged into the model it is reversed, so a greater outcome is predicted for harmful consumers than is predicted for moderate consumers.

An issue that we want to bring to the discussion is that if we are looking at minimum pricing—and we respect the Scottish Parliament’s right to make decisions that it thinks are right for its people—we should, in so far as we can, try to ensure that the evidence base is there to support the contention.

I have seen the Sheffield study. I thought that it was a good study, but I have also seen the response to it from the Centre for Economics and Business Research, which questioned how some of the elasticities flowed through into the outcomes. The subsequent Sheffield study acknowledged that there might be variances in elasticities. Fundamentally, when we play through it, it raises a question mark about whether the outcomes that are predicted in the study will be achieved through minimum pricing and therefore about whether the measure is the effective toolkit that people believe it to be.

**Gavin Hewitt:** We are talking about abuse of alcohol. To add to what Dr Simpson and Mr Patten said, in effect, the Sheffield study shows that harmful drinkers—those who drink more than 50 units a week—will remain harmful drinkers even if a minimum price in the range that has been discussed is introduced. The policy will not reduce the number of harmful drinkers, because it will reduce the amount that they drink by only one and a half pints of beer a week. Therefore, we believe that minimum pricing will not tackle the issue.

An interesting statistic is that 30 per cent of drinkers drink 80 per cent of the alcohol that is drunk. To put it the other way round, 70 per cent of drinkers drink responsibly and drink only 20 per cent of the alcohol. The issue that we need to tackle is the 30 per cent of people who drink 80 per cent of the alcohol. We must consider whether minimum pricing will address the drinking among people who drink harmfully or hazardedly.

**Paul Waterson:** It is amazing to hear history being rewritten by people saying that if the price of something comes down, sale volumes do not go up. It is a fairly simple equation. I do not need the Sheffield study to tell me that, if I own a pub, as I have done for years, or a nightclub or whatever and cut prices, I will have problems. It is as simple as that. However, because prices have been cut for so long, that has become the norm. Alcohol should never have been used in that way. It is a dangerous product when abused and it should be thought of in that way.

We must get an equilibrium back into pricing and balance the needs of business with the need for control, which is what licensing is about. If we get out of equilibrium, the Government must intervene. The Government simply has to intervene because otherwise the operators that charge ridiculously low prices will keep on doing it. They will follow the letter of the law. I will not agree with anyone who tells me that the five licensing objectives will be protected if we continue to charge ridiculously low prices.

Licence holders have a responsibility to promote the licensing objectives and cannot keep looking for ways out of them. When people find ways out, the Government should intervene. That is what the Government is doing, which is right and proper. There might be less elasticity than predicted, but we have to start somewhere. We need to try. From the way that this meeting is going, it sounds as though we have no problems with alcohol abuse in Scotland, but we do and, unfortunately, we are making them worse because of pricing. We must use the invisible hand of the Government on the tiller to try to bring back some conformity.

**Dr Simpson:** I have two questions, which are on slightly different areas. The first goes back to Jim Eadie’s comments on discounting. I have
looked at the Sheffield study and accepted that it is an interesting modelling study, although I still do not agree with minimum pricing. However, on discounting, I was under the impression that we all agree that we do not want people to be encouraged to buy higher volumes of alcohol because the price is cheaper. On the basis of legal advice to the Scottish Grocers Federation and from the supermarkets that I have gone into, it seems that, despite the 2010 act, alcohol is in effect still being sold more cheaply at higher volumes.

10:30
As long as a retailer is not selling single cans, they can sell four-can, eight-can, 12-can and 20-can packs, all at different prices. In effect, higher quantities are being sold at a lower per-can rate—which, in my view, is volume discounting. If the industry really wants to do something about that, it should at least support what we were seeking to do in the previous legislation.

I am not saying that what the industry is doing is legally incorrect; we might not have written the legislation correctly and I think that, when the bill in question was passed, we failed to understand fully that it would not end volume discounting. Nevertheless, the spirit of the law, which is what Jim Eadie was talking about, was made quite clear in the debates. We wanted to ban volume discounting, but the supermarkets and small stores are still selling on that basis. I would like to hear your views on that before I ask my second question, which is about how you will respond to minimum unit pricing.

David Paterson: Given that the minimum pricing mechanism will set the minimum price for every part of a package and will apply to every can in, say, a pack of 15, I expect that there will be much less variation in that regard. The size of packs is also likely to change, with smaller bottles being used instead of very large cans, and there might be a number of other changes. However, it is clear that minimum pricing will significantly reduce the ability to have a lower per-can price.

The Government made it very clear that, when it wrote the legislation, it was not seeking to bring in some price-per-millilitre mechanism. For example, a half-bottle of vodka did not need to be half the price of a full bottle. It was made very clear on the record that it was not a full linear pricing system; primarily, the legislation was about the minimum pricing of packages and ending, for example, three-for-£10 deals.

Emma Reynolds: In a competitive market, any action on price has to be Government-led and has to happen through legislation—after all, we are in the business of competing to provide the best possible offer to our customers—and that is why we have said that we will be constructive in Government-led discussions on price. Your observations would lead one to think that minimum pricing is the way to tackle some of the challenges and we have said that we are happy to have constructive discussions about how that might be achieved.

Dr Simpson: Secondly, how will the industry respond to minimum unit pricing and the fact that, at 45p per unit, it will produce an annual windfall of £104 million? Have either the producers or the retailers given any indication about how that windfall money is likely to be used?

Emma Reynolds: We feel that the windfall figures might have been overstated and that the full industry and consumer response has not been taken into account in the Sheffield modelling, studies undertaken by the Institute for Fiscal Studies and so on. If minimum pricing achieves its desired effect, there will be falls in consumption. Other customer responses might include a shift from large supermarkets to smaller retailers and, indeed, others have mentioned the issue of on-line sales and cross-border trade. There are also competitive responses, with, for example, retailers trying to continue to be competitive on the overall basket for shoppers.

As a result of all that, we think that the numbers that we have seen are higher than they will be if and when minimum pricing is introduced. Without knowing what the minimum price will be and how it will be implemented, I think that it is difficult to know what the situation will look like; the reality is that no one yet knows how the customer will respond to minimum pricing and therefore how the market will respond.

David Paterson: I agree with much of what Emma Reynolds has said. Although there is a lot of good stuff in the Sheffield modelling, one of its weakest aspects relates to where the money will go and how much it will amount to, because it takes absolutely no account of the potential extent of cross-border sales, internet sales and increases in the black market, grey market and counterfeit sales or changing market dynamics. We know, for example, that there will be an impact on the range in the shops.

Whether there is a role for own-brand products after minimum pricing depends entirely on the level at which the minimum price per unit is set. However, we know that, as the price of own-brand products gets closer to that of the major brands, our customers trade out of own brands and start buying the major brands. There is some logic to that.

One of our concerns has always been that we do not think that enough cognisance has been
taken of things such as cross-border sales. One need look only at Northern Ireland to see the extent of such activity. We have two border stores there, in Enniskillen and Strabane. Around 2008 or 2009, our Enniskillen store was the top-performing store in our United Kingdom chain and one of the 10 top-performing stores in the global Walmart chain. That was driven significantly by price, and alcohol was a major factor. One of the reasons why, at the end of 2009, the Republic of Ireland’s Minister for Finance changed the alcohol excise rates downwards was that it was estimated that 44 per cent of the shopping trips across the border included the purchase of alcohol.

In 2009, I visited our Enniskillen site and saw the bizarre sight of people shopping with two trolleys: one that was full of alcohol and one that was full of clothes, baby products and cosmetics, because those were the products with a significant price difference. The Irish Government found that that was not just a border issue. Around half of the shoppers were right on the border, but 20 per cent of the shopping trips across the border included the purchase of alcohol.

When we model what might happen in Scotland, we consider the fact that the major population centre of Glasgow is significantly less than a two-hour drive away from Carlisle and we have to assume that, if there is a significant price gap, there will be significant cross-border trading.

The total spend on cross-border shopping in Ireland in 2009 was €453 million.

Michael Patten: From my accent, you will understand that I have some interest in what goes on in Ireland. I can corroborate what Dave Paterson has said. In my previous role, I headed up the corporate relations and public policy dimensions of the business activity of Diageo in Ireland. In the period that Dave Paterson is talking about, there was a significant exodus of shoppers for value, with 8 per cent of grocery shopping moving from the Republic of Ireland to Northern Ireland, based on price.

The issues were not just around excise; they involved the relativity of the euro to sterling at that time. Nevertheless, following the adjustments that were made by the Irish Government, two things happened—one was that purchasing repatriated to the republic, and the second was that there was not a related increase in total consumption. In other words, the consumption that was recorded by the state did not suddenly go up. We did not see an automatic responsiveness based on price.

A number of complex patterns are playing out. However, cross-border purchasing is an issue that needs to be taken into account. If people perceive value, they will seek it out, and they do not have to be misusers of alcohol to do that; they could be moderate consumers.

Richard Lyle: They would go between Tesco and Asda.

The Convener: No heckling of the witnesses.

Patrick Browne: To return to Dr Simpson’s question, as well as representing on-sales retailers, we represent producers of beer. As our submission says, we question whether there would be the windfall figure that has been suggested. The number is theoretical. There might be a windfall, but it is questionable whether it would be of the size that is quoted in the Sheffield research.

With regard to what we think will happen, the benefit to on-sale retailers such as pubs will be marginal. The biggest benefit will probably be to retailers, particularly the larger supermarkets. That is alluded to in the regulatory impact assessment that accompanies the bill, which makes clear that those supermarkets are likely to use their dominant position in the market to retain as much of that money as they can.

Gavin Hewitt: This debate has been fascinating, but I would like to bring it back to basics. We have to consider whether the proposal for minimum pricing is a legal measure within the terms of trade law. We believe strongly that it is illegal, because it is a trade restriction in the European Union treaty’s terms. It is clear that the Scottish Government takes a different view and believes that the measure is properly legal, although much of that will depend on the price.

It is important to recognise that the issue is very contentious. We have a lot of advice on the matter. We have looked at the European Court of Justice’s jurisprudence on minimum pricing and at where it stands on that. The jurisprudence is clear: a minimum price has always been ruled illegal, because other measures that restrict trade less are available to address the issues that such a measure would address.

The committee needs to consider the legality of the proposals, although I recognise that the Presiding Officer has said that the Scottish Parliament is competent to discuss the bill. The Cabinet Secretary for Health, Wellbeing and Cities Strategy recognises that a legal challenge might be made. I propose that, if that happened, we could have a route to try to help to establish whether the measure is legal.

The cabinet secretary has made it clear publicly that she does not intend to notify the European Commission of the measure. We believe strongly that the measure is notifiable under the technical standards directive, which requires notification to ensure that the Commission and member states
can express a view. The Commission would give a view and advice to the Scottish Government and therefore the Parliament about the measure’s legality.

The Scottish Government recognises that there is legal doubt—although its position is that it has legal certainty—so it seems odd that it is unwilling to use the route that is available to it through the notification procedure to test the legality and settle the issue once and for all before the Parliament passes legislation that is likely to be challenged.

**The Convener:** Those points are on the record now, as they were previously. I am sure that we will have the opportunity to discuss them in our evidence session with the cabinet secretary.

**Richard Lyle:** Can I ask a question on that point?

**The Convener:** No.

**Paul Waterson:** I return to the windfall question. Members might or might not know that public houses, nightclubs and so on in Scotland are—uniquely—rated on their turnover. Often, our rates are 8 or 9 per cent of our turnover. Other alcohol sellers are not rated in that way. If there are windfalls, we suggest that all who sell alcohol should be rated in the same way, which would make the system a lot fairer. I agree that windfalls will not be as big as has been thought because it will be enacted. Leaving aside the legal argument, as it is a separate issue, I would be interested to know whether you foresee any other consequences of the bill’s enactment—because it will be enacted.

**Michael Patten:** Unfortunately, the biggest consequence that we may need to confront is that the expected outcomes of the policy may not be delivered. In other words, we will have undertaken a lot of work to introduce a piece of legislation with good intentions but we will not have achieved the expected outcomes. That is the message that we want to try to get into the room.

There is little evidence to support minimum pricing. The Sheffield study is the best that is available in this arena. However, I repeat my earlier point that, moving from the evidence to the modelling, there is a disconnect in what the researchers have done; therefore, the outcomes seem to be lower. Notwithstanding that—recognising the reality of majority and all that—one request, outside the questions about legality from Gavin Hewitt, which I fully support, is that the Parliament identify in its report what the bill’s consequences will be and make recommendations on how they might be tackled.

10:45

I have heard four suggestions. I have heard that there could be an issue of considerable wastage to which the retailers will have to give consideration. I have heard an intriguing argument that the on-sales market might suffer because the younger people, or whoever, who currently go into town pre-loaded may choose to cut out the in-town experience and use the money that they currently have to make go further to increase the home drinking experience. I have heard that there is not a level playing field and that there will be an issue with online trading, and I have heard that there may be a cross-border issue such as there is evidence of in Ireland.

To my mind, those are all potential consequences of the bill and we may or may not be able to argue how they might be tackled although, in some senses, we have a responsibility to try to do that. Leaving aside the legal argument, as it is a separate issue, I would be interested to know whether you foresee any other consequences of the bill’s enactment—because it will be enacted.
Gavin Hewitt: I take up Paul Waterson’s point about price affecting consumption. Twenty-six per cent of the Scotch whisky that is drunk in Scotland is own-label or value product that sells largely below the likely minimum price. I am not suggesting that that Scotch whisky is not related to harm—let us leave that to one side. However, to pick up a point that David Paterson made, if the price of that Scotch whisky were raised, that 26 per cent would be vulnerable. We do not know how the supermarkets will work in terms of the offer of own-label and branded product and we do not know how the consumer will respond to price, but we know that, if price is related to consumption, the consumption of Scotch whisky in Scotland will go down.

There is a much more dangerous issue for the Scotch whisky industry. We are the most successful export industry and we are extremely important to Scotland’s economy both in what we deliver for the communities in which we work and in our export performance. On very good grounds, we calculate that Scotland’s setting a precedent for minimum pricing that is based on and justified on health grounds will be misused by other jurisdictions and Administrations around the world to protect their local markets against Scotch whisky imports. For 20 years, we have worked to break down barriers to trade and our current success is built largely on having broken down those barriers.

I will give three examples of how a Scottish precedent for minimum pricing based on health grounds would be used by other Administrations. First, in Korea, the local product is largely less than 30 per cent alcohol by volume. Ninety-seven per cent of the spirits that are drunk in Korea is a local product called soju, which is anything between 18 and 25 per cent ABV, whereas Scotch whisky is a minimum of 40 per cent ABV. There is a law—admittedly introduced by a back bencher—on the table in the Korean Parliament that would put a health tax on any spirit drink above 30 per cent ABV. That is based on health and on the fact that it will effectively target only one product: Scotch whisky, which has 3 per cent of the market.

France has just introduced an increase in tax of 15 per cent on spirits, but only 1.5 per cent on beer and wine—I wonder why? Effectively, France is trying to look after its own alcohol industry of wine and beer, which is largely produced in France, whereas Scotch whisky takes more than 45 per cent of the French market in spirits.

My last example is Thailand, which argues that alcohol should be removed from any EU-Thailand free trade agreement on the basis that it is linked to health, and that that should be the criterion for deciding whether to put products in a free trade agreement.

I can give you a guarantee that, if Scotland goes ahead with a health-based justification for a minimum price, jurisdictions around the world will use that precedent discriminately against Scotch whisky. We calculate that we would lose 14.5 per cent of our exports—£500 million—over a number of years.

Jim Eadie: Can you tell us where the 14.5 per cent figure comes from?

Gavin Hewitt: It is calculated on exactly the same basis as the Scottish Government’s figure: the Wagenaar elasticity of price and demand.

Jim Eadie: Would that be an econometric calculation, similar to the Sheffield model?

Gavin Hewitt: It is an econometric modelling based on the same figures that the Scottish Government is using.

The Convener: Do any other witnesses want to respond to Jackson Carlaw’s question about the consequences?

David Paterson: Yes. Mr Carlaw’s question was about whether there are other factors that we need to take into account. Issues such as cross-border and internet sales have been raised.

One interesting question—and it is really difficult to tell—is to what extent higher prices feed a grey and black market, and to what extent cheaper alcohol from England gets mixed in with counterfeit supplies. We have read a lot recently about an increase in that, and Her Majesty’s Revenue and Customs reckons that sales of illegal alcohol amounted to approximately £1.2 billion in the UK last year.

We held a session with our partner Addaction, the alcohol charity, and some of its users in Barnsley two weeks ago. Some of the hazardous drinkers there told us about the growing phenomenon of booze houses, which are houses on estates that are identified as places where people can go to buy black-market cigarettes and alcohol.

We are beginning to take into account and are modelling whether higher prices lead to an increase in theft from our stores. Whatever the debate about price, alcohol remains one of the highest-priced items in the grocery shop. It is one of the highest shrink items—as we would say—so it is a big target in terms of loss prevention.

Those are some of the issues that we are keen to speak about to the Scottish Government and the police. We need to ask how retailers and local authorities, licensing boards and the police can work together to monitor that activity and share intelligence. If there is a big white-van-man trade, that product has to be distributed somehow, which is likely to be house to house and door to door.
Emma Reynolds: There is a question around the impact on the range of products that is sold. It is difficult to know at this stage how the market and customers will respond, but our sales figures show a big growth—almost 50 per cent—in the past year in lower-alcohol and no-alcohol beer. We have seen that accelerate following the change in duty for beers of less than 2.8 per cent ABV, so we are introducing a new range of lower-alcohol beers. People will be familiar with the price hierarchy whereby products are tiered—there is an opening price point, which will often be an own brand, then a tertiary brand, and then a premium and a super-premium brand. It has been argued to us that all the prices would reduce in price, given that alcohol would no longer be the loss leader. Is that likely to happen?

David Paterson: We do not accept that premise. The UK groceries market is one of the most competitive in the world. Alcohol inflation this year has been running significantly above the level of the wider grocery basket. Inflation is sitting at around 4 per cent, but there has been a 12 per cent inflation in the price of beer, so we simply do not accept the idea of a cross-subsidy.

To pick up on Emma Reynolds’s point, significant market dynamics are involved. It has been put to us that the logic of minimum pricing is that we set a minimum and then everything shifts up in the price hierarchy. People will be familiar with the price hierarchy whereby products are tiered—there is an opening price point, which will often be an own brand, then a tertiary brand, and then a premium and a super-premium brand. It has been argued to us that all the prices would simply go up, but we find that hard to believe, because customers would not react well to what they would see as an additional artificial inflation of price above the minimum price. There is an interesting dynamic between retailers and manufacturers. In the case of spirits, own-brand products represent 20 to 25 per cent of our sales. Will we be able to convince customers to buy own-brand whisky or vodka if the price difference between it and one of the major brands is only, say, £1 a bottle? That could be challenging. Because of the lack of price promotion, it is self-evidently hard to bring new products to market. We therefore conclude that minimum pricing will significantly increase the power of the major brands in the market.

Jackson Carlaw: All these things are very interesting. I presume that the legislation will take effect and that we will therefore have consequences that have not been articulated. Does anybody else want to comment?

Dr Simpson: Can I add a question about home brew?

The Convener: Later on, but I am trying to get through my wee list. I am sure that you will have plenty of questions then.

Fiona McLeod: Given the information that we have been receiving, I would like to explore two areas. Committee members will not be surprised to hear that one of those is the evaluation of, as opposed to our views on, the evidence that we have before us. The Sheffield study has been mentioned a couple of times. Last week, we heard from Professor Stockwell, who has carried out the first empirical research and whose findings completely back up the modelling done by the University of Sheffield team. For instance, some witnesses have asserted that young people are not affected by price, but the Sheffield model highlights the fact that young people are the most responsive to price as regards how they spend their money and how much alcohol they purchase. That was backed up by Professor Ludbrook last week. Several of the witnesses we heard from last week supported the evidence from the Sheffield and Stockwell research, as well as from the related meta-analysis of literature reviews.

We also heard last week about the limitations in the methodology of the studies by the CEBR and the IFS—organisations that have been mentioned today. This week we have all received from Professor Christine Godfrey a paper that she presented to the Westminster Health Committee, saying exactly that and explaining the difficulties with the methodology.

We all accept that we have a public health crisis caused by alcohol misuse in Scotland. The SNP Government accepts that minimum pricing is not a panacea. Minimum pricing was part of the package in last year’s legislation—the 2010 act—but we were not able to achieve it. Dr Simpson mentioned that the restriction on volume discounting was being avoided—that restriction is in the 2010 act. It seems logical that minimum unit pricing would prevent volume discounting. We have done the work on education and on labelling and we have gone part-way towards controlling price in the 2010 act. If Scotland is to address this public health crisis, what is the alternative to minimum pricing?

11:00

Michael Patten: As I introduced the subject of the Sheffield model, perhaps I should answer that question. There is no question but that the evidence adduced by the Sheffield group from its research is excellent. The contention is about how they run the model forward. First there are data inputs that suggest certain behaviours and responsiveness, then the model is built to try to understand what the outcome of harms would be if we put in a set price. For that component,
Sheffield worked with own-price elasticities, which are typically higher than aggregate elasticities.

I will explain what I am talking about, because I do not want you to go around in circles on this. If a harmful consumer of alcohol—somebody who is used to drinking a large amount of alcohol—is faced by an increase in the price of the beer that they usually drink, their behaviour is to substitute: first they move to another beer; if they cannot get another beer, they move to another category and so on. A model should look at not just own-price elasticity, but aggregate elasticity. International evidence on that, including that from Wagenaar, Gallet and others, suggests that harmful consumers are more inelastic than the number that was plugged into the Sheffield model. The corollary of that is that moderate consumers are more elastic; in other words, there will be a higher response from moderate than from harmful consumers.

I, too, have looked at the evidence and I have raised this question with other economists and asked them to do a review. They have come back and said that there does seem to be a disconnect between the findings in relation to the aggregate elasticities of harmful and hazardous consumers versus moderate consumers, and what was plugged into the model. The question is, if the elasticities are wrong, will the anticipated outcomes be as stated? That is where the uncertainty lies. There is no dispute that there will be some effect, but it will not be as great as has been suggested.

Fiona McLeod: Have you looked at Stockwell’s report, which shows that when his empirical evidence is plugged into the Sheffield model, it gets the same results as his empirical evidence?

Michael Patten: I have looked at some of the Stockwell work, not least the British Columbia work. Again, in that particular situation, what you saw was indicative of average elasticities; what you tended not to see was the differences in elasticities between harmful and otherwise.

Fiona McLeod: We heard otherwise from Professor Stockwell last week.

Michael Patten: I can only share with you what I see and the uncertainty that I believe is inherent in that work. As I said, I am not here to suggest that all the Sheffield work is wrong, because I thought that the level of detail that they went into and the evidence gathering was excellent. However, I think that there is a difference of opinion about the elasticity numbers that were plugged in to model the harm outcomes on the other side. There is a question mark about that.

Your second question was about what alternatives are out there. There is no question but that we are dealing with a very complex issue. The relationship between alcohol and misuse is not an easy one. You see different behaviours and differences between cultural behaviours around what we call chronic harm, which is a big Friday night, versus people who are dependent on alcohol. Each of those requires different outcomes.

There is a meta-analysis that shows that, for alcohol problems, targeted interventions give a better outcome than universal or total population interventions—minimum pricing is a total population intervention—and there is strong evidence for screening and brief intervention. Bringing the consequences of alcohol misuse to the attention of the individual has a better effect in evoking a positive response than intervening at the total population level.

There needs to be a much bigger debate, though, and a much more robust cultural debate around alcohol. We cannot continue with the reality of people finding it easy to choose to ignore the evidence on the consequences of the misuse of alcohol. People say that education does not work and that we should not go for that, but we must be in the schools talking about the role of alcohol, its consequences and what responsible drinking looks like. We must let consumers understand—I believe that Tim Stockwell researched this in relation to unit or standard labelling—what moderate consumption looks like and what immoderate and hazardous and harmful consumption looks like. We must let them understand through packaging and otherwise the amount that they are consuming on any given occasion. We need to move the debate forward. We need to recognise that the total population methodologies might not deliver the outcomes that we want and start looking more seriously at the targeted interventions that could be made.

Fiona McLeod: We are doing all that.

Michael Patten: Screening and brief intervention—SBI—is a methodology that could be accelerated and used more. The research demonstrates that it has a significant effect. One of the realities of alcohol misuse is that people who drink hazardedly or harmfully come to the attention of the authorities, be it by way of the medical system or the justice system. I put SBI on the table as a methodology that we should look at harder.

Fiona McLeod: We do it in Scotland.

The Convener: Fiona, I am trying to get you a response to your question from some of the other witnesses.

David Paterson: I preface my comments by saying that such work must happen even if minimum unit pricing comes in. We need to get behind the cultural issues and understand more
fully why, when the price is the same in Scotland and England but disposable incomes are significantly lower in Scotland, consumption here is higher. To pick up on Michael Patten’s point, we then need to understand the motivations for different types of drinking behaviour. For example, we are doing some work with the Department of Health to understand whether calorie information helps to motivate certain groups of drinkers to reduce their consumption. That health element might be useful for some of them. We are also looking at how peer-level interventions can be made to change the general sense of what is socially acceptable—the social norms.

We need to do more to share information on the target groups between Government, industry, retailers and the off-trade, so that we understand what the journey looks like. We all have a role to play in diversionary activities and interventions. That is certainly something that we are doing with the funding of youth buses and so on.

Unit information is another important aspect. Do customers understand enough about what they are drinking? From this month, we are trialling point-of-sale information in our shops that tries to give people a simpler view of the units in each of the drinks that they purchase. There is a lot of work that we can continue to do, so I would not accept that there is no more education to be done or that it cannot help us.

Fiona McLeod: I did not say that.

David Paterson: I am not suggesting that you did. I am just saying that we could do a lot more on that front by working together.

George Kyle: To touch on the point that David Paterson and Michael Patten made, minimum unit pricing is not the end of the journey, which will continue. The additional measures will be required whether or not minimum unit pricing is introduced. Every member of the industry in the room, going back to the start of the meeting, has made it clear that we are absolutely committed to tackling alcohol abuse in Scotland. We recognise the complexity of the issues that it presents.

One of the key areas that should be acknowledged is the role that the industry in Scotland has played in recent years in working with Governments of whatever shape or colour to bring partnerships and the knowledge and experience of the industry to develop solutions. I am thinking of the targeted interventions, enforcement with the relevant authorities, education and partnerships with industry. That work is a key tenet of whatever solution we apply.

Gavin Hewitt: It is price that lies behind the Scottish Government’s bill and the concerns that I hear expressed around the table. Most of us are concerned about alcohol abuse. As I said, we believe minimum pricing to be illegal, but there is a legal means of addressing price. I know that it is controversial, but we have long advocated tax approximation of alcohol such that it is taxed according to the units of alcohol in each drink. In effect, the same tax would be applied to beer, cider, wine and spirits. Use of that route, fascinatingly, would make the legislation legal. Under ECJ jurisprudence, the court in Luxembourg has regularly declared that tax is the way in which to address concerns about pricing.

I know that the Scottish Government does not have the power to introduce duty. That is one reason why it has gone down the minimum unit pricing route, if I understood the health secretary correctly.

Alcohol abuse is not just a Scottish problem, albeit that it is worse here than it is in England and elsewhere in the UK. It seems that if there is concern about price, the establishment of a tax approximation, together with a requirement that alcohol could not be sold below the duty plus the VAT attaching to that duty, which would be the same for all alcoholic drinks, would be one way of addressing that. Clearly, the Scottish Government would have to talk to the UK Government and action would have to be taken on a UK basis.

Paul Waterson: Just to move away from that issue—

Jim Eadie: May I come in specifically on that point?

The Convener: Do you want to comment, Mr Waterson?

Paul Waterson: Carry on, Mr Eadie.

The Convener: Allow me to chair the meeting, Mr Waterson. You carry on.

Paul Waterson: Sorry. Okay.

The industry does a lot of good work. No one is suggesting for a minute that we should stop any of the education that we do, the unit information that we provide and all the other things that are done but, as I said at the beginning, the missing link is the price of alcohol. That has been shown time and again and, frankly, I am fed up being embarrassed trying to stick up for the trade and all the good work that is being done when the arguments always come back to the fact that alcohol is being sold like any other product at below-cost prices and is being used as a marketing tool. The missing link is the price, which is why an intervention on price is so important to bringing all the work together and doing something about the problems that we have with alcohol abuse in Scotland. We should remember that the Government has recognised the issue and that it will get involved if retailers continually refuse to
take seriously their responsibilities under the Licensing (Scotland) Act 2005.

**The Convener:** Mr Hewitt offered a solution—we can use excise duty to put the price up across the board.

**Paul Waterson:** You cannot in Scotland. The trouble is that, every time a duty increase is imposed, some of the big operators do not apply it—someone else pays it, and it is usually smaller operators who pay it. The differential between the smaller operators and the large ones becomes even greater because the large ones do not put the duty on. We have all seen the adverts for duty-busting prices in such-and-such a place. It is not compulsory to put the duty on; someone else will pay it for the big producers.

**The Convener:** Excise duty is to go up. The UK Government has decided that the level of excise is to go up, so minimum pricing would be an additional measure.

**Gavin Hewitt:** That is why I suggested tax approximation with a floor price, whereby any increase would have to be passed on to the consumer. That would mean that the retailer could not just absorb the rise. The two things have to go together.

**Drew Smith (Glasgow) (Lab):** I have a question for the producers. I am looking for an explanation of what the market is for superstrength products, by which I mean superstrength lagers and, to some extent, ciders with high levels of alcohol by volume. It seems to me that those products are most likely to be bought by people who wish to get drunk as cheaply as possible or slightly above for a unit of alcohol? Would it not be better for producers of those products, some of which support minimum unit pricing, to think about their responsibility for the basket of products that they offer the market, rather than to pursue minimum pricing, which will affect people across the board?

**Bob Price:** As I said in our written submission, strong white ciders make up only 0.5 per cent of the whole alcohol market, not the 2 per cent that the impact assessment report mentioned, and 5 per cent of the cider market. In addition, strong white ciders have a declining share of that market. Their share of the market is dwindling and dying; it is a category that is fizzling out.

**The Convener:** Are there any other responses from the witnesses?

**Drew Smith:** I am interested in particular in the point on superstrength lagers. From what we see in our communities, I do not think that committee members would take the view that the problem of superstrength alcohol is fizzling away.

**David Paterson:** I can say something about superstrength beers. The UK Government changed the duty regime on high-strength beers, which led to an increase in price. From October 2011, we saw the price of a four-pack of Tennent’s Super rise from £5.62 to £6.58—a rise of about a pound—and a similar increase for Carlsberg Export. I have not seen the sales data for the impact of that rise, but I would be happy to look into it for the committee. It is an example of where duty rises have been passed on to customers in their entirety.

**Drew Smith:** It would be useful to the committee to have that information.

**David Paterson:** I am happy to check, but my sense is that it would be an extremely small proportion of the volume of sales. The vast bulk of beer sales that we have are among the major brands that we all know, such as Budweiser, Tennent’s and Stella. The high-strength beers are fairly marginal, but I would be happy to look into them.

**Drew Smith:** They are also the most harmful. Thank you.

**Richard Lyle:** I have one comment and will ask Mr Hewitt and Mr Paterson a question each.

Jackson Carlaw spoke about the health benefits of minimum pricing. We have seen the health benefits of the ban on smoking in public premises. As I said last week, I am a smoker and I notice that people are buying cigarettes less. We are tackling that problem and we are getting a much improved situation. It is an example of what has happened under what the SNP Government did in the previous session of Parliament.

Mr Paterson, we all know that people go between Tesco and Asda and between Asda, Tesco and Morrisons. You guys vie for market share all the time and you have people working out how you can increase or decrease prices and improve profits. People used to go from France to England on shopping trips; they now go from England to France. Are you seriously telling me that I will jump into my car in Glasgow and drive down to Carlisle to save £1 on a bottle of beer or whisky when it will cost me X to get there? Someone in Dumfries or Greta may go to Carlisle, but I do not see anyone in Glasgow doing so.
Mr Paterson, you also alluded to an interesting point when you mentioned reducing can or pack size. Are the major stores looking at any ways to circumvent the legislation by encouraging manufacturers to reduce their can sizes or packages?

I also have a question for Mr Hewitt. The UK Government has taxed the whisky industry for years. You have bleated about it all the time—and rightly so—but you still have an excellent industry. Are you honestly telling me that a 60p rise in the price of a bottle of whisky will kill it?

David Paterson: To answer your question on the cross-border issue, yes, that is what I am saying. That is our experience in Northern Ireland. As I said, our customers from the Republic of Ireland were not just the people who lived five minutes over the border; 20 per cent of the shoppers came from the Dublin area. That is more than two hours’ drive away—and it is not the best road, as you will know if you have ever gone there.

I am not suggesting that that happened just because of alcohol pricing. There were a range of factors, including the euro and, frankly, a lack of competitiveness in the Republic of Ireland. Nevertheless, alcohol was a significant proportion of purchases. It is also clear that people were not going to the Enniskillen store just to buy a bottle of wine; they were filling their trolleys. If that had not been the case, the Republic of Ireland would not have had to initiate a quarterly study of households’ cross-border shopping behaviour and at least 16 per cent of households in the Republic would not have made at least one shopping trip to Northern Ireland in 2009. That was a significant increase on the previous year.

As a result, I think that what you suggest will happen. Some customers will make it part of a day out, while single operators will simply go and fill up their white transit vans. As for whether there will be a price differential, let us say that the current regime in England stays in place and you can continue to buy three bottles of wine for £10. Under a 45p or 50p minimum unit price, the cheapest that you could buy those three bottles for in Scotland would be £15 or £16. If you assume a £2 margin on every bottle and multiply that by the number of bottles you can get into a white van, you will begin to see how the economics of that white van trade work. We are not suggesting that people do this—frankly, we do not want them to do it—but we are simply saying that it is reasonable to expect it to happen.

I am sorry—what was your other point?

Richard Lyle: You said that you might speak to manufacturers about reducing pack sizes.

David Paterson: The point about pack size is not about trying to get around minimum pricing and I am sorry if I misled you in that respect. If a pack contains large cans, the number of units in each can increases the price per unit; indeed, the retail price of a 15-pack or 24-pack becomes very high, with a slab costing £25. I suspect that retailers—and, indeed, customers—will be wondering whether customers will want to spend £25 a time on an item or whether they might consider the price of 12 284ml or 285ml bottles more reasonable. Of course, those bottles will still be sold above the minimum price, so that is not the issue here. Instead, the question is whether it is realistic to expect customers to spend £25 on a slab when, under minimum pricing, they can spend £15 on a 12-pack of 284ml bottles. In a sense, it is probably good news, because it makes it likely that the pack size will be reduced.

George Kyle: Going back to Drew Smith’s point about superstrength lager, I should clarify that Tennent’s supports the principle of minimum unit pricing. The Tennent’s Super product is licensed to our former owners Anheuser-Busch InBev and we have no role in its manufacturing, marketing, pricing or distribution. Nevertheless, although I have no knowledge of its role or performance in the market, we can tap into market statistics and get that information to the committee if it so desires.

Drew Smith: Does that mean that you share some of my concerns about this issue? I completely accept that we are talking about a small proportion of the market, but minimum pricing is a broad-brush solution that will affect the whole market largely to address a problem involving what is very much a minority of products. The crucial point is that we will all end up paying for a problem caused by those products.

Michael Patten: Mr Lyle asked Gavin Hewitt about the impact on the whisky industry. One of the core issues is whether it is okay to introduce legislation on public health without the strength of evidence to support the proposed measure, what sort of example Scotland gives in that regard and the potential for that to be repeated elsewhere. The Scotch whisky industry is a jewel in the crown; its craft, its ruralness, its prestige, its premium and its exports are unsurpassed anywhere in the world. Food, drink and beverages represent the EU’s number 1 export; within the EU, the spirits category is, because of its value, the number 1 exporting category; and within that category, Scotch is number 1. As a result, Scotch is number 1 of the number 1 of the number 1. It is a very valuable product that is exported all over the world, contributes to the balance of payments and so forth. We should remember, however, that Scotch is primarily exported and that its consumption in the UK is very low.
Why is that relevant? The view has been expressed that alcohol misuse issues around the world can be handled by changing international trade regulation to prohibit international trade in alcohol products. However, there is no evidence to support that proposal. If that measure was passed, it would have catastrophic implications for the Scotch whisky industry—it is as simple as that. If we pass legislation without evidence, we will make that okay in Scotland, but the question that we are trying to raise is: what is to say that that will not rebound down the road because legislation is introduced elsewhere, without an evidence base, that impacts directly on premium and high-quality products such as Scotch? We must be careful about the precedents that we set. We believe that there is a risk to the whisky industry in the proposed approach.

The Convener: We must start winding up the panel, although I have some more bids for questions. I see that Richard Simpson has his hand up, but Mr Hewitt wants to comment.

Gavin Hewitt: I want to add to Mr Kyle’s point and to what Michael Patten said, which I endorse entirely. In Scotland, 72 per cent of Scotch whisky is sold below a minimum unit price of 50p, which would be £14 for a 70cl bottle. At present, the standard cost is about £10.80. At a minimum unit price of 45p, the minimum cost for a bottle would be £12.60. We know that 72 per cent of whisky is sold below the 50p mark and that price increase leads to a reduction in consumption. Using own-price elasticity, for every 10 per cent increase in price, there is an 8 per cent reduction in consumption. Those are the figures.

I cannot say how the measure will work in Scotland because, as David Paterson said, we do not know how the retailers will work or how the consumer will react.

Richard Lyle: I have a quick question—

The Convener: Can I ask a question, Richard? I am going to ask one, anyway, because I have been patient and you have been in twice. I have a list of members who want to ask questions. I have Bob Doris next, who will be followed by Richard Simpson. I am prepared to take bids and I will be here for as long as members want me to be, if they have pressing questions.

Richard Lyle: My question is on price, convener.

The Convener: I am going to ask a question, Richard.

I want to ask about two or three issues in the evidence that we received last week from Dr Rice and Professor Stockwell. One issue, which has been mentioned and which I seek a response on before we finish, was about the importance of data sharing by those who produce and sell alcohol. A direct comparison was made with the Canadian model, where a lot of that is controlled by the state. It would be important to have ongoing information, particularly if we have a sunset clause in the bill, so there would need to be greater participation and data sharing.

A second issue was the suggestion by Professor Stockwell last week that

“A minimum unit price of 75p or 80p would be a good starting point.”—[Official Report, Health and Sport Committee, 10 January 2012; c 790.]

I also seek a response on something that Dr Rice said. We have talked about whether, and at what point, the policy will be effective and we have heard about mechanisms that apply in other countries that have similar models. Dr Rice said:

“The mechanism is more important than the absolute price. Professor Stockwell, from whom you will hear later today, made the important point that we cannot just set a minimum price and go away. He suggested that the minimum price should be adjusted twice a year.”—[Official Report, Health and Sport Committee, 10 January; c 766.]

I seek responses on Professor Stockwell’s suggested minimum price, the importance of a mechanism and the importance of the industry—if I can lump you all together in that way—sharing information with us to make Scotland a better place by improving our relationship with alcohol.

11:30

Michael Patten: We have a collective interest in getting the data sharing right. On the industry side, provided that we find mechanisms that do not breach competition law or lead to inappropriate sharing of information, we should consider that strongly and we would support it. Everybody has a strategic interest in getting that right, so it must be a collaborative effort.

The second question was about a unit price of 75p or 80p. In reality, you would be asking moderate consumers, who represent a large proportion of your population, to pay a high price for the transgressions of a minority. You have to ask yourself whether that is fair or equitable. At 75p or 80p, the loss of utility and enjoyment and the cost to moderate consumers—as well as the fact that the unnecessary reduction in their consumption will have an impact on your domestic industries—seem like an enormous price to pay, particularly when there are some questions and uncertainty about the data. If it is the case that harmful consumers are less elastic, you are asking moderate consumers to pay a price that is disproportionate to the outcome. In some ways, it is like increasing the price of petrol in order to stop speeding. We are deploying mechanisms that do not directly relate to the problem.
On the adjustment of pricing, that tends to be an issue in high-inflation markets or economies. Those conditions do not really prevail in that regard, on an aggregate basis.

If you choose to implement a method, you should consider it over a period of time, so that you can get some time-based analysis. The market will not settle down and level out within six months or a year after the introduction of minimum pricing. Therefore, the idea that you could change the price quarterly if you are not getting the desired outcome will not work, because the data to support that will not exist. That is not a practical suggestion.

**Bob Price:** I will answer your question, convener, and those of Richard Lyle and Jackson Carlaw.

I am also involved in my European organisation. We share information about the impacts of duty regimes in various EU countries. We have reports from Sweden and from Finland, which are both high-tax regimes, that show that Danish entrepreneurs—I would put quotation marks around that word—go to those countries and sell alcohol from the back of white vans to middle-class and normally law-abiding citizens who are prepared to rebel against the high-tax regime that is imposed on them by the Government. That is what happens. Estonia is a source of alcohol for Finland, and the Finns have had to adjust their tax regime to accommodate the influx of Estonian alcohol into Finland. However, the Finns are once again going to increase their taxes, which the Estonians are looking forward to.

One impact of a minimum price that makes alcohol expensive is that you will increase your crime and policing bill. The impact assessment shows an anticipated reduction in policing costs. However, if people are prepared to enter Scottish territory to supply alcohol, they will be breaching a number of regulations and engaging in some form of criminality. You are either going to stamp that out or you are not. The WHO’s global alcohol strategy took cognisance of the fact that illicit production of alcohol exists. Its remedy is increased enforcement, which means increased policing costs. If you go down the proposed route, you will have to adjust your figures on policing and crime.

**David Paterson:** With regard to Michael Patten’s point about information sharing, whatever happens, the Office of Fair Trading and the UK Government need to ensure that that can happen legally within the current UK competition regime, because sharing commercially sensitive data would be a breach of the Competition Act 1998. However, organisations such as Nielsen and Kantar hold significant industry data that can tell us a lot about that market.

On the question of the mechanism, we must ask what the purpose of the minimum price is, which relates to the question of the basis on which the price would be reviewed. If the review were conducted on the basis of public health, you would need to take a reasonably long-term view in order to measure the changes.

With our colleagues in Walmart, I visited the Liquor Control Board of Ontario in Toronto. When it changes the minimum price, it takes absolutely no evidence on health impacts—that does not form any part of the equation. The board is the retailer and it is primarily a revenue protection measure. It will shift the price, but only as far as it believes will not reduce its revenues. That is a different type of mechanism. It is the same when the UK Government proposes changes to duty in the budget—it has said that it is primarily about revenue protection, and not about health. That suggests that a quarterly or biannual change would be too frequent. An annual change seems to be a more reasonable proposal.

I will add one more caveat. When you intervene in the market, you are necessarily intervening in the contracts that exist between retailers and producers. Several other laws govern that, such as the grocery supply chain code of practice, which means that we cannot retrospectively change the terms of contracts. A quarterly change in the minimum price would change the nature of contracts, which would have implications for those relationships. An annual change would be much more sensible and reasonable.

**Bob Doris:** I have a few questions to ask, so I will try to be as brief as possible. The first concerns whisky, Diageo and the Scotch Whisky Association. Although I do not agree with your assumptions about the effect of minimum pricing on whisky exports, I note them. I do not agree with them because the bill is not specific to whisky and treats all products identically, irrespective of whether they are for domestic sale or for the export market. We disagree on that issue. However, for clarity, can you say what other products that Diageo and other Scottish whisky producers produce would be affected not by, say, a 60p increase in price, but by a far more significant increase akin to the increase in the price of cider? Can you give us some information on other products that could be affected by minimum pricing? That is just a factual matter that I make no issue of—I simply want to get that information on the record.

My second question is on the evidence base and proof for minimum pricing. We have heard much about the Sheffield study and about the only empirical evidence that we have being Professor Tim Stockwell’s analysis of minimum pricing in British Columbia and beyond. At last week’s
meeting, I asked whether it is credible to assume that there would be 1,200 fewer hospital admissions in the first year of minimum pricing in Scotland and Professor Stockwell pointed to a 4 per cent reduction in the number of acute admissions in British Columbia to back up that statistic. What are your views on that empirical evidence, which dovetails accurately with the Sheffield study? Would it not be welcome if that happened? The same study proposes that there would be 400 fewer violent crimes in the first year of minimum pricing and that almost 23,000 fewer work days would be lost through absence due to alcohol. Irrespective of whom minimum pricing would benefit from those social outcomes?

My final question will, I hope, be constructive. I was delighted to hear information from Tesco and Asda about positive steps that they may take with minimum pricing, such as reducing the alcohol content of individual cans of lager and cider. That shows that minimum pricing can have a positive effect. If someone wants to drink six cans of lager, they will drink six cans of lager at 3.5 per cent rather than 7 per cent and their alcohol intake will reduce dramatically, resulting in a positive health outcome for everyone. Do the supermarkets think that there could be other positive knock-on consequences of minimum pricing?

I know that there is a lot in those questions on the Scotch Whisky Association, the health benefits for everyone in society and what the trade may do to respond in a positive way.

Gavin Hewitt: I understand your reservations about the knock-on effects on Scotch whisky and the important export markets. I agree that the way in which the Scottish Government is making the proposal for minimum pricing does not discriminate against Scotch in Scotland. Unfortunately, the evidence and experience that we have is that we are discriminated against in foreign markets wherever people can get away with it. We have battled for 20 years to remove some of that discrimination, but it will be reintroduced on the basis of the public health justification.

Unfortunately, a wrong assumption has been made, which is that because Scotch whisky cannot be less than 40 per cent alcohol content, it is more dangerous to health than a low-alcohol beer. That is not relevant, because it is how one drinks it that matters, rather than the alcohol content of the drink, and people drink Scotch whisky by one measure—maybe a 35ml measure in England. However, that is how foreign Administrations will use the Scottish precedent. That is unfortunate and we will have a real task on our hands to try to remove the discriminatory policies that they will introduce on the back of a Scottish precedent.

Bob Doris: We might not agree with that, but the question was about other products that large multinationals such as Diageo sell and which minimum pricing would directly affect.

Michael Patten: The honest answer is that we do not know until we see how minimum pricing plays out. There are positive scenarios and negative scenarios.

The reality is that, by law, producers are prohibited from having any part in setting a retail price. We transact at our wholesale price and the setting of a retail price is a matter for an individual wholesaler, unconstrained under law. That is an overriding factor.

In this situation, the law will say something slightly different, but we do not know whether that will affect wholesale pricing and market demand, or whether the relative pricing position in multiples of a branded product versus own-label products will shift upwards or downwards. We have run one or two scenarios that suggest that products could do better, but other scenarios suggest that that would not happen. We are very unclear about the situation.

Bob Doris: I do not mean to be rude, Mr Patten, but it stretches the bounds of credibility to suggest that Diageo, which is an expert in the export market and global trade in whisky, has not looked to see which among its basket of other products might be affected by minimum pricing. Can you give me an idea of what those products might be? Can you name some names?

Michael Patten: Okay. Take Smirnoff vodka as an example: in Scotland, about half of the Smirnoff that is sold is sold below the proposed minimum price—the average unit price is about 42p. That product’s retail price would obviously move up under minimum pricing. What we do not understand at this stage is the decisions that will be taken about relative prices, whether retailers will move the price point further and what the relationship of Smirnoff’s price will be to that of own-label products. A lot of decisions are unclear.

We have modelled scenarios, some of which are positive and some of which are negative. All we can do is try to assess the situation. Minimum pricing is new territory for everybody. With all due respect, it is difficult for us to act with any degree of precision.

On the second question, we understand the studies that refer to the level-of-harm impacts and so on. We believe that some of the projections are based on elasticity of consumer demand that have been overstated. If elasticity is overstated, the benefits in terms of levels of harm are potentially
overstated. There is a question about whether the policy will produce an effective response. There is insufficient evidence supporting minimum pricing to say that if we do X, then Y will happen.

The analysis in the Sheffield study is very good and it points in some clear directions, but we believe that in putting the model together some of the wrong elasticities have been plugged in. We do not know.

Bob Doris: I will widen the discussion out. I picked the projected figure of 1,200 fewer alcohol-related hospital admissions to Scottish hospitals because it dovetails with, and is backed up by, empirical evidence from Tim Stockwell in Canada. Has minimum pricing wider social benefits for everyone, irrespective of whether they are drinkers or non-drinkers, or of their drinking patterns? You suggest that there might be negative effects, but do Mr Patten and other witnesses accept that minimum pricing will have positive outcomes, including health and social benefits? That is what I am trying to tease out from the witnesses.

George Kyle: Tennent’s supports the principle of minimum unit pricing. We believe from our modelling—which takes into account all the complexities, elasticity of demand and information in whatever report you look at, including the Sheffield study—that our prices will increase and our volumes will go down but, given the abuse of alcohol by a minority in this country and the projected overall benefits, we have arrived at a position that is supportive of minimum pricing.

11:45

David Paterson: I will respond to Mr Doris’s point on the wider impact. I would echo some of the comments that have been made. The process is dynamic and we have not seen such a level of market intervention before, so we cannot be entirely certain about the impact. However, it is easy to work out what proportion of our current product lines would be affected at different levels of minimum price.

I will give a few figures. We think that about 60 per cent of spirits, 62 per cent of beer and about 56 per cent of wine would be affected by a 50p per unit minimum price. Some of those might be affected by a few pence here and there, but others would be more significantly affected. As we go up and down, the figure can change considerably. If we went down to 45p, we could knock about 10 per cent off each of those figures. If we went up to 60p, about 70 or 75 per cent of sales would be affected in some way.

It is very difficult to translate that into customer behaviour in volumes. That may be the point to which Michael Patten was alluding. As retailers and producers, we can see what might happen to some of the prices, but we do not know how that will shift the customer dynamic between categories. The issue is whether the modelling takes that significantly into account.

Dr Simpson: Scottish Health Action on Alcohol Problems produced a report that recommended some 16 improvements to the Licensing (Scotland) Act 2005, which was the first effort to manage alcohol consumption in Scotland. Do witnesses have any comments on that?

We all seem to agree that, whatever happens, we need to monitor minimum pricing carefully. We need to ensure that, if we are going to sell the policy to the rest of the world, we do not sell it a pup, so we must have good-quality research.

I am concerned that the study that has been approved so far is not the one that Tim Stockwell recommended in his evidence last week. The one that has been recommended is a before-and-after study. We already know that there has been a 15 per cent drop in deaths, a drop in hospital admissions and a drop in hazardous drinking from 28 per cent to 22 per cent. That has already occurred, so how will we measure the success of minimum pricing?

As Jackson Carlaw says, we are going to get minimum pricing whether we like it or not. We cannot stop it now, so how will we monitor it to ensure that it delivers what is intended and that it is not creating other issues around the UK or affecting other elements, about which we talked earlier?

Does the industry think that it is appropriate to sell a container that, once it is opened, cannot be closed? I am referring not to a screwtop—a container that someone can drink part of, close and go back to—but particularly to a can of superstrength drink that cannot be closed and contains more than the UK guidelines’ safe limit of alcohol. Is that an ethical approach to business?

The Convener: Are there no takers?

Gavin Hewitt: I could not endorse more what Dr Simpson said about evaluation. If minimum pricing is going to be introduced—I acknowledge the numbers in Parliament—there must be a proper study to examine the consequences of the policy. However, if there is a large amount of cross-border purchasing, whether by internet or travel, how will the Scottish Government calculate the amount of alcohol that is consumed in Scotland when it is actually purchased outside Scotland? Nothing will be able to show that.

Patrick Browne: The SHAAP report is flawed and a number of the recommendations are not relevant. For example, it talks about having the Scottish Government reissue guidance on licensing legislation. I think that the Government is
planning to do that anyway. The report is also flawed in that the working group that reached the conclusions did not involve anybody from the industry. To ignore stakeholders was a flawed approach.

The most flawed aspect of the report is that it talks about overprovision. If we consider the number of outlets that sell alcohol, we find that on 1 September 2009, when the new licensing regime came into effect, there were 2,600 fewer licences to sell alcohol than there had been prior to that point. SHAAP should have considered that factor, but it ignored it and said that there are too many outlets. The report is interesting, but that issue and others mean that more work on it is needed.

**Paul Waterson:** As I said, a lot of problems are emerging in the market because supermarkets charge low prices. That is why many groups are trying to tighten up in other areas. The pubs are caught up in that, which is not particularly fair if we compare the amount that is sold in the off-trade sector with what is sold in the on-trade sector.

**Gil Paterson:** I think that Mr Patten said that expecting minimum pricing to address harmful drinking is like expecting higher fuel costs to address speeding, but that is exactly what happened. When the cost of fuel went up, two things happened: the number of vehicles on the road reduced significantly and the speeds at which vehicles travelled reduced. Cost impacted on speeding. I know that because I am heavily involved in the motor industry, which pays a lot of attention to what is called the car park—the number of vehicles on the road—which has reduced significantly. The statistics show that Mr Patten defeated his own argument.

Jackson Carlaw and I have both been in business. For every commodity that I have sold—which is quite a number, although I did not sell some things very well—every time I put the price up I sold less, and every time I put the price up significantly I sold a lot less. When I put prices down, a remarkable thing happened: volumes went up. I am sure that that happens in other places.

Witnesses set some store by cross-border trading. We can never stop that; people will go wherever there is a bargain to be had. However, people also take into consideration the cost of getting there. David Paterson mentioned Ireland, and someone else mentioned Estonia. I know a bit about Estonia. When I was there, a pint of beer cost 40p, while in Finland it cost more than £5. People were going over there every weekend by the shipload, but that phenomenon has started to slow down significantly because of the current cost differentials. What were the differentials in the cost of particular items? It would be useful to know that.

**David Paterson:** Are you asking about the price differences between Northern Ireland and the south?

**Gil Paterson:** Yes. What made people bother to travel significant distances?

**David Paterson:** I am happy to look into that. I also point the committee in the direction of the quarterly national household survey that the Republic of Ireland’s Central Statistics Office Ireland produces. When that body looked at households that were travelling to Northern Ireland it considered some of the costs that are associated with travel. Average household expenditure on the trips was €26 on accommodation and meals, €8 on petrol and diesel and €4 on entertainment. There is a significant body of evidence on the cross-border trade, to which we can probably refer, but I am happy to look into the relative pricing. As I said, it was not just about alcohol; there was a massive price gap for toiletries, nappies and so on.

**Gil Paterson:** That would be useful.

**Jim Eadie:** I will address my questions to Mr Hewitt and Mr Patten. Mr Hewitt, you said that a possible alternative to minimum unit pricing is excise duty plus VAT. How effective a public health policy measure would such an approach be? I understand that an investigation by The Guardian found that of 3,000 products, only one would increase in price and some could be sold more cheaply. Have you looked at that, and could you provide the committee, if not today then after the meeting, with evidence of where you see that proposal being effective?

**Gavin Hewitt:** I think that you misunderstood me. The article in The Guardian referred to a floor price based on current tax and VAT—that is the UK Government’s proposal to ban the sale of alcohol below a price of duty plus VAT.

**Jim Eadie:** I thought that you endorsed that proposal earlier.

**Gavin Hewitt:** No. If people are concerned about the price of alcohol—and I hear that there is such concern—there is a legal way in which to address that. We believe that minimum pricing is, and will be proved, illegal. The legal way to address the price of alcohol is to use the duty structure in the UK, within the confines of EU duty structures, to approximate the tax across all alcohol categories, so that the percentage of alcohol in each category would be charged the same amount of duty.

Let us say that all alcohol was brought up to the level of the duty on whisky. Mr Lyle referred to the fact that Scotch has been taxed more than other categories of alcoholic drink. If you approximate tax so that the same tax is introduced and applied
to the percentage of alcohol, with a floor price so that no retailer can sell alcohol below the increased duty and the VAT on that duty, in effect you have a legal system of addressing price.

Jim Eadie: Are you saying that that is theoretically possible or that it is something that, as a responsible industry, you support?

Gavin Hewitt: We have always supported what is called tax equivalence or tax approximation, and we continue to campaign for it. We believe that it is practically possible. We made a submission to the Treasury when it looked at the reform of alcohol tax in December 2010. I am very happy to give you a copy of our submission, which was based on the possibility of re-addressing the tax structure for alcohol in the UK.

David Paterson: We have previously supported duty plus VAT as a floor price. We voluntarily moved to that position in 2010. Since then, a number of duty increases have come through. For example, a litre of our own-brand vodka was £12.18 in 2010 but rose to £12.47 after the 2010 duty rises; it then rose to £12.72 in 2011 and, after the 2011 duty increases, rose to £13.47. That shows the rises that have taken place.

From the first week in April, there will be a ban in England and Wales on selling at below the cost of duty plus VAT. That will set a de facto floor price that I expect will, in practice, be translated across the UK. We know that there will also be a duty escalator of inflation plus 2 per cent.

Jim Eadie: Mr Hewitt, are you saying that no products would come down in price as a result of the proposal that you outlined?

Gavin Hewitt: It would be for the authority that sets the rate of duty to establish what would happen. It is not for us to decide the rate of duty.

Jim Eadie: You will understand that there is scepticism about whether an alternative to minimum unit pricing would be as effective in public health terms.

I will move on, because clearly we want to see—

The Convener: Can we have a response from Mr Patten as well? Do you wish to respond, Mr Patten?

12:00

Michael Patten: I endorse the general points, although I also want to bring the conversation back to the fact that one of the reasons why we are here relates to current concerns about the very low price of alcohol. Some of the measures that we are considering, be they a duty plus VAT floor price or minimum unit pricing, take us into the realm where the Competition Commission will say, “That’s price setting, which has all these effects.” When the issue of alcohol pricing came up a couple of years ago, the retail sector sought a safe harbour in which to discuss the issues without competition law being brought to bear on them. However, at that stage, they were told that they could not do that. It feels as if we are structuring and organising a lot of regulation, with all its unknown consequences, to get around the fact that industry players are limited in their capacity to get beneath the issue.

We seem to be building up layers and layers of complexity to deal with the issue, and the challenge that I lay down for us to think about is whether we can find some mechanism by which market actuaries can work in collaboration with the Parliament and others to look at the issues in play and solutions to them without having to layer in regulation, the outcome of which we do not yet know.

The Convener: Do you wish to respond to the initial question, Mr Browne?

Patrick Browne: With regard to Gavin Hewitt’s comments, duty equivalence and tax approximation are quite complex issues and would have unfortunate consequences, particularly for brewers, who would find it very difficult to continue to operate and produce beer. As I understand it, duty equivalence would immediately knock about £3 off the price of a bottle of white spirits, and I am not quite sure how that sits with the idea of protecting public health. I am more than happy to submit an alternative perspective to the committee but, as I said, the issue is quite complex.

Paul Waterson: The problem with having a duty plus VAT floor price is that some prices will actually come down. That is why we have never supported such a move in this context. David Paterson was talking about something else; the fact is that the duty is simply not put on and that, with the duty escalator, we can see the difference growing. I am not saying that every supermarket does that, but the problem is that when one supermarket cuts prices the others cut them, too. That just goes on and on. Another reason why the intervention of minimum pricing is so important is that it will put a stop to all that and give people a basis to work from.

Gavin Hewitt: I do not want to discuss how the rate of duty will affect individual products—that is a question for the Treasury—but I emphasise that concerns that duty and tax are not being passed to the consumer can be addressed through tax approximation. I accept Patrick Browne’s view that it is a controversial move and will have different effects on different sectors. However, if you have a floor price and a condition of your licence is that you cannot sell alcohol for a price below duty plus
VAT, the effect will be the same as that of minimum pricing.

The Convener: Those other suggestions are all very interesting but I am getting looks—and rightly so—from Jackson Carlaw to remind me that we are here to discuss minimum pricing and the very narrow bill that is before us.

Jim Eadie: We have been discussing alternatives to minimum unit pricing, to which the industry has very frankly set out its objections. I hope that that frankness and honesty will continue in responses to my final question.

Mr Hewitt, you said that you do not think that minimum unit pricing will be effective. Even if the on-going assessment proves that it has worked, the fact is that you will not change your view and come out in favour of it, because of other reasons such as the potential barriers to trade and international markets.

Gavin Hewitt: We believe that the precedent of Scottish minimum pricing legislation based on a public health exception will be misused by foreign jurisdictions against imported products and that the Scotch whisky industry will continue to see problems in its overseas markets, where we sell most of our product.

Jim Eadie: So the answer to my question is yes. You will not change your position on minimum pricing, even if in Scotland we can prove that it has been as effective as people such as Professor Stockwell have predicted and that it has had a public health benefit to the Scottish community.

Gavin Hewitt: Minimum pricing is the biggest challenge to the Scotch whisky industry in its export markets.

Jim Eadie: So you will not change your view, even if we can prove that minimum pricing works in public health terms.

Gavin Hewitt: Because we believe—

Jim Eadie: Thank you. That was the honesty I was looking for.

Gavin Hewitt: We believe that, as the ECJ has regularly proved, there is a legal means of addressing price through tax.

Jim Eadie: I understand that point, but—

The Convener: I think that that was a yes, Mr Eadie.

Jim Eadie: It was, and I do not want to pursue that point.

I have a final question. I understand why you are making the case on behalf of the industry; that is your job and you have been very effective as a lobbying organisation—which is no doubt why the tax take from alcohol and, specifically, spirits has declined significantly over the past 30 years. Even though in more recent years the UK alcohol duty on spirits and VAT itself have risen—which your industry no doubt argued against—the industry has had year-on-year increases in profits. The industry is very successful—indeed, Mr Patten called it a “jewel in the crown”—and will continue to be so even with minimum unit pricing.

Gavin Hewitt: The Scottish market represents a very, very small part of our overall effort. You must remember that 95 per cent of our product is sold overseas and that we are successful because we export well.

Michael Patten: The core reason why we are standing in what I regard as principled opposition to minimum pricing is that we do not believe that the policy has the evidence base to support it or that the analysis will lead to the predicted outcomes. Our offer—

Jim Eadie: In that case, I ask you the same question that I asked Mr Hewitt. If it can be proved—

Michael Patten: If I may, Mr Eadie—

The Convener: Let the witness answer the question.

Michael Patten: Our offer is very simple: if and when this Government and Parliament decide to implement minimum pricing, they should also introduce very clear metrics of assessment of the policy’s efficacy and, at the end of the review period, have an honest conversation about whether the policy has delivered its objectives. If it has, so be it; if it has not, the regulations should be rescinded. That is a very fair position to take.

Jim Eadie: I ask you to answer the same question that was put to and frankly answered by Mr Hewitt. If we can prove that minimum unit pricing works, will your company and industry continue to argue against it?

Michael Patten: We will remain concerned about the precedent that it will set. However, we have clearly set out our stall: we support evidence-based policy making. If the evidence suggests something, we have to take cognisance of that.

Jim Eadie: I will leave it at that, convener.

The Convener: If members have no other questions, I thank all the witnesses for attending and providing evidence—yet again, and yet again, in some cases.

I suspend the meeting for a changeover of witnesses.
12:07

Meeting suspended.

12:12

On resuming—

The Convener: We will press on. I start with an apology to our witnesses. We did not expect the previous session to go on for as long as it did. We appreciate your still being here. We will do our best to give the evidence that we take in this session proper weight.

I welcome our second panel. Kate Higgins is policy manager at Children 1st, Major Dean Logan is addiction services officer at the Salvation Army, Sarah O’Neill is director of policy at Consumer Focus Scotland, and Andrew Deans is convener of the health and wellbeing committee of the Scottish Youth Parliament. Thank you all for being here.

Who would like to ask the first question?

Bob Doris: I am happy to kick off. We debated with the previous panel the evidence set on whether minimum unit pricing would work. There was clear disagreement about that. I have consistently quoted the figure of 1,200 fewer acute alcohol admissions in year one. I keep coming back to that figure because it was backed up by Professor Tim Stockwell in his analysis of minimum pricing in Canada. He said last week that it would translate into the Scottish context, with the Scottish method of minimum pricing.

Rather than debating that evidence set, I am more interested in knowing, from your first-hand experience—the information may be anecdotal but it is empirical—what damage cheap alcohol causes in society. That is a general question to start with, and we can pick up on the specifics later.

12:15

Major Dean Logan (Salvation Army): In my experience as a Salvation Army officer who works as a practitioner in the field—I work in an alcohol detox unit—I have seen physical evidence of the impact of alcohol, not only on the individual who finds himself in the crisis of alcoholism but on those who love and support that individual. There is anecdotal evidence that, for every person who finds himself in the crisis of alcoholism but on those who love and support that individual. There is anecdotal evidence that, for every person who comes through our doors, another 12 people are directly affected by that individual’s alcoholism and their behaviour. By addressing the issues that are pertinent to the individual, we can have a significant impact on those who care for them. Although that is not empirical evidence as it is not backed up by research, it is backed up by the expertise and understanding that we have gained from our work. I hope that that begins to answer your question.

Kate Higgins (Children 1st): Children 1st has been working in Scotland for more than 125 years to build brighter futures for vulnerable children and their families. For decades, we have seen the harm that is caused to children and young people by adults’ misuse of alcohol and we are very much involved on the front line in trying to address the impacts of that harm such as abuse, trauma, neglect, violence, and detriment to emotional health and wellbeing.

It is disappointing that children were not mentioned once in the previous evidence session, given the relationship between alcohol and the harm that is caused to children and young people.

In our service provision in the past year, we have supported families and recovery for children who have been abused and traumatised, often by violence in the family or by neglect, through family group conferencing, in which we bring the family together to find a solution to the care arrangement for a child who is at risk of going into the public care system; through befriending; and through the national kinship care service, which we run on behalf of the Scottish Government. When I looked at the statistics on those services for last year, I found that more than 12 per cent of individuals and families were referred directly to our services because of the impact of alcohol misuse, usually parental, and that in a further 9 per cent of cases, alcohol misuse had a major impact on the child’s wellbeing and what was going on in their life.

We do not have definitive statistics on the number of children in Scotland whose lives are adversely affected by parental alcohol misuse. The best estimate, which comes from the Scottish Government, is that 80,000 to 100,000 children are affected each year.

We also know about the relationship between alcohol and neglect and abuse, and we can include alongside that the impact of substance misuse. We should have better statistical evidence on that by September because substance misuse will be recorded as a ground for referral to the children’s hearings system. That will be the first time that we have data on its impact. We know from work that the Scottish Children’s Reporter Administration has done that substance misuse is a major factor for more than half the children who are subject to care proceedings.

Alcohol is a significant contributory factor in about 50 per cent of incidents of domestic violence, which run at 40,000 to 50,000 a year. We have done our own work in that area, which suggests that at least 25,000 children in Scotland are directly affected by domestic violence. That usually means that they are physically caught up in incidents.
In 2010, Childwise found that half the children it surveyed—1,200—had seen their parents drunk, and almost three in 10 of those children said that they felt scared when adults were drinking. In 2007-08, the social care and children’s hearings systems had costs directly attributed to alcohol of between £114 million and £346 million—a huge disparity, but that is because the figures are estimates. It is also estimated that 30 per cent of children in the UK live with at least one binge-drinking parent.

The Convener: Do you have this information in your written submission?

Kate Higgins: We have not made a written submission yet.

The Convener: If you could do so, that would be important for us.

Kate Higgins: We will. My point is to show that there is a huge amount of evidence about the extent of the harm that alcohol causes to children and young people.

The Convener: I want to give the others a wee chance. Do you have any comments, Bob?

Bob Doris: I apologise to Ms O’Neill and Mr Deans, who have not spoken so far. I absolutely agree with what Mr Logan and Ms Higgins said about the damage that alcohol misuse and abuse do to society; I am sure that none of us disagrees with that.

My point was about the research showing that minimum unit pricing would reduce consumption, with those most likely to abuse alcohol modifying their drinking accordingly, and I had hoped to get some empirical, high-level evidence about that from the panel. You have given very powerful evidence about the damage that alcohol does to society, but in your direct experience—through the people you meet in your professional lives—is the availability of alcohol at very cheap prices a significant factor? Do you have evidence from your work to show that is the case? That was the focus of my question. We can all say that alcohol is a bad thing that wrecks lives and that children should not see their parents drunk, but can you tell us whether you think that minimum unit pricing will have an effect in tackling the issues?

Sarah O’Neill (Consumer Focus Scotland): Let me set out our position. As a policy and research organisation, we do not have the empirical evidence that members are asking for. Our general position is that consumers benefit from functioning markets. We would usually see the imposition of a minimum price as an unjustified intervention in a functioning market and would be concerned about its impact on low-income consumers. In this case, however, there is overwhelming evidence, based on the statistics, that a public good would come from the introduction of minimum pricing.

Alcohol is an unusual market because it offers an addictive substance, the excessive use or abuse of which impacts on consumers as a whole. It not only affects individuals’ health but has an impact on others in terms of lost productivity, crime, road accidents and so on. According to Scottish Government figures, it is estimated that £3.56 billion a year is lost through excessive alcohol use in Scotland—a huge cost. That affects everyone—not only the individual consumers who are consuming the alcohol but all consumers as taxpayers and users of public services, because the money that goes towards those things cannot be spent on other public services. The financial memorandum estimates that the total value of harm reductions achieved from minimum pricing would be £720 million over the first 10 years, and that is the focus of our evidence. We have some concerns about the impact that minimum pricing may have on low-income consumers, but we think that, overall, based on the evidence, it would benefit the majority of people.

Bob Doris: So the work you have done on behalf of consumers shows that, on balance, minimum pricing is good for all consumers, irrespective of whether they consume alcohol. Perhaps that is related to some of the knock-on consequences mentioned by Major Logan.

What about young people?

Andrew Deans (Scottish Youth Parliament): We are in no doubt that cost and consumption are linked. Because young people are generally low-income consumers, they may be more responsive to the cost of alcohol. Low-priced alcohol means that irresponsible drinking is more affordable for young people, and that is why we are broadly supportive of minimum alcohol pricing. However, we also recognise that the responsible drinkers among young people, who are the vast majority, stand to be affected, depending on the level that is set. We appreciate the dangers involved in low-priced alcohol, which makes irresponsible drinking affordable, but minimum pricing must be part of a picture that includes education, counselling and intervention, and it must be set at a level that allows responsible drinkers among young people to continue that responsible drinking and not to be impinged on.

Bob Doris: Have you looked at some of the modelling? Modelling has shown that, with a minimum unit price of 45p, a cheap bottle of cider might double in price to £3.40, while a bottle of whisky or spirits would increase by 60p. Has the Scottish Youth Parliament looked at what would be a reasonable intervention, providing health benefits to young people without overly interfering in their income-sensitive purchasing habits?
Andrew Deans: We have not done any consultation work specifically on that, but within the Youth Parliament we have looked at the possible outcomes of different price levels. I think that 45p is probably reasonable, albeit at the high end. It is the point at which the price would not have an adverse impact on responsible drinking by young people. Anything above that level begins to become a problem for all low-income consumers, including young people. However, I am cautious in saying that because, as I said, we have not done any consultation work.

Bob Doris: I will ask one additional question before I let in my colleagues. I have asked witnesses last week and this week about the cultural drinking patterns of people in all age groups. The pattern for younger age groups whose income is constrained is that they get cheap alcohol from off-sales, drink it at home before they go into town centres and then budget whatever money they have left for the door entry to a club or a couple of drinks in a pub. Is that your experience of the cultural habits of the young people whom you represent? Do you think that an increase in off-sales prices would result in reduced alcohol consumption among young people?

Andrew Deans: There is no doubt that what we are talking about is not just a result of having low prices but a cultural problem that we have in Scotland. What you said about young people drinking before they go out is correct—that is the current picture. It is fair to say that, if alcohol was not available at such a low price, consumption would be less. However, as the issue is cultural and not just down to price, we are saying that, although minimum pricing might help a little, it is by no means the be-all and end-all or the answer that will mean that no young people will be irresponsible drinkers. That is more likely to come through education and early intervention.

Bob Doris: I completely agree.

Drew Smith: I have three short questions. I will ask them all together and see whether they take the witnesses to the same conclusion as I reached.

Ms O'Neill, you referred to the fact that you would normally be concerned about a minimum price and the impact of that on low-income consumers but said that in this case you are convinced by the overwhelming evidence. Will you say a little more about that overwhelming evidence? Is it evidence specifically on consumer behaviour?

Mr Deans, you said that young people are low-income consumers—I accept that some young people might be, although that will not be the case for all—and so are more likely to respond to a price change. Other evidence suggests that young people are some of the least likely to be price conscious. What specific evidence do you have for your assertion? You said that the Scottish Youth Parliament has not consulted on the issue, so what is the basis for your statement?

Ms Higgins, you spoke well on the problems of alcohol misuse and how they affect children. We all accept that; it is not at issue in the evidence. I would be happy for you to tell me that I am wrong, but I surmise that some of the children that you are most concerned about and the heaviest levels of parental drinking are among low-income groups. Those parents are likely to spend even more of their money on alcohol as they are the groups least likely to change behaviour because of a change in price. How would that impact on children in those families?

That all takes me to the conclusion that we need to think seriously about how we study and evaluate a price change. I do not know whether you were all in for the previous session, but we spoke about whether it is good enough simply to have a before-and-after study of a change or whether we need to think more carefully about how some of the things might impact. The obvious comparison would be with an area of England in which everything else is broadly similar, so that the price change is the difference. That would provide us with a control study. Do you agree that that would be a good idea?

12:30

The Convener: There were a lot of questions there.

Sarah O'Neill: Perhaps I can start. The evidence to which I referred is the statistics— which I already quoted—for the money that would be saved to the public purse. There is also clear evidence of—

Drew Smith: That is an estimate, not evidence.

Sarah O'Neill: Yes, okay. It is an estimate of the impact that minimum pricing would have. However, there is a lot of evidence to suggest that there is a clear link between price and demand—and also harm—in relation not only to alcohol but to tobacco. There is not a lot of evidence on consumer behaviour out there that I am aware of other than that research. We would want to make it clear that the policy will work only as part of a package of measures, and that the cultural issue—looking at ways in which we might change the culture—is vital. We saw how long that took with smoking. We must start somewhere, but culture is clearly a major part of this.

I certainly agree that we need an evaluation. In fact, we would call for an evaluation of the supply-side responses before and after; of the impact of a
minimum price, particularly on low-income consumers; and of the general cost to society. I agree that all that has to be done, but it must be part of a package of other measures.

The work that is being done on changing consumer behaviour in other areas makes it clear that there must be many other interventions such as education and awareness-raising work if we are to change behaviour. It will take quite some time to achieve.

Kate Higgins: I will answer all three questions together. First, I must scotch the myth that only low-income households will be affected by minimum pricing—

Drew Smith: Sorry—just to be clear, that was not what I was saying. I said that there might be an impact on that group in particular.

Kate Higgins: —and that they are the ones who are the heaviest users of alcohol. The growing up in Scotland survey last year found that the frequency of alcohol consumption increases with household income, and that 8 per cent of parents in the lowest-income households drank alcohol more than once a week in comparison with 36 per cent of parents in the highest income group. There is evidence that it is not just those in families with children who are living in poverty who are the heaviest drinkers.

We will pull all the evidence together, because we have found a number of helpful studies that show that minimum pricing will have the biggest impact on the heaviest consumers, and particularly on young people. The evidence suggests that there is a correlation between price and availability for young people.

On your specific question about low-income families, the answer is yes: we work day in, day out with families at the lowest level. There is alcohol harm there, but we would advocate a whole-population shift that addresses Scotland’s relationship with alcohol in general, and particularly parents’ attitudes towards drinking. There is evidence to show that children increasingly learn their drinking behaviour from how their parents, rather than their peers, treat alcohol.

On the issue of poverty, people who live in poverty perform heroic acts on a day-to-day and weekly basis to make their money go as far as possible. We have no doubt that the vast majority of families in low-income brackets who partake of alcohol will adjust their behaviour accordingly if the price goes up, in that they will consume less. That would also be true of the whole population.

There is evidence to suggest that where a minimum price is established, the heaviest drinkers are most likely to be impacted. By taking a whole-population approach, the heaviest drinkers in families living in poverty will adjust their consumption accordingly, which will have a positive impact on the physical and emotional wellbeing of children and young people in Scotland.

Andrew Deans: I appreciate the point that Drew Smith is getting at. Some of the evidence that was discussed in the session with the previous panel indicated that young people are less responsible, although I believe that I heard some evidence to the contrary.

There is a link between cost and consumption. I do not think that such a link can be doubted. Low-income consumers—a lot of young people fall into that category—will have to change their behaviour if the things that they normally buy are more expensive. I appreciate that the change will not be massive and that young people will not suddenly change all their behaviour just because alcohol is slightly more expensive—a price increase needs to be part of a package of measures. However, I find it extremely difficult to believe that young people will not change their behaviour—I think that we will see a change if the price goes up and irresponsible drinking is less affordable.

Major Logan: In our submission, we quote “Alcohol Statistics Scotland 2009”, which reveals that approximately two thirds of all alcohol-related deaths in Scotland in 2007 were among the most deprived communities. From the correlation between deprivation and alcohol-related death, we can extrapolate the impact that alcohol is having on the most deprived areas. In addition, people who live in the most deprived areas of Scotland are eight times more likely to be admitted to a psychiatric unit for an alcohol-related disorder than people who live in the least deprived areas. There is a disconnect in our society between those who live with poverty on a daily basis and those who do not. Such alcohol use is probably much more about coping with the circumstances that those people find themselves in than it is about enjoying themselves. I do not think that any of us would say that those statistics speak of a life enjoyed consuming alcohol.

Those are the statistics that jumped out at us. Like Children 1st, we work in some of the most deprived areas of Scotland on a daily basis, and we see the impact of alcohol on families and communities.

Drew Smith: Major Logan makes a good point about some of the reasons why people drink, and Kate Higgins made a fair point about moving the situation on.

Would you both agree that when it comes to any study or evaluation of minimum pricing, the specific impact on low-income groups and, in
particular, people who live in poverty needs to be a crucial part of how we measure its success? After the bill is passed—as we know that it will be, as was said in the previous session—we will know for a fact that it has worked only if those groups of people have not simply increased the proportion of their income that they spend on alcohol.

**Major Logan**: That would be a worthy piece of research to undertake. However, we must recognise the complexities of the situation; it is not just about alcohol. Alcohol is a component of the issue; sometimes it is a component that will change the way in which we view a community. It is certainly a component of how the people in it deal with their lives.

The Salvation Army would not say that we should become a nanny state and look after everyone, but it is in our DNA to say that, just as society, through its laws and decisions, has, in some cases, brought about the deprivation and the inequalities that exist, so it has a responsibility to intervene where that is possible.

For us, the minimum unit price, which will deal with the place of alcohol in our society and the concurrent problems, is a wonderful societal benchmark. Once the measure is implemented and the research is done, I believe that the evidence will stack up and will say that the measure has made it possible for organisations such as Children 1st and the Salvation Army that work in such communities to work with people who are using less alcohol and who are therefore more receptive to the interventions that we can offer. People become more amenable to what we can bring to and share with them. We will always deal with people who fall off the cliff; we are simply asking the Government to put a fence at the top to prevent some people from falling over, which is what minimum pricing will do. The voluntary sector will always be there to work with those who need the services that we provide. However, we certainly applaud a legislative initiative that will prevent from falling those who might otherwise fall. From a personal point of view, I think that the battle is worth not only fighting but winning, and I applaud the way in which the issue is being handled.

**The Convener**: I have witnessed your good work and commitment in my community, but are you seriously suggesting that a minimum price will affect some of the harmful drinkers we have met and discussed the problem with, who have lost their jobs, families and dignity? A minimum price might be a worthy measure, but are we in danger of claiming too much for it, given that it will not make a difference to people who choose drugs or alcohol before their family? A minimum price will not impact on that group, will it?

**Major Logan**: That remains to be seen. Any impact on that group must be beneficial, particularly for voluntary agencies that work day and daily with such people. Only minimal, socially supportive work can be done with someone who consumes a high level of alcohol. However, if that level comes down even just a notch, the efficacy of our work will improve and that will be multiplied across generations.

We are talking about one little piece of proposed legislation. I have been in the committee room since 10 o’clock this morning and I have heard about the complexity of the issues. However, Kate Higgins is right to say that at the heart of the issue are the people whose lives are being destroyed by alcohol, on a social level. They do not have a voice, so we have to be advocates on their behalf.

**The Convener**: I understand, but I am concerned that you claim too much for a single measure. People in my community who provide services for those who have fallen pretty far tell me that they are concerned about some aspects of the proposals. They do not make too much of it, but they are concerned about the impact of the bill on the families who support those people, who will spend and do anything. The bill will not affect them. Service providers are genuinely concerned about that and have raised concerns with me. Are you not concerned that those people, who spend every penny that they can get now, will spend more, taking it from their families?

**Kate Higgins**: We hear the concern, but the answer to the question is no. Everyone agrees that minimum pricing alone is not a panacea or silver bullet and that it must go along with many other measures. If we apply minimum pricing and do nothing else, the outcome that you suggest might occur. We must put in place measures alongside minimum pricing. One that Children 1st argues for is much more of a whole-family approach to treatment services. At present, much of the investment is in adult treatment, and child welfare and the impact on children are not considered. Much of the investment is directed through the health route and it is hard to reach the kind of services that we use. We need both approaches.

Empirical evidence on the relationship between cost and consumption shows that the heaviest drinkers respond the most to a higher price. Even in families like those that the convener described and even among individuals who have serious alcohol addiction problems, some will respond simply to a cost measure, but support and treatment services must be built around that.
I return to Drew Smith’s point about evaluation. We absolutely support a before-and-after approach. We are convinced that the measure will work. It works in Canada; there is also research from elsewhere. We came across a European study on the impacts on moderate alcohol behaviour when price is addressed that involved several thousand Czech mothers. There is increasing evidence out there that increasing the price and taking a whole-population approach achieves a cultural shift in people’s attitude to alcohol.

As well as the effect of the price, the committee needs to look at information such as statistics from the Scottish Children’s Reporter Administration about the number of referrals on alcohol misuse grounds and statistics on family breakdown and family support. Family breakdown is a key cause and symptom of alcohol misuse, which is one reason why we end up working with families. Following a loss, bereavement or relationship breakdown, people can turn to alcohol, which causes problems. The situation can apply the other way round as well.

Minimum pricing needs to be part of a package of measures to tackle alcohol misuse and wider societal problems.

The Convener: I call Jackson Carlaw.

Jackson Carlaw: Drew Smith has touched sufficiently on the issues that I wished to raise. I could expand at the margin, but I would probably get nothing more from pursuing the line of questioning, so I am happy to forgo my moment in the sun.

Andrew Deans: It is difficult to say what will happen. Your description of tanking up then going out is accurate—in my experience, anyway. [Laughter.] It is difficult to tell, but I guess that minimum pricing will limit the amount that is drunk before people go out. I do not think that it will mean that young people choose to drink more and not go out.

You are right that young people drink before going out because alcohol is much more expensive when they are out. As you said, people do that across the board. I think that the effect will be to limit consumption before people go out.

Gil Paterson: Thanks for that. I have a question for Kate Higgins. We have heard a lot of people talking about how the proposal will impact on low-income people. You have a lot of experience in that area. I am fairly certain that you will not have what we call evidence, but I am just asking for your opinion based on your experience. If minimum pricing comes in, the likelihood is that it will have an impact on the families you deal with, who, like everyone else, have disposable incomes. There is no question but that it will have an impact on people, otherwise we ain’t gonna do it. The impact may be that of taking away a bit of pleasure for some people who do not drink a lot. Are people likely either to put the money that they do not use for alcohol, because they are responsible, into their families or to take something away from their families to continue with the same level of drinking?

Kate Higgins: Our experience suggests that in the vast majority of cases they will reduce their drinking consumption, because parents by and large want to do the best for their children and families, so they will adjust their consumption habits in the same way as the rest of us, because it hurts our pockets more and we have only finite income. There are issues around those for whom alcohol has become the crux of, or a problem in, their lives. In that regard, I refer to my previous answer about everything else that needs to be done to support such families, including the kind of work that we, the Salvation Army and many other organisations do. Such work needs to be better resourced to achieve the required level of support. However, the vast majority of families will adjust their consumption downwards.

We also work with young people and I want to pick up on some of the points that were raised about the behaviour of young people. The good news is that the most recent and comprehensive study of young people’s habits—the Scottish schools adolescent lifestyle and substance use survey, which I think was published just before Christmas—shows that young people are consuming less alcohol and are turning away from it.
The other point comes back to the idea of children see, children do. Price in itself is not the only factor. Increasingly, research shows that one of the major behavioural factors for children who drink the most is their parents’ drinking. If parents drink less, the next generation will drink less.

There are two other relevant points. Targeted education has been seen to have less impact, so we need more of a whole-population public awareness campaign. Such a campaign has had remarkable results in Finland, particularly in addressing the drinking habits of parents and young people. That measure would work well with minimum pricing.

The other one that has a major impact on young people’s attitudes to alcohol is limiting alcohol advertising, which has been done in France and— I think—Brazil. In our submission to the Scotland Bill Committee, we argued for the devolution of power over alcohol advertising, which is currently reserved. We regard it as a bit of a hanging thread, because other advertising powers are devolved. If we had control of alcohol advertising and matched limiting such advertising with minimum pricing, the two measures together would have a huge differential impact on young people’s relationship with alcohol.

Richard Lyle: I refer to the submissions from Consumer Focus Scotland and the Salvation Army. The former states: “It must be borne in mind that a minimum unit price for alcohol is unlikely to have any effect … in … premises like pubs and clubs”.

So, that dispels the myth that prices in such places will go up.

I say to the Salvation Army that you do not compliment yourself enough. I have dealt with the Salvation Army over many years and you do an excellent job and have more knowledge about this subject than others do. You state in your submission:

“It has been argued that minimum unit pricing could be against European legislation”.

We heard from our friends this morning that someone would challenge it and, although I was not allowed to ask them who that someone would be, I think that it might be my friend from the Scotch Whisky Association. Therefore, there could be a lengthy legal battle in the European courts. The Salvation Army is saying that it contends that that fight is worth having. Could you expand on that?

Since I might not be given another chance to speak, I will ask another question. The Salvation Army and Consumer Focus Scotland have suggested having a level of 50p as a starting position. How did you arrive at that?

Major Logan: The comment that we made about European legislation was based on watching the debate and hearing the arguments of the industry. The debate has been going on across the UK. The same kind of discussions have been had in London about the legality or otherwise of various proposals under European legislation. We know that there is some dubiety and we recognise that we are not experts in the field of European law. However, our understanding is that the legislation that is being used has a public health caveat, which is why we think that it will pass.

Some things are worth fighting for, but you must pick your battles. My organisation believes that this piece of legislation presents a window of opportunity and that it is worth fighting for. We believe that the impact of the legislation—which is capable of being researched and empirically evaluated—is unforeseen at the moment. We work at the coalface with people who have complex issues around the consumption of alcohol, who have had their lives devastated by alcohol and who have complex needs. Having a piece of legislation that could effect a change in their lives locked up in the European courts for a long time or refusing to fight the battle for such a change on the ground that it is not worth fighting for would lose an opportunity that we would not see again for another generation.

I might be overstating the case this morning, but we do not usually do so. If the battle must be fought in the European courts, we would stand behind the Government and say that we believe that the battle is worth fighting and is one that the Government will win.

Richard Lyle: How did you arrive at the 50p figure?

Major Logan: In the evidence that we gave to the committee the last time that the Parliament dealt with this issue, we considered the expertise that was being collated, sought guidance from the Institute of Alcohol Studies and came to the conclusion that a level of 50p would have a significant impact on the people whom we seek to serve—the Sheffield study supports that view. Of course, it would not give as much benefit as other levels—in that regard, I should note that I heard the collective gasp in the room when Professor Stockwell asked for a level of 70p or 80p.

A level of 50p would not disproportionately disadvantage those who drink moderately and socially and for whom alcohol is not a problem but it would have a significant impact on the 10 per cent of people whose drinking is problematic and affects their families.
That was our rationale. We have restated that in the evidence that we have put before the committee.

13:00

Sarah O’Neill: Mr Lyle suggested that Consumer Focus Scotland also supports a minimum unit price of 50p. In fact we have not expressed a view on what the level should be. We said:

“We do not have a set view on the level at which a minimum price should be set, but consider it important that it is set at a level which is related to the cost of products which are associated with harmful drinking and which are purchased by under-age drinkers”,

which is the group that has been identified as being the most responsive to price changes. Much of the impact that minimum pricing has will depend on the level that is set.

The Convener: Have you finished asking your questions, Richard?

Richard Lyle: Yes, thank you. I do not need to come back in.

Dr Simpson: When Kate Higgins talked about the proportion of drinkers in different income groups, she said that the proportion is higher in the highest income group. I agree. It is also generally true that there are more hazardous drinkers with each increasing income group. However, more people in social classes 6 and 7—people of the sort that Major Logan described—are dying. That is a paradox that the medics could not explain when they gave evidence the other day.

When I worked as a consultant specialising in alcohol addiction, I encountered a lot of people who started off in the higher-income groups, became hazardous drinkers and then harmful drinkers, and then lost their jobs and families and so on and drifted into the lower-income groups. I am concerned that we will introduce a whole-population measure that will have a disproportionate effect on lower-income groups. When we remove the harmful drinkers from those groups—and the teetotallers, who are highest in the lowest-income group, and who will not be affected—we end up with a population measure that does not tackle hazardous drinkers, a proportion of whom will ultimately drift into lower-income groups. How can we justify a measure that will significantly affect only the lowest three income deciles?

Kate Higgins: We dispute that the impact will be only on the lowest-income groups. Minimum pricing will shift everyone’s consumption.

A study that looked at moderate alcohol consumption and mothers’ behaviour towards children showed clearly that moderate alcohol consumption has a detrimental emotional impact on children. It was a large-scale European study that involved more than 3,500 Czech women. We will pull our evidence together and submit it to the committee; it has taken us a wee while to dredge it up.

We dispute the suggestions that there will be an impact only on some people’s behaviour and that only hazardous or problematic drinkers cause problems. It is clear from the study that I mentioned that there is a risk of emotional harm to children from moderate drinking. Also, we know that alcohol is a cause of violence in families and relationship breakdown. You will know from your work, Dr Simpson, that when alcohol is used in such situations and money is tight, income becomes an issue.

We disagree with the suggestion that the bill is a big stick to crack a nut. For more than a century, Children 1st has worked with families and children and young people—particularly those in poverty, but across the population—and we fundamentally believe that Scotland needs to shift its attitude and behaviour towards and relationship with alcohol. The bill offers a key way in which to make that happen.

Dr Simpson: I fully accept that we need to change the culture and attitudes. However, if we accept the premise that there are more hazardous drinkers with each higher income group, my concern is how someone in the upper 50 per cent of income groups will be affected by minimum unit pricing.

It is interesting that Kate Higgins says that the recommended drinking levels are not appropriate. It has been hinted at in some of the evidence, but not stated, that we need to attack moderate drinking as well—that moderate drinking needs to be curtailed because of its adverse effects. That is an interesting proposal.

Major Logan: I fully accept Dr Simpson’s argument—we do see that. I have seen teachers, doctors and professors who have been on high incomes pass through our hands as a result of their alcohol misuse. There are high-risk professions such as those of medics, journalists and landlords, and there is recognition that alcohol problems per se are not the preserve of the poor and dispossessed.

A whole-population approach—which is what the bill proposes—will have an effect that is worthy of research. I echo what Drew Smith said earlier, that we should be researching the impact of the proposal not only on the lower percentile groups but on the moderate and higher percentile groups. The data set from such action would give us a significant finding.
I recognise that the whole-population approach is not the only thing that the Government is trying to do about alcohol misuse. That is what we are talking about today, but we recognise that there are a raft of other measures that go along with it, not the least of which is access to treatment for those who require help. We need to work out how that treatment is delivered and who delivers it to those who need help in difficult times. It is to be hoped that the whole-population approach will prevent others from sliding down into the need for hands-on alcohol support. Is that okay?

**The Convener:** Yes. Jim Eadie wants to come in, and Bob Doris has another question. That may bring us to the end of the session.

**Jim Eadie:** It is clear from both the written evidence and the evidence that we have heard this morning that the panel believe—if I have understood them correctly—that young people are responsive to price and that minimum unit pricing therefore has an important contribution to make. I am also mindful of the fact that, in Major Logan’s evidence, he urges the Scottish Government to grasp this opportunity as one that can really make a difference to the lives of the people of Scotland.

The Scottish schools adolescent lifestyle and substance use survey 2010 includes the statistic that 38 per cent of 15-year-olds who have ever had a drink claimed that they did not purchase the alcohol themselves. Given that you believe that young people are responsive to price, how can we tackle the supply of alcohol to young people by other people?

**Andrew Deans:** I am happy to answer that. I will first address your more general point about young people. I agree that young people will be responsive to minimum unit pricing, although irresponsible drinking and its consequences affect the whole population and not just young people, so to look only at young people in considering alcohol misuse would be wrong. The key word that you used was “contribution”. Minimum unit pricing will make a slight difference but—as I am sure we all appreciate—it will not solve the problem and it needs to be complemented by education, counselling and intervention.

You asked a specific question about proxy sales, which is a more difficult issue. It surprises me that the figure was only 38 per cent—I would have expected it to be higher.

**Jim Eadie:** It is higher for younger people, but it is 38 per cent for 15-year-olds.

**Andrew Deans:** Minimum pricing will have some effect. It will have an effect on the amount of alcohol that is consumed, but it will not make the problem of proxy sales go away. I do not know what you should do to combat that problem. It is perhaps a question of working with retailers to make them more aware of the problems.

**Kate Higgins:** For me, one thing that stood out in the evidence this morning is how normal the purchase of alcohol has become. The witnesses talked about it being part of the grocery package—we just pop it in the trolley alongside the toilet rolls and the loaf of bread. We really have to move away from that approach, which is part of Scotland’s problem.

One way in which children and young people are introduced to alcohol is through their parents. There is a relevant study that was conducted in the United States, but the Childwise survey from 2010, which was UK-wide, looked at patterns of drinking and who introduces young people to it. Some of the proxy sales come from parents; they are not just from off-sales licensed premises. That is where the problem lies.

Alcohol, which is a seriously addictive drug, has become far too normal in everybody’s experience. The minimum price and the package of other measures will help to address that, but we must also ensure that the existing licensing laws stand up to scrutiny and are implemented to protect children and young people. The evidence shows that young people who engage in overuse of alcohol and risky consumption put themselves at serious risk of harm, particularly sexual harm. As a society, we need to do everything that we can to keep them safe.

**Bob Doris:** We have spoken a lot today about the evidence. I respect my colleague Richard Simpson and the points that he raised, but much of the clear evidence that the committee has had—from the two Scottish universities that gave evidence last week, the Sheffield study and the Canadian analysis—is that minimum pricing will be effective. It will be effective to varying degrees, but it will be effective across all income groups, it will improve the health of moderate drinkers, and it will be most effective for the heaviest drinkers and younger drinkers because of price sensitivity.

There was a discussion earlier on what is opinion and what is evidence. In the earlier session, there was very little evidence—it was more opinion. I have a question on price sensitivity for Kate Higgins, who scratched on some evidence when she talked about the experience of Children 1st. I am reminded that Children 1st does a lot of work on income maximisation with families and single parents in poverty, so it must have a lot of experience in helping to set reduced budgets for individuals and families. That includes going through people’s expenditure, which I imagine includes alcohol and entertainment. Kate, when you revise people’s budgets, is alcohol one of the first things to drop off the expenditure list? If it is, and we increase the price of alcohol, we will have...
evidence to show that the policy follows from the on-going work that Children 1st has done over the years.

**Kate Higgins:** I cannot answer that off the top of my head, other than to say that families on fixed-income budgets do everything they can to maximise their expenditure on necessities—and, in particular, their children—and forgo expenditure elsewhere.

We did some internal work for the previous Alcohol etc (Scotland) Bill, and I will pull that out to see whether it includes what you are looking for. If it does not, we can do a quick survey with some of the parents with whom we work and ask them directly whether they would forgo alcohol.

Through the parentline Scotland helpline, we provide specialist financial advice that is available to all parents and families. It now works with some of our family support services, and the advice is for people to look at where they can cut back on non-essentials such as alcohol. In general, it has found a favourable response as people can forgo the luxury.

I come back to what Major Logan said about the complex relationship between alcohol and poverty, causes and symptoms, and how alcohol is used as a coping mechanism. It is not as simple as going to families and saying, “Just don’t buy that. You’ll be better off without it.” There are reasons why people use alcohol to cope with their circumstances, and we have to look at them and work with families to address the issues.

13:15

**Bob Doris:** It would be helpful to the committee to see any dispassionate data that you can provide on what happens when people have to revise their expenditure because of income shock, for example, and whether alcohol features when they select the cuts to make. If it does, that will be a strong pointer. I appreciate that you are saying that you can back up that point anecdotally but that you will have to look to see whether your organisation has substantial data that you could bring to the committee. That would be helpful to our scrutiny.

**The Convener:** It would also be helpful to look at tobacco use.

**Bob Doris:** Yes.

**The Convener:** It might give us an idea of what to expect in relation to changing habits.

**Dr Simpson:** Good point.

**The Convener:** That concludes our evidence session. I extend my appreciation to the witnesses for their evidence and their patience in waiting for us. We appreciate their coming here and giving us the benefit of their knowledge and experience.
Alcohol (Minimum Pricing) (Scotland) Bill

Pricing mechanism

Scotch Whisky Association

We thank the Committee for allowing us the opportunity to submit comments on this paper. While we welcome the invitation to comment on the questions posed, our submission does not imply that we accept the principle or legality of minimum pricing.

The Scotch Whisky Association remains opposed to minimum pricing. It is untested, has not been introduced anywhere else and therefore claims as to its effectiveness are without substance. It is essential that if introduced, the minimum unit price that is set should be given sufficient time to demonstrate its impact, if any, including any unintended consequences. Its effectiveness, or lack thereof, would require to be measured against transparent and objectively evidenced criteria.

The relationship between producers and the off-trade retail sector over the sale and pricing of alcohol is highly complex. Contract terms vary hugely and are affected by the rates of excise duty and VAT; they also depend on a wide variety of issues including discounts for volume, meeting sales targets, listing charges and shelf positioning. Contracts can be long or short term. Regular changes in the minimum unit price would distort the contractual relationship between the producer, with the retailer wishing to pass the additional and unforeseen costs on to the producer/wholesaler.

Should minimum pricing be introduced, details on how the legislation will be implemented, inspected and enforced and the process by which Ministers effect any change should therefore be well understood and allow the licensed trade /industry a reasonable period of notice to implement any changes.

On this basis, and for the deficiencies highlighted in the paper circulated, inflation based changes are NOT appropriate. It should be remembered that any minimum price, including any changes, would need to overcome the legal barrier that a minimum pricing regime must be a proportionate measure. To date, no government has done so.

Proportionality may alter over time following changes in consumption, harm, the level of the minimum price, external issues such as tax, unintended consequences and the impact on different products depending upon the price set. An automatic mechanism for changing any minimum unit price cannot take account of these elements, each must be properly assessed before any change might be contemplated. Thus, only a full review can be considered as a review mechanism.

The frequency assumes that minimum pricing overcomes initial and ongoing existing legal obstacles.
We would also note the paper only set out two options, there may be more. We would hope the Scottish Government would hold a full consultation prior to coming to any decision on determining the mechanism for amending the MUP.

Scotch Whisky Association
ALCOHOL TAXATION IN THE UK

Why alcoholic drinks are not, and should not, be taxed solely on equivalent alcohol content. October 2010
When it comes to tax, is all alcohol really the same?

There are some who argue that when it comes to tax, ‘alcohol is alcohol’.

They say that all drinks should be taxed on the same basis – per unit of alcohol. This argument is known as ‘equivalence’.

It is argued that this is the fairest system - consumers of high-strength drinks pay proportionally more than those for low-strength drinks and this is regardless of drink type.

Seems logical?

It’s not...
...and if applied today, would knock nearly £3.00 off the price of a bottle of vodka.

‘Equivalence’ takes no account of differing production costs and therefore what people actually pay for different drinks. It does not take into account the differences in composition and characteristics of different drinks, nor wider economic, health and social dimensions.

“Production costs per litre of pure alcohol are higher for making wine and beer than distilled spirits. That is one of the reasons for the usually higher tax on spirits.”

World Health Organisation, Global Status Report: Alcohol Policy

Most other countries recognise this.

Around the world, virtually all countries recognise there are essential differences between high-strength spirit drinks, like vodka, and lower strength drinks like beer. That’s why they tax spirits at a significantly higher rate.

All alcohol has inherent risks when it comes to excessive consumption – and well-recognised health benefits too. Yet it is widely recognised that the risks of over-consumption are greater for higher strength products.
This is why in most countries, the ratio of spirits taxes to beer taxes is much higher than it is in Britain.

In France, it is five times higher, and in Germany, six times more. The average in the European Union is just over three times more. Even in vodka producing Poland, the ratio is far higher than it is in Britain.

In Britain, this ratio has been falling for the last 30 years.

In contrast with other countries, in Britain, the ratio of spirits to beer taxation has been falling for a number of years. In 1979, when beer sales peaked, taxation on spirits was 3.3 times higher than it was on beer. However, by 2009, it was only 1.4 times higher. The ratio has more than halved.
In terms of equivalent alcohol content, spirits in the UK are already cheaper than beer.

If ‘equivalence’ was applied today, it would knock nearly £3.00 off the price of a bottle of vodka.

‘Equivalence’ would result in a further 20 per cent reduction in the price of vodka, with the price of a typical bottle dropping by nearly £3.00. With ‘alcopops’ becoming much cheaper too, this doesn’t seem like a very sensible or desirable result.

### Price of alcohol per unit in the off-trade if spirits were taxed at the same rate as beer

![Bar chart showing the price of alcohol per unit in the off-trade if spirits were taxed at the same rate as beer.](source: Nielsen, BBPA)
As the ratio between spirits tax and beer tax has fallen, spirits have become more and more popular.

This should come as no surprise. There have been large increases in the tax on beer since 1997, while spirits taxes were frozen for a decade. Over this time, the amount of beer we drink has fallen by 24 per cent, while the quantity of spirits we drink has risen sharply.

![Change in consumption of beer and spirits since 1997](image-url)

Source: HM Revenue & Customs, BBPA

On a ‘big night out’, spirits are now the drink of choice for 18 to 24 year olds.

Beer and spirits are almost equally popular among young pubgoers overall – but on ‘up tempo’ occasions, such as a typical Friday or Saturday night out, spirits are almost twice as popular as beer.

![Consumption of alcoholic drinks by occasion: 18-24 year olds](image-url)

Source: Alcovision
When it comes to enjoying a quiet drink, beer is what we choose. Across all ages beer remains the drink of choice in pubs and the wider on-trade, particularly when meeting friends, having a sociable get together or a quiet drink. In the on-trade, spirits are more likely to be consumed when going out clubbing or on a ‘big night out’.

Consumption of beer and spirits on different types of occasion

There are other reasons why they are taxed differently… Beer is more expensive to produce than other drinks.

Beer is a bulkier product, with higher costs when it comes to transport and production. This makes the total cost of producing and retailing alcohol in the form of beer considerably more expensive.
Beer supports pubs, whereas spirits are sold largely through supermarkets.

The share of beer sold in pubs, hotels and restaurants is well over double that for spirits. The fortunes of the brewing industry and Britain’s 52,000 pubs are very closely intertwined.

New research from Oxford Economics shows that fairer taxes on beer would create 30,000 new UK jobs. Almost 90 per cent of the beer sold in the UK is produced here. The majority is sold through the labour-intensive and high value added pub and club sector. This is why beer generates considerably more UK jobs than other drinks.

Beer creates more jobs.

New research from Oxford Economics shows that fairer taxes on beer would create 30,000 new UK jobs. Almost 90 per cent of the beer sold in the UK is produced here. The majority is sold through the labour-intensive and high value added pub and club sector. This is why beer generates considerably more UK jobs than other drinks.

Employment from beer and spirits in production and on and off trade

Source: Oxford Economics
Beer sales generate almost 50 per cent more in tax revenues than spirits.

As well as generating jobs, beer brings in more in tax. Beer sales raise over £7 billion in tax revenue for the Treasury, including £5.5 billion in duty and VAT. This compares with £3.7 billion contributed by spirits from duty and VAT.

![Government revenues from excise duty and VAT, 2009-10](chart.png)

Source: HM Revenue & Customs, BBPA

When it comes to beer, the case for fairer taxes is clear.

Beer is a lower-strength drink made from natural ingredients and contains a number of important vitamins and minerals. On average, water and nutrients account for 96 per cent of volume and alcohol 4 per cent.

Whilst tax is a blunt instrument in tackling alcohol misuse, it can nudge people in a better direction. It certainly shouldn’t penalise British-made, lower strength products like beer.

The effect of ‘equivalence’ would be to do exactly that: it would result in a reduction of almost three pounds in the price of a typical bottle of vodka and further UK job losses.

There is a rebalancing needed - but it is one that supports lower-strength drinks and community assets like much-loved local pubs.

...“The decade long freeze on the duty on spirits [1998 to 2008] was unusual but in line with a long trend that has seen a very significant decline in spirits duty as a percentage of average earnings. This has transformed drinking habits: spirits were once an expensive occasional tipple; now they are a cheap way for teenagers to get drunk”

Heath Select Committee, 2009-10
For further information, please contact:

Mark Hastings
Director of Communications
020 7627 9199

mhastings@beerandpub.com
Thank you for giving my Association the opportunity to further comment on the Committee’s deliberations around the Alcohol (Minimum Pricing) (Scotland) Bill in relation to the “Mechanisms for Changing the Minimum Price” Paper.

I would make the following comments in respect of the Paper.

Firstly, the Association still supports the position as outlined in our initial response to the Committee, namely:

“Process

In the event that the Scottish Government is successful in passing the Alcohol (Minimum Pricing) Bill, the Association would suggest that the processes for reviewing and adjusting any minimum pricing level need to be made more transparent and explicit. We believe that the Scottish Government has said that any proposal to adjust the minimum pricing level would be subject to an affirmative vote by the Scottish Parliament.

“SBPA would suggest that this needs to go further in that the Parliament, in advance of any vote on these matters, should have to take evidence on these matters and produce a report commenting on any Scottish Government proposals to adjust minimum pricing levels. This exercise should perhaps be advised by an independent advisory group with a wide membership reflecting the lack of industry involvement.

“Again we would suggest this detail needs to be included on the face of the Bill itself and not left to Regulations which are subject to much lower levels of parliamentary scrutiny than the legislation itself.” [SBPA Submission to the Scottish Parliament Health and Sport Committee’s Inquiry Into the Alcohol (Minimum Pricing) (Scotland) Bill]

Secondly, given these comments we would not support there being some form of automatic uprating in the minimum unit price for alcohol linked to either CPI or indeed RPI.

Thirdly, as stated in our previous response, and in the Committee’s Paper, we would agree that regular uprating on an Index-Linked basis “may lead to instability in the contracts negotiated between retailers and manufacturers and lead to logistical problems for retailers in terms of things like price labelling.”

Fourthly, in terms of the two options set out in the paper, we would be more inclined to support the second option, specifically that any change to the minimum unit price is linked to a biennial methodological study to evaluate effectiveness of the policy. This impact assessment should be wider than just whether minimum pricing and should also consider the impact on moderate consumers, lower demographics, black market and different types of businesses. We believe it will take a minimum of two years for consumer behaviour to settle down; trying to analyse changes earlier than this will not produce meaningful analysis. This method of evaluation will also allow a greater understand any compensating behaviour by consumers which is currently not foreseen. Any research will need to be based on pre-defined
parameters as to what will constitute success for the policy in order for it to be meaningfully evaluated.

However, we would suggest that the use of this mechanism should not have an automatic effect, i.e. that any analysis generated by this methodology should still be subject to detailed inquiry by the relevant Scottish Parliament Committees and to a formal decision by the Scottish Parliament. This would allow an additional safeguard to be put in place prior to any adjustment in the minimum unit price being allowed to take place.

This is in line with the comments made in our original response as above.

I trust that our comments are of use and we will be willing to supply any further information or comment to the Committee should that be required.

Yours sincerely

Patrick Browne
Chief Executive
Scottish Beer and Pub Association
We refer to your communication in respect of proposed mechanisms for changing the minimum unit price of alcohol, should the Alcohol (Minimum Pricing) Scotland Bill be passed.

Having had little time to communicate this to our members and having only just discussed this matter at The Scottish Licensed Trade Association’s Executive Committee meeting earlier this week, we would emphasise that the following is only an initial comment on this matter and we reserve the right to make further or alternative comments at a later date.

Both the options suggested, index linked and “modelling" were discussed and the Association’s Executive Committee concluded that a mixture of both should be considered by Government.

The minimum unit price of alcohol should be based on a specific inflation index such as CPI or RPI and that this should be adjusted on either a six month or yearly basis. However, coupled with this, in order to take into account whether the price remains “proportionate to the problem” under EU law, the Sheffield model based appraisal of alcohol minimum pricing should be updated in year three. This would also take into account changes in other data which may influence the effect of minimum pricing; it would give a comparison against the index linked mechanism and a balance between both mechanisms could be drawn.

We would reiterate that this is only an initial view on this matter and further discussions within our organisation will be required before any official policy announcement will be made by The Scottish Licensed Trade Association.

Colin A Wilkinson
Secretary
Scottish Licensed Trade Association
Alcohol (Minimum Pricing) (Scotland) Bill

Pricing mechanism

Consumer Focus Scotland

Thank you for your email of 10 February 2012 giving us the opportunity to comment on the suggested mechanisms for changing the minimum price of a unit of alcohol.

Our previous written and verbal submissions to the committee indicated that, in principle, we support the introduction of a minimum unit price for alcohol due to the social benefits that are predicted to result. However, as it is difficult to say with certainty what the impact of the legislation will be, we urged the Scottish Government to commit to monitoring the effect of the legislation, particularly on low income consumers. This would help ensure the legislation operates in the consumer interest.

As part of this monitoring, we agree that the Scottish Government should keep the level of the minimum unit price under review. Should it decide to change the minimum price at any point, we believe it should ensure that any changes to it are as incremental as possible. This will help consumers generally, and low income consumers in particular, manage any adjustments to the minimum unit price.

If the Scottish Government decides to use index linking to adjust the minimum unit price to take account of inflation, we believe that it should use the consumer price index (CPI). CPI is becoming increasingly standardised as the means of price indexation. It is therefore likely to be the most accurate and stable means of relating minimum unit price to consumers’ household budgets.

However, factors other than inflation may alter the effectiveness of the legislation. Our evidence to the committee at Stage 1, for example, suggested that the introduction of a minimum unit price might cause the whole alcohol market to shift upwards in price, to enable retailers to preserve current relative pricing structures. Should this happen, all consumers of alcohol will potentially suffer a disbenefit. We therefore strongly believe that the Scottish Government should commit to periodically reviewing the effectiveness of the legislation. These reviews should monitor:

- the impact of the legislation on consumers living on a low income
- the impact of the policy on overall levels of alcohol consumption and associated harm
- potential supply side responses and their impact on consumers.

Such periodic reviews could result in positive, negative or zero changes to the minimum unit price as circumstances dictate. We have no strong view on whether re-running the Sheffield model is the best way of conducting the reviews; we believe that the Scottish Government should commit to using the best and most relevant information available at any given time.
I hope the above is helpful. If you require any further information, please don’t hesitate to contact me.

Trisha McAuley
Deputy Director
Consumer Focus Scotland
Inexpensive purchases

*MUP will remove the very inexpensive purchases, which are the purchases linked to health problems*

2008/9: Vodka was alcohol-patients’ most popular drink (28.6% of their total units purchased v. 13.1% of total purchased by the wider Scottish population for that year).

Super strength lager/beer: rarely drunk by the wider population (0.006% of their total units) but accounted for 7.8% of patients’ total units.

White cider accounted for 16.0% of patients’ week’s consumption but only 0.009% for the wider population. (Other ciders accounted for 8.0% of patients’ and 0.09% of the wider population’s consumption). (Black et al, 2011)

My hunch: some beneficial outcomes of MUP, in order of likelihood:

1. Reduce recruitment to the next generation of dependent/harmful drinkers
2. Lower drinking levels in hazardous drinkers, to lessen health damage such as breast cancer, liver cirrhosis, accidents...etc
3. Perhaps reduce drinking by current harmful often dependent drinkers (our research to examine this, *inter alia*)
4. Reduce binge drinking by youth leading to social disorder, unwanted pregnancy, accidents sexually transmitted disease)

POINTS FROM THE THREE EARLIER JANUARY 2012 COMMITTEES on MUP

1. Clarification re. our Edinburgh research of purchasing by alcohol-patients in 2008/9:

Although the ‘average’ price paid per unit was 43 pence, there was a wide dispersion; the *average* is biased up by some expensive on-licence drinking by a small number of patients (Black et al 2011).

*Of units consumed, 83% was purchased at or below £0.50/unit.*

2. Unintended outcomes

Substitution Currently some in the severest group mix alcohol with other substances e.g. cannabis, methadone etc – it may or may not change; some evidence that heavy consumers change to lower priced intoxicants e.g. if cannabis
gets cheaper, some move to more cannabis (not usually start for the first time); but this is not seen in the wider population - if anything, alcohol is the gateway, and drug misuse falls when drinking falls. (Ludbrook 2010; Humphreys 2010)

**Smuggling /crime** It might happen: enforcement costs – Yes. But England and Wales might follow? – as happened with the smoking in public places. North and South Ireland – governments interested in MUP also.

**Home distilling and methanol poisoning?** There’s no tradition these days. In Norway it has happened, but deaths extremely rare– (nb Norway has very low levels of alcohol-harms)

**EFFECT ON HEAVIEST DRINKERS - ANY EVIDENCE?** 15 severe homeless alcoholics were asked: “Thinking about the PAST 12 MONTHS, what have you usually done when you do not have enough money to buy alcohol?” The responses in order of frequency were: seek treatment (13), go without alcohol (12), use illicit drugs (9), "re-budget" i.e. go without other things (8), wait for next welfare cheque (7), collect recyclables to earn extra money (6), make alcohol last longer (6), use other people's alcohol (6), drink non-beverage alcohol (2) or steal alcohol (2). (Stockwell et al, i2012)

**NB** Better responses/services for the few extremely severe sometimes homeless alcoholics could be provided with savings made in public service costs that will likely follow MUP.

**Impoverishment of poor families?** Accepted last week that alcohol was a factor in health inequalities. Price is important in low income groups. When price changes in the opposite direction, the socially deprived are the most affected, as seen in Finland: the price of alcohol rose a lot in 2004, - the increase in alcohol-related mortality was chiefly experienced among the less privileged (Herttua et al., 2008).

But why would there be impoverishment? 80% would not be affected because they are abstainers or very light drinkers (Ludbrook's evidence). Furthermore, with respect also to ‘passive drinking’ (harm to others), that sector might benefit most. Reduction of alcohol harms in such communities could also help some escape the reiteration through generations of that deprivation (which is perhaps epigenetically as well as culturally transmitted in those heavy-consuming families).

**3. Are heavy drinkers less responsive to price rises than moderate/light drinkers?**

a. When 15 unit per day drinkers on average reduce by 5% this probably means that a few reduce by 33% and some do not reduce at all. But 33% % reduction means some drinkers consume 5 units less per day; that could be significant to health. When 2 units per day drinkers reduce by 10%, they reduce their consumption by on average one fifth of a unit/ day.
b. However, note that all previous empirical studies were of across-the-board Tax rises, and heavy drinkers traded down, making them appear less price-sensitive. MUP prevents trading down.

c. At 50p per unit moderate drinkers will see very little rise in their weekly expenditure. Our patients, consuming on average 198 units/day, many well below 50p/unit, will not be able to afford to continue that level. Some will need help; others will deal with their dependence themselves (as has always been shown in population studies of dependent drinkers)

4. Scotch Whisky Association’s claim that MUP in Scotland would reduce whisky exports:

WHO is working round the world to reduce overall consumption. If other countries saw health gains from the Scottish policy and followed it, that would tend to level the marketing ‘playing field’, because local distilled products albeit of slightly lower % alcohol (at least the legally distilled products) would rise in price which would help to reduce the effect of penalising import duties on Scotch whisky.

WHO eradicated smallpox and will soon have eradicated polio. Its Global Strategy on Alcohol links price to harm.

MY QUESTION FOR THE COMMITTEE  Is there still the VAT loophole whereby supermarkets reclaim VAT when a discounted alcohol is called a ‘promotion’ (Bayer, 2009)

REFERENCES


Bayer K. Taxpayer picks up cheap booze bill. Scotland on Sunday 22 November 2009 http://scotlandonsunday.scotsman.com/latestnews/Taxpayer-picks-up-cheap-booze.5846803.jp


Humphreys K (2010) Something must be done! But is Moore correct that something can be worse than nothing in alcohol control policy? Alcohol Alcohol 45:409–11.


We wish to submit evidence on three areas. Firstly, on the effects of alcohol pricing; secondly, on our report to the Scottish Government published in April 2010 which provides evidence on the effectiveness of minimum pricing based on results from the Scottish adaptation of the Sheffield Alcohol Policy Model; thirdly, on recent published evidence on minimum pricing.

**The effects of alcohol pricing**

The School of Health and Related Research (ScHARR) at the University of Sheffield was commissioned by the UK Department of Health to produce a systematic review of the evidence on effects of pricing and promotion on alcohol consumption and alcohol-related harm. This report was published in September 2008. We focus here on the findings for the relationship between 1) tax or price and alcohol consumption and 2) tax or price and alcohol-related harm.

**Tax or price and alcohol consumption**

At the time of ScHARR's review, there had been two major reviews of the evidence on the effects of pricing and taxation on alcohol consumption. These reviews covered 132 primary studies and 91 primary studies respectively. ScHARR also identified a further 15 relevant primary studies.

The review found strong and consistent evidence to suggest that price increases (including those resulting from increased taxation) have a significant effect in reducing demand for alcohol. Both major reviews included meta-analyses which provide an estimate of the average impact of price increases across all studies. These average effects were that a 10% price increase would lead to a 5.0% or 4.4% reduction in total consumption. The evidence within ScHARR's review was derived from studies within four different countries, including the UK, and a range of study designs and methodologies were used increasing confidence in the robustness of the results.

The review also addressed price responses within population groups of interest, namely young drinkers, binge drinkers, harmful drinkers and low income groups. Reviewed studies showed that increases in the price of alcohol reduce the alcohol consumption of young people, with a greater impact on more frequent and heavier drinkers than on less frequent and

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lighter drinkers. Price was also seen to influence binge drinking with a large study in the USA finding a 10% increase in price would decrease the number of binge drinking episodes\(^4\) by 8%. More generally, there was evidence to suggest that young drinkers, binge drinkers and harmful drinkers tend to choose the cheaper drinks which would be subject to increases in price under a minimum unit pricing policy. No specific evidence was found on low income groups.

At the time of the review, only one low quality study of the effectiveness of minimum pricing was identified. This suggested minimum pricing may be effective as a targeted public health policy in reducing consumption of cheap drinks.

**Tax or price and alcohol-related harm**

ScHARR’s review identified 46 studies assessing the impact of tax or price on alcohol-related harm. Although there are limitations within the evidence base, the studies consistently suggest evidence for an association between increases in taxation or pricing of alcohol and reductions in alcohol-related harm. This is true for both acute harms (where harm immediately following drinking) and chronic harms (where harm is often the result of long-term drinking behaviour).

A major review and meta-analysis of the effects of alcohol tax and pricing policies on alcohol-related harm covering 50 studies has since been published\(^5\). This found that, on average, if alcohol taxes were doubled, alcohol-related diseases and injuries would fall by 3.5%, violence would fall by 2.2%, suicide would fall by 4.8%, traffic crash fatalities would fall by 11%, sexually transmitted diseases would fall by 5.5% and crime would fall by 1.4%.

**Evidence on minimum pricing from the Scottish adaptation of the Sheffield Alcohol Policy Model**

In April 2010, results were published of an independent academic study carried out by ScHARR and commissioned by the Scottish Government to examine the potential effects of different minimum pricing levels on patterns of alcohol consumption and the resulting impact on alcohol-related health, crime and workplace harms in Scotland\(^6\). This study used new data to update results published in an earlier report for the Scottish Government. A further update using new data and improved methodologies is currently being undertaken and results will be published by the Scottish Government in due course. Results presented here are taken from the April 2010 report.

ScHARR analysed over 20 separate policy scenarios including setting a range of minimum prices per unit of alcohol, a total ban on promotional

\(^4\) Defined as consuming 5+ standard drinks on a single occasion (approximately 8+ UK units)
discounts in off-trade outlets and combinations of these two strategies. The
analysis examined policy effects for moderate, hazardous and harmful
drinkers\(^7\), taking account of both on-trade (e.g. pubs, clubs and restaurants)
and off-trade (e.g. supermarkets and off-licenses) purchasing.

**Methodology**

Policies were analysed using modelling techniques applied to a range of data
sources. To estimate the effects of pricing policies on alcohol consumption
we use Scottish data from large population surveys including the Scottish
Health Survey and the Expenditure and Food Survey. To estimate effects of
changes in alcohol consumption on alcohol-related harm, we use the best-
available evidence detailing how risk of harm increases with higher levels of
consumption and what proportion of each harm is attributable to alcohol
consumption. This is combined with Scottish administrative data on rates of
crime, alcohol-attributable diseases, hospitalisations and workplace harms to
produce estimates of change in the rates of harms. As well as checking our
findings are consistent with international evidence, we have ensured that,
wherever possible, the data underpinning the model are both recent and
Scotland-based. Full details of the methodology can be found in the project
report\(^6\).

ScHARR’s work on modelling alcohol policies has been extensively peer-
reviewed and published in the leading medical journal, *The Lancet*\(^8\) and is
recognised as a leading example of using modelling to appraise health
policies.

**Results**

The estimated reductions in total alcohol consumption for different minimum
price policies are shown in table 1. Since ScHARR’s report was published,
new policies banning quantity discount promotions in off-licenses have been
introduced via the *Alcohol etc. (Scotland) Act 2011*. Therefore, table 1 also
shows estimated consumption reductions when policies are enacted in
conjunction with a total ban on price promotions in off-licenses. Although not
identical to the enacted policies, these results can be seen as indicative of the
combined effect of minimum pricing and large restrictions on off-license price
promotions. Table 1 shows that minimum price policies are estimated to lead
to substantial reductions in alcohol consumption both individually and in
conjunctions with off-license promotion bans. Policy effects from minimum
pricing increase steeply as the minimum unit price increases above 40p, but
relatively little effect is seen at levels below 35p.

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\(^7\) Moderate drinkers are men/women who consume less than 21/14 units per week,
hazardous drinkers are men/women consuming between 21/14 and 50/35 units per week,
harmful drinkers are men/women consuming more than 50/35 units per week.

\(^8\) Purshouse, R. et al. (2011) ‘Estimated effect of alcohol pricing policies on health and health
economic outcomes in England: an epidemiological model’, *The Lancet*, DOI:10.1016/S0140-
6736(10)60058-X
<table>
<thead>
<tr>
<th>Minimum unit price</th>
<th>Reduction in total alcohol consumption (%)</th>
<th>Reduction in total alcohol consumption when enacted with a total ban on off-trade promotions (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>25p</td>
<td>0.1</td>
<td>3.2</td>
</tr>
<tr>
<td>30p</td>
<td>0.3</td>
<td>3.4</td>
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<td>35p</td>
<td>1.0</td>
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<td>40p</td>
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<td>45p</td>
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<td>50p</td>
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<td>8.7</td>
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<td>55p</td>
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<td>60p</td>
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<tr>
<td>65p</td>
<td>15.3</td>
<td>16.5</td>
</tr>
<tr>
<td>70p</td>
<td>18.4</td>
<td>19.5</td>
</tr>
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</table>

We do not and have not recommended any particular level of minimum unit price. However, by way of example, a 50p minimum unit price (not including an off-license promotions ban) would lead to the following reductions in alcohol-related harm:

- After 10 years:
  - 352 fewer deaths and 6,500 fewer hospital admissions per year
- After 1 year:
  - 600 fewer violent crimes and 4,000 fewer total crimes per year
  - 36,900 fewer days absent from work and 1,700 fewer people unemployed

Over 10 years, these reductions in alcohol-related harm would lead to cost savings of:

- £132m in direct health costs and £583m in financial values of quality-adjusted life years (QALY) gained through mortality and morbidity savings;
- £29m in direct crime costs and £21m in financial value of QALY gained through reduced experience of crime;
- £338m in work-related costs;
- Total cost savings of £1.1bn

Results also suggest minimum pricing is particularly effective in reducing the consumption and harm experienced by harmful drinker relative to other drinkers. For a 50p minimum unit price, consumption would reduce by 11.4% amongst harmful drinkers, compared to 3.3% amongst moderate drinkers. This is reflected in changes in spending on alcohol. Under the same policy, harmful drinkers’ annual spending is estimated to increase by £138 on average compared to an average of £12 for moderate drinkers.

Under minimum pricing policies, both on-trade and off-trade retailers would see increased revenue from alcohol sales as spending by all consumption groups would increase (e.g. total spending would increase be £123.4m under
a 50p minimum unit price). Revenue to the exchequer would fall only slightly as lower duty receipts from reduced sales volumes are largely cancelled out by increased VAT receipts from higher prices. Under a 50p minimum unit price the total reduction in alcohol duty and VAT would be £16.5m.

**Further recent evidence on minimum pricing**

We wish to briefly comment on recent evidence from a Canadian study of the effects of minimum pricing on alcohol consumption. It has often been argued that the evidence in support of minimum pricing is weak as it has never been attempted by any jurisdiction. However, Canada operates a minimum pricing policy within its partial government alcohol monopoly. Professor Tim Stockwell of the University of Victoria, Canada has recently presented evidence on the impact of twenty years of periodic changes in minimum prices within this system. Final figures are unavailable at the time of submission; however, results clearly show that significant falls in alcohol consumption occurred when minimum prices were increased. These findings are in line with previous evidence on the effects of alcohol pricing policies and support the results of ScHARR’s modelling evidence in suggesting that minimum pricing is an effective means of controlling alcohol consumption.

Two recent reports have addressed whether minimum pricing impacts disproportionately on low income households. Using only Scottish data on off-trade alcohol spending from the Expenditure and Food Survey (EFS), Ludbrook\(^9\) found the quantity of alcohol purchased for below 50p per unit generally increases with income. In contrast, using Kantar World Panel data on off-trade alcohol spending, the Institute for Fiscal Studies (IFS)\(^10\) found that lower income groups bought the largest quantities of alcohol below 45p per unit – the reverse of Ludbrook’s finding. The reason for this inconsistently is unclear and may lie in the quality of the data and analyses. For example, the EFS assumes a single alcohol content for each beverage type (e.g. off-trade beer, on-trade spirits), whereas the Kantar data contains actual alcohol content for most purchases. However, income data is more rigorously collected in the EFS and allows for analysts to take account of household size; a key factor when examining discretionary spending by low income households. The IFS also looked at UK data, whilst Ludbrook only analysed Scottish data. Overall, we conclude the available evidence does not yet allow robust statements to be made regarding the impact of minimum pricing on low income groups.

Dr John Holmes  
Research Fellow  
Section of Public Health, ScHARR  
University of Sheffield  
7 December 2011

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The Convener: Item 2 is our fourth oral evidence session on the Alcohol (Minimum Pricing) (Scotland) Bill. I welcome Professor Jonathan Chick, honorary professor at Queen Margaret University; Dr John Holmes, public health research fellow at the University of Sheffield; Professor Alan Brennan, professor of health economics and decision modelling at the University of Sheffield; and Andrew Leicester, senior research economist with the Institute for Fiscal Studies.

The first question is from Fiona McLeod.

Fiona McLeod (Strathkelvin and Bearsden) (SNP): Good morning, witnesses. Dr Holmes and Professor Brennan, will you outline your methodology and the progress that you are making on your recent remodelling work on minimum unit pricing? Professor Stockwell from Canada told us that his empirical evidence very much supported your modelling work and that he was now producing the statistics to back that up.

Professor Alan Brennan (University of Sheffield): The central methodology is to look at how consumption varies across the population. We split consumption into age, sex and drinking level—moderate, hazardous or harmful—sub-groups, and then consider the effects of policy inputs on consumption, particularly with respect to pricing. We therefore need information on what prices various people pay for different kinds of alcohol. We separate beers, wines, spirits and ready-to-drinks, or alcopops. We separate on and off-trade and look at prices in self-reported data from the expenditure and food survey for Scotland and in market research data supplied by Nielsen. We get a big set of evidence on levels of consumption and prices and, essentially, we do a what-if analysis that says that, if a particular minimum price regulation is introduced, purchases by different sub-groups below that minimum price will have to be made at a higher price. We estimate how much prices will increase, using the simple method of saying that everything below 30p or 40p—whatever the threshold is—will have to rise to that level.

Another key ingredient is the econometrics and the price elasticities. In other words, to what extent does a change in purchasing or consumption follow from a change in price? Within that, we look in detail at beers, wines, spirits and alcopops and at on and off-trade, and we separate lower-priced from higher-priced forms of alcohol. We have two sets of estimates for elasticities for all the different
products—one for moderate drinkers and one for hazardous and harmful drinkers—and we apply those elasticities to the baseline consumption. We change the prices and the baseline consumption changes to a new level of consumption for each drinker group by age, sex and drinking level. If we put prices up, consumption falls to whatever degree the modelling says.

The second half of the methodology is to look at the relationship between consumption and harms. We work on the idea of risk functions—if consumption is higher, the risk of various health harms is higher. We separate out chronic health harms from those that are acute. For example, falls under intoxication would be acute, while throat cancer would relate to chronic use of alcohol. We separate out things that are completely related to alcohol, such as alcoholic liver disease, and things that are partially related to alcohol.

In our risk model, consumption changes reduce the risk of mortality and illness for around 50 different conditions. We carry out essentially the same kind of risk analysis for crime by getting baseline data on different crimes and estimating the proportion that is attributable to alcohol; for days absence from work; and for unemployment. The various harms are assessed in the what-if scenario for a particular minimum price, a financial valuation is put on each and the figures are totted up.

Does that cover the general methodology?

10:15

Fiona McLeod: I hope that other committee members have found those comments as useful as I have. After we have spent so much time talking about the evidence for minimum unit pricing, I certainly felt that I needed a better explanation of how you reached your conclusions.

Given that this is a public health issue, given your finding that as price goes up consumption goes down and given that, if consumption is high, harm is high, can we assume that, if consumption drops as a result of a price rise, the harms and health problems that are associated with alcohol consumption will start to fall?

Professor Brennan: Yes, I think so. My expertise is mostly to do with our modelling rather than with the wider literature, but what you have suggested certainly occurs in our modelling, which is built on evidence from the wider literature. I should point out that there are two sets of literature on the relationship between pricing and harm, the first of which argues that pricing affects consumption and sets out evidence showing that consumption affects harm. In that respect, it is a two-step process. However, other publications and academic work directly examine the relationship between price increases and reductions in harm. Compared with the evidence for many other public health interventions, both sets of evidence are quite strong in the world of public health.

Fiona McLeod: Thank you. That certainly clarifies many things for me.

Richard Lyle (Central Scotland) (SNP): The Sheffield modelling has given rise to a marked difference of opinion with regard to heavy drinkers’ responsiveness to price. The issue has been the subject of debate from the outset, with those in favour of minimum pricing highlighting those aspects of the modelling that they claim show that heavy drinkers will be the most responsive to the policy and those opposed to such a move—of whom there are many—quoting other parts of the modelling that they say demonstrate that those drinkers will be the least responsive. Could you tell us why there is such conflicting opinion, shed some light on the reasons for that divergence and explain why the Sheffield modelling is under attack?

Professor Brennan: There are three or four parts to that question. The first thing that I should say is that this is all about price elasticities. In order to analyse minimum price, we have sought to disaggregate those elasticities because different kinds of alcohol have different price levels. It is well evidenced that beers, wines, spirits and alcopops can have different elasticities and that different groups respond differently to price increases in, say, beer from how they respond to increases in spirits.

In disaggregating those types of alcohol in the econometric modelling, we have separated out moderate drinkers from hazardous and harmful drinkers and have carried out a separate analysis of those two groups using expenditure and food survey data. Obviously, slightly different coefficients come out of the equations. When we have taken that disaggregated approach, it has shown that the hazardous and harmful drinkers are not that different from the moderate drinkers in the central base case for the Sheffield modelling econometrics. The harmful drinkers are slightly more elastic, so the percentage reduction in their consumption is slightly bigger than that for moderate drinkers.

Part of your question is about the Centre for Economics and Business Research critique of the Sheffield modelling. There are a couple of things to note about that. First, it picked out from our report a top-level analysis that looked at all alcohol as one conglomerate thing for moderate drinkers and all alcohol as one conglomerate thing for hazardous and harmful drinkers, and it worked out a very crude price elasticity. According to that analysis, the figures are not too far apart, but it
kind of swaps round so that heavy drinkers look slightly less elastic than moderate drinkers. The CEBR cottoned on to that and also looked at the literature. However, we would not have been able to use just those figures, as they do not disaggregate the figures for different types of alcohol. Had we done so, we would certainly have been criticised by organisations such as the CEBR as being way too crude and not taking account even of the difference between off-trade and on-trade alcohol, let alone the differences between beers, wines, spirits and alcopops or the distinctions that we have drawn between higher-priced and lower-priced alcohol. We split into 16 groups what that very crude analysis conglomerated into one. We would have been criticised for using those figures, but they would have been unusable anyway for a minimum price analysis.

The second thing to note about the CEBR critique is that it goes back to the systematic review of price elasticity by Wagenaar, misinterpreting one of Wagenaar’s findings. Wagenaar reports heavy drinkers having a price elasticity of -0.28, which is lower than the figure for the average price elasticity that he reports for all drinkers. However, that is not a like-for-like comparison. The 10 studies that Wagenaar quotes in looking at heavy drinker elasticities are actually about the frequency of heavy drinking and bingeing. The variable that he is looking at is the percentage reduction in how often people binge and that is not the same variable that we are looking at or that he looked at in his other studies, which is the percentage reduction in the mean purchasing or mean consumption. The price elasticity of -0.28 in the Wagenaar study cannot be used in a like-for-like comparison with his other estimates of mean consumption—they are about different things. The CEBR people have interpreted them as being about the same thing, which is a misinterpretation.

I am not going to answer the question about why the Sheffield model is being attacked. People are allowed to debate things and I am happy with that. It would be wrong if it were not attacked, really.

Richard Lyle: Professor Chick is nodding his head. I would be interested in his answer. I think that we all know why the Sheffield modelling is being attacked.

Professor Jonathan Chick (Queen Margaret University): I might not have completely grasped the complexities of this, but it seems to me that most of the previous literature has been about tax changes that are made across the board. Minimum pricing is not an example of that but is to do with eliminating very inexpensive alcohol. When heavy drinkers trade down when tax rises, it seems to be inelastic; they seem not to respond because they can trade down. A minimum price per unit prevents trading down. That is why I see minimum pricing as an approach that will affect heavy drinkers.

Richard Lyle: Thank you.

The Convener: Does anyone else want to comment on that?

Dr Richard Simpson (Mid Scotland and Fife) (Lab): I ask Andrew Leicester to respond to that, because the IFS paper has something to say on it.

The Convener: I was going to come to Richard Simpson next, so he can begin his questions.

Dr Simpson: The IFS report refers to the difference in elasticity. It says:

“It may be that those households who consume the most are least responsive to higher prices”.

Andrew Leicester (Institute for Fiscal Studies): The key part of that sentence is perhaps “may be”. I was just commenting on the evidence that Alan Brennan has discussed—the meta-studies—and the range of elasticities that exist. I was not taking a stance on whether that is the case or not. We did not look at heavy and light drinkers separately in our analysis. It was a descriptive analysis in which we tried to look the key things that we might want to know about in order to make an informed analysis of the policy.

Dr Simpson: Fine. If I can move on to my main question—

The Convener: Yes, go on. You will be followed by Drew Smith.

Dr Simpson: There are two areas that I want to look at closely. One is responsiveness. We all agree that we have a major problem—we know that. We need to tackle harmful drinking, but we also need to reduce hazardous drinking if we can. The study by Black, which Professor Chick was involved in, discussed the average price per unit of the basket of alcohol consumed by harmful drinkers—and they were not just harmful at 50 units a week, but harmful at 197 units a week, so they were super-harmful, if I may say that.

Professor Chick: They were mostly very ill.

Dr Simpson: Yes. Their drinking was very serious. However, their average purchase price was 43p per unit. Averages are used in the Sheffield study, including the figure of six units a week for a moderate drinker, although many moderate drinkers drink a lot more than that. If 43p is the average, 50 per cent of them are presumably spending more than that. You state in your paper that you presented to us today that there is a wide dispersion and that the average was increased by expensive on-licence drink that
was purchased by a small number of patients, but can you tell me what the median purchase price was?

Professor Chick: No, I cannot give you the median.

Dr Simpson: If you are arguing that the average is not—

Professor Chick: The median will be considerably less than the mean because 83 per cent of the units consumed were purchased at or below 50p per unit.

Dr Simpson: If we look the income groups in your study, the middle income group’s basket has an average price of 53p. Is that the group that was drinking more expensively?

Professor Chick: The middle income group was drinking more on-licence than other groups were. The people in that group tend to be people in employment who still use the traditional approach to drinking, which is to go to the pub with their friends. We did not, across all the deprivation index categories, find a particular trend that only people in the poorer areas were drinking cheaply. Among the ill people that we saw, even drinkers in categories 2 and 1 at the higher end—the least deprived—were purchasing alcohol cheaply when they could.

10:30

Dr Simpson: Right. It is helpful to have that information.

The other big question that is not answered by any of the studies that I have seen is what the industry’s response is likely to be. Let us take the mean of 43p for the very harmful drinkers, not the general population. The industry response could be to reduce the price of those drinks that are priced at just above whatever the minimum price is set at to compensate for the possible loss of sales of cheaper drinks that will no longer be available. Has anyone looked at the industry’s potential response?

Andrew Leicester: I will go back slightly to your previous point about mean and median prices. Page 8 of my submission shows various parts of the off-licence price distribution per unit. The crosses on that chart show the mean price and the line in the middle of the box is the median price, and it is slightly less. In 2010, the mean is 43p and the median is just below 40p. There is therefore some evidence that the mean price is pulled up slightly by more expensive units.

I agree whole-heartedly that the big unknown in the debate is the supply side response. In the event of the minimum price being introduced, I would call for a good ex post evaluation of the impact of the supply side. That would be a valuable contribution to the debate. It is very difficult to do any ex ante modelling of that because, to assess the industry’s response, we need incredibly detailed estimates of how consumers will respond. They would have to be even more detailed than the 16-level category disaggregation in the Sheffield model that Professor Brennan was talking about, because a minimum price will hit very particular products, brands and items. Others will be essentially unaffected, at least directly. The industry and the retailers will ask what their optimal pricing strategy should be under the new constraint on their behaviour and that will depend on how consumers respond to the new price.

To carry out that sort of ex ante modelling, we need detailed data on purchases to estimate detailed models of how consumers are likely to respond at the brand or product level. It is then possible to use that kind of modelling to make some estimates based on assumptions about the industry and how prices might respond to what we think the new set of equilibrium prices will be. It could go either way: some prices could come down and some could go up.

The IFS is doing a little bit of work at the moment on starting a simple analysis. The problem is that, in carrying out such economic or econometric analysis at the required level of detail, it is impossible to look at the alcohol market as a whole because there are so many thousands of products that it is not possible to estimate models of demand at a detailed level. We therefore end up restricting the analysis to subsets of the market that we think will be particularly strongly affected. Even if that analysis could be done, there would be ways to critique it and we would not be able to look at wider pricing responses such as the industry changing the price of non-alcoholic products.

There are ways and means of making ex ante estimates but, ultimately, we will get much more evidence after the fact. It is a hugely important part of the debate—at least as important as the consumer response, if not more so.

Dr John Holmes (University of Sheffield): It is useful to look at the mean and median prices as illustrative of what people are doing, but it is important to remember that, in our analysis, we do not use the mean or the median; we use the distribution of the price that people are paying. That is what is important to behaviour change. It might look as if a minimum unit price of 45p would not have a big impact on someone who paid 43p a unit on average, but a chunk of their purchasing would be at about 30p a unit, so they would have to make a much bigger decision about whether such purchases were still worth making at 45p a
unit. The mean and median are a little distracting from the issue of where the behaviour change will really occur.

The committee may or may not be aware that evaluation projects on the supply side response are already being planned. Some of that will look at how price distributions in supermarkets change.

**Professor Chick:** Even though the prices of some products that are a little more expensive now might be lowered, our patients would still have to find more money to pay for the same amount of alcohol.

On Thursday, I had the privilege of meeting quite a lot of industry representatives at a Drinkaware Trust conference. At coffee time, people could be widely heard saying that keeping their brands special was very important. In other words, companies will not devalue their brands with lower price tickets. That was the feeling among quite a few of the chief executive officers who were at that conference.

**Dr Simpson:** The previous parliamentary session’s Health and Sport Committee heard the term “commoditisation” used in evidence to justify the fact that, if a minimum price was introduced, the prices of premium brands would probably be pushed up—for example, premium-brand whisky would be a lot more expensive.

In his evidence, Professor Stockwell said that Canada had 5,500 products. Of course, distribution there is controlled entirely by state Governments, which is not the situation in this country. Do we have adequate data on which to determine the changes that we are talking about? Are the Nielsen data and the HM Revenue and Customs alcohol figures enough? Do we have the data sources to allow us to examine whether that aspect of the policy is effective?

**Andrew Leicester:** Our work has been based on market research data from a company called Kantar, which is very like Nielsen. It collects detailed information on grocery purchases by a very large sample of households—about 25,000. The people in those households use a barcode reader that is installed in their home to scan the barcodes of everything that they bring into the home. In principle, all their off-licence purchases should be in that data.

That data and Nielsen data have limitations in providing a true record of people’s off-licence purchasing behaviour. Work that we did to compare such data with the living costs and food survey showed that less alcohol is reported in the market research data than in that survey, and we know that the survey also underreports alcohol relative to HMRC aggregate data.

It is clear that household-level surveys of any sort have issues in relation to alcohol purchasing. We need to be conscious of that when we do any analysis of the data, although that does not mean that we should never use survey data to look at such questions.

The limitation of the Kantar data is that it contains nothing on people’s on-licence purchases, although I guess that the direct impact of minimum pricing on the on-trade will be significantly less. There are other potential sources of on-trade information—market research probably provides more detailed information about on-trade purchases, and I think that the Sheffield team has had access to some of that data.

If we want to look at household-level data, we can use combinations of data sets. However, we must always be conscious of the limitations of whatever data sets we use.

**Professor Brennan:** What would help most from a modelling perspective would be to have a longitudinal data set, whereby the same households were tracked over time and information was collected on what they consumed and the prices that they paid. We have all the bits of information, but they have been obtained cross-sectionally from different datasets. Some linkage would improve the evidence base.

I know that, after our first studies, when we were thinking about quantum-leaping the field forward, we put out a few feelers about whether health research funding bodies or the Westminster Government would consider setting up a big panel dataset to do that. In the economic climate, it was not considered to be the done thing to collect a huge new data set when data sets were being culled here and there, given the state of Government spending. That is a shame, from a scientific and an evidence perspective. There are some longitudinal studies, but they are not quite as big as one would like, if we are to have an even better go at understanding what is going on.

**Dr Simpson:** I have a final question on this area, although I might want to come back in later, if the convener will allow me to.

The Sheffield data indicates—I am referring to table 38 of the Department of Health study, rather than to the Scottish study—that it is predicted that a minimum price of 40p a unit would reduce the consumption of 18 to 24-year-olds by 0.7 per cent or 9.4 units per annum, and that a minimum price of 45p a unit would reduce their consumption by 1.6 per cent or 23 units annually, which is equivalent to about half a pint a week. A problem that the committee has been considering is that of young binge drinkers, on whom that data does not indicate a particularly significant effect.
My concerns about that are combined with the fact that we have seen a drop in the number of alcohol-related deaths in Scotland and in the number of hazardous drinkers—among males, the percentage of hazardous drinkers has dropped from 28 to 22 per cent. That data depends on repeated self-reporting, so although there may be under-reporting, the fact that the self-reporting is repeated means that it is probably the best data that we have.

My first question was about the young drinkers. My second question is whether, when you apply your formula retrospectively to real data, the model predicts the reduction in the number of alcohol-related deaths that have occurred in Scotland—which, in the case of males, has been around 10 to 12 per cent—the reduction in overall consumption, and the reduction in the proportion of hazardous drinkers from 28 to 22 per cent? If the model does not give us at least some explanation of that, or some indication that it is working, that makes it a little harder to say that it is the right model to use.

**Dr Holmes:** In much of the debate on minimum pricing, it has often been said that it is a policy that will tackle the drinking of young people and have a big impact on them, because they have less money, so they go for cheap drinks, but that is not the case. When we look at the expenditure and food survey data, it suggests that 18 to 24-year-olds buy a lot of their alcohol from the on-trade, which will be largely unaffected by minimum pricing. That is why we see a slightly smaller impact on that group.

That said, the impact is not negligible. You cited the figures on the effect of a 40p minimum price, which are quite low, but the figures for a 40p minimum price are quite low across the board. It is predicted that a 50p minimum price will achieve a 2.6 per cent reduction in that group, which is not huge, but it is significant and it would lead to reductions in harm.

A broader point is that the problem of young people drinking and the associated crime and disorder is just one of Scotland’s problems with alcohol. Minimum pricing is perhaps better targeted at some of the other problems, such as chronic drinking—harmful drinking over time—which leads to large numbers of alcohol-related diseases. It is effective in tackling the problems with high-level consumption over an extended period.

10:45

It is slightly more difficult than you might think to examine whether the modelling results match the actual reductions in harm. The Sheffield model estimates changes in consumption for age and sex groups and, if the changes in consumption that we model as a result of policies are not the same as the changes in consumption that you see in reality in Scotland, the effects on harm will not be the same. For instance, if there has been a reduction in consumption among middle-aged women, you are unlikely to see a reduction in alcohol-related violence, because middle-aged women do not generally get liver cirrhosis. Also, because of the time lag until people contract cancer, you will not see any impact on the cancer rates for perhaps 10 years.

It is difficult for us to say whether what is going on in Scotland matches what the model predicts. We received your question about that earlier in the week and we could certainly not have answered it in that time. However, we hope to do that work in future.

**Dr Simpson:** That would be helpful. The committee keeps hearing about the huge reduction in hospital admissions that would happen in year 1 but, particularly for the young group, there would be little reduction. You have just explained why that is the case.

The matter is of concern. If the work can be done before the committee reports, it would be good to get something back about how the real data apply to the model and where some of the difficulties are that you have outlined. That will affect the evaluation study.

**Dr Holmes:** Professor Meier, who could not be here today, has examined what is going on within the different groups of drinkers in the United Kingdom. She has found that reductions in consumption have tended to take place in the moderate drinkers. They are at lower risk of harm anyway, so the resulting reductions in harm are quite small.

However, that effect has disguised to a certain extent the fact that those who are not reducing their consumption—particularly the harmful drinkers—have actually increased it. That may be cancelling out some of the effect and producing some slightly unusual results.

There is a polarisation of drinking behaviour, with people at the lower end reducing their consumption and people at the higher end increasing theirs.

**Professor Brennan:** I will say two more things related to that.

John Holmes has covered some of the key aspects of how complex and dynamic the matter is
in relation to the different diseases and the different sub-groups of people who are at risk.

Understanding whether the model’s predictions for population health harm are absolutely accurate when consumption goes up and down is really quite complex. It cannot be done in three days. Actually, it cannot be done easily in three months; it is a bit of a project. Instead of starting from a baseline of 2008, as we do in the current version of the model—we will move on to 2009–10—we would need to go back several years, get all the data, remodel every year back to the baseline and then predict the time profile of everything to get it to work for Scotland.

**Dr Simpson:** That is what Professor Stockwell did. He did timelines.

**The Convener:** It would be helpful if the meeting did not get too informal.

**Dr Simpson:** Sorry, convener.

**Professor Brennan:** My second point is that we have won a new project with the Medical Research Council to develop some key aspects of the modelling. We are now in the middle of that project. One of those key aspects is what we call the dynamic component. We will try to look at whether the historical price changes predict the historical consumption changes, and we are currently collecting data to get ready to go through that process.

As part of our thinking about what the Scottish Government did with the multibuy discount ban last October, we have had a preliminary look at the effects of that ban. I have a few figures that John Holmes and my colleagues calculated earlier in the week. Nielsen has provided figures for off-trade sales last October and November and for a year before that. There was an 8 per cent reduction in beer sales, a 5 per cent reduction in wine sales and a 3 per cent reduction in spirit sales. There are many things going on, but those year-on-year changes took place with the multibuy ban. I am not claiming that such a level of accuracy of the model will happen on every parameter, but I was interested to find that our report on the effects of a total discount ban talked about an 8 per cent reduction in beer sales, which matches Nielsen’s figure, a 6.1 per cent reduction in wine sales, which is a little bit higher than Nielsen’s 5 per cent reduction, and a 2.7 per cent reduction in spirit sales, which is a little bit lower than Nielsen’s 3 per cent reduction.

There are many caveats. October and November are in the run-up to Christmas, and there might be different buying patterns then, for example. It will be interesting to look at that, but we are interested in the dynamic element and how the model predictions pan out. We have been able to see that as more changes have taken place in the system, and we will recalibrate the model as new evidence emerges.

**The Convener:** I do not know how to respond to that. Despite your caveats, I imagine that everybody will go away and say that an 8 per cent reduction in alcohol sales has been brought about, but how much of that is due to the policy decision that was taken and its implementation rather than to increased unemployment, wage freezes and other things?

**Dr Holmes:** We can compare the changes with England, which did not have a multibuy ban. The reduction in beer sales in Scotland was 8 per cent; in England, beer sales went up by 1 per cent. There are similar patterns in Scotland and in England and Wales for wine. There are also figures for January to September, before the multibuy ban came in, and in that period beer sales were down 3 per cent in Scotland, so an additional 5 per cent suddenly appeared in October to November. The figures therefore appear to suggest that the ban had a significant impact.

**The Convener:** That helps my understanding. It might be me, but I did not get the figures standing on their own. Comparing the situation in Scotland with that in England provides a better example.

**Dr Holmes:** We have a briefing note on that, which we can happily provide to you.

**The Convener:** That would be useful.

**Drew Smith (Glasgow) (Lab):** I welcome the witnesses to the meeting.

Professor Chick, I know that you have an interest in the evaluation element. Professor Stockwell told us that he did not believe that a before-and-after study would be sufficient to understand and prove the benefits of a minimum unit pricing policy. I saw you nodding your head when Dr Holmes said that there might be a benefit in comparative analysis instead, particularly with England. Professor Stockwell suggested considering areas in the north of England, where there would be no minimum unit pricing. What is your response to that?

**Professor Chick:** I am delighted to say that we have funding to consider a natural control population recruited on the same criteria in Newcastle—Newcastle drinkers have a lot in common with Scottish drinkers—so we will have a before-and-after study and, in a way, a control group. Looking at this population, however—this cohort that the chief scientist has helped us to follow—it is clear that there will be a lot of other confounders here. It will be a tough job for our equivalent of Alan Brennan to disentangle what happens.
I am also concerned to look at what we can learn about unintended consequences. We hope that people will agree, in addition to two interviews before the predicted or hoped-for date when the legislation takes effect, to give us follow-up interviews six months after that date. We will ask them, before and after, about drinking illicit drinks and substitute alcohols, their drug use and their purchasing of smuggled drinks. We have found in the past that if folk agree to such studies, they tend to be pretty honest about what they are doing.

It is important to do that work because, although my deep hope for Scotland is that we will stop recruiting new people to the cohort of heavy and dependent drinkers, the important question is what will happen to those who are dependent on alcohol at the moment. I hope that we will learn from them whether they have suffered in some way.

**Drew Smith:** To follow-up on that, what interest do you have in the industry response? Do you have concerns about that response and is there an element of your work that can study that?

**Professor Chick:** Yes. We will know what products people are buying and we will have information on whether new brands are coming in above 50p or whatever the price per unit is. We will know whether interesting new brands have appeared at a price that is just above the criterion. However, as I said earlier, people will still have to pay more for those drinks than they have to now for their inexpensive alcohol.

**Drew Smith:** Thank you. That is welcome, particularly your information about the comparative analysis.

I have a question for our colleagues from Sheffield about how the price can be changed and fixed. We have heard evidence from various witnesses, with a price of up to 70p being suggested. There has been debate about how often the price might be changed, assuming that the law comes in. What modelling would be required, or be beneficial, before a price change happened?

**Professor Brennan:** Sorry, I am not quite clear on the question.

**Drew Smith:** The modelling that you are doing at the moment informs the initial price that we understand that the Scottish Government wants to set. Obviously, that price will not remain set in stone; if it does, it will have less effect as time goes on. In order to change that price, to what extent do we require to do similar modelling again?

**Professor Brennan:** It would not be difficult to do the kind of updates that we have been doing. If you are asking me whether I think that you should commission modelling, I will say yes. It makes sense to pull together the emerging evidence and look at it again over time, year by year or whatever.

**Drew Smith:** I am interested that you say year by year. Some people have suggested that it should be done quarterly or even more frequently than that. I hear that you are saying that that would be good work for you, but do you have a view about how often a price would need to change?

**Professor Brennan:** That question is not really from a modelling perspective, but is about how regulation would pan out and how the different players would be able to respond in practical terms over time on the frequency of an update. I cannot comment on that.

From a modelling perspective, it would be easy to re-do the analysis year on year because many of the data sets that we use in the updates appear on an annual basis. Not too much detailed evidence would emerge from re-analysing quarter by quarter. There will be higher-level evidence. I would not recommend remodelling quarter by quarter, and I would not do that. Do not get me wrong—we have plenty of work to do and we do not need to keep remodelling Scottish alcohol.

11:00

**Andrew Leicester:** I will say a little on both of Drew Smith’s points. I am absolutely delighted that there is an intention to carry out a good evaluation in Scotland. With a new and relatively untested policy, there will be a period during which we should be prepared to say that we are not sure that we got it right first time. When we have new evidence after the measure has been introduced, we ought to be able to say, based on that evidence, that the price should be higher or lower. We should be prepared to say that we did not get it right first time, and it would be fantastic to have good evidence to inform that.

It is important that any evaluation is a long-term process and is not just about seeing what happens for a week or month after the fact. One interesting feature of minimum pricing will be how people adjust to the new reality in the long term. A completely unrelated example—although it is perhaps an informative comparison—is the London congestion charge. That charge had a big immediate impact because it was new and widely reported, which meant that people were very aware of it. However, the evidence is that, over time, people started to get used to the new reality and their behaviours adjusted back a little towards the baseline. We should do long-term, rather than just short-term, analysis.
I do not see the value of adjusting the price week by week or month by month. An annual uprating process, as there is for excise taxes or similar measures, seems sensible. The UK Parliament has allowed excise taxes to drift down over time. Pre-announcements are made that are then reneged on six months or a year later when wider economic circumstances change. That has particularly been the case with fuel excise taxes. There is not a lot of value in making long-term pre-announcements of what the rate will be in five or 10 years. A credible annual uprating process would be an improvement on much of what goes on at present.

**Drew Smith:** My final question is for Mr Leicester. You mentioned the congestion charge, but one difference between that and the proposals on alcohol is that the congestion charge is in essence a tax, so the money does not go to providers. You have said that you might see merit in a taxation response. Will you say a little more on that? Are you aware of the provision in previous alcohol legislation for a social responsibility levy in Scotland, which the Scottish Government has chosen not to use?

**Andrew Leicester:** As I state in the briefing note that I submitted to the committee, our view is that, in an ideal world, it would be preferable to use an instrument that is in place—the excise tax system for alcohol—to do something that looks a lot like minimum pricing, if that were possible. However, we make a great deal of the fact that the current alcohol excise tax structure is pretty bizarre. Different types of alcohol are taxed at very different rates. For wine and cider, the taxation is based on the volume of product, rather than the amount of alcohol. In an ideal world, we would be able to change the system to base the taxation on the alcohol content of drinks, as currently happens for spirits and beers. However, European directives limit the UK Government’s ability to do that and the Scottish Government does not have the power independently to vary alcohol tax rates in Scotland.

We are conscious that a minimum pricing policy is likely to transfer significant revenues to the industry. In an ideal world, those revenues would be captured by the Government, rather than the industry. I am aware of the social responsibility levy but I do not know very much about the details of the proposal and how one might monitor the revenues and capture that information indirectly.

If this were an ideal world and you could do whatever you liked, you would go down the route of using the alcohol excise tax system in combination, perhaps, with a ban on below-cost sales of the kind that is being proposed in England and Wales. However, given that such a move is unlikely to happen in the short term and is not, in any case, an option for the Scottish Parliament, if Scottish policy makers believe that the price of alcohol needs to rise, minimum pricing is in effect the only instrument at their disposal.

**The Convener:** I want to return to the mechanism because, given that this measure will be implemented, the committee needs to consider the issue of the minimum price per unit that will be set. I wonder whether the panelists agree with Professor Stockwell and, I believe, Dr Rice, who both said in evidence that an equally important—if not more important—issue is the mechanism and whether we maintain its value by linking it with inflation or whether this is simply a one-off event that will, in time, lose its impact.

Secondly, the evidence from Canada suggested that, if we do not have a defined mechanism, the whole issue might become very political for Sheffield University if, next year, it carries out a review and concludes that the minimum unit price should be this or that figure. I believe that Sheffield’s latest study and review will be used to set the minimum unit price. Will such a review be carried out every year or will the minimum unit price simply be linked to inflation? Do we agree that in this process a mechanism will be important to achieve the outcomes that we want?

**Dr Holmes:** I should point out that at no point have we recommended a minimum price; indeed, it is not something that we would ever do. All that we have said is that the price should be set at a level sufficient to have an impact. As the modelling before you suggests, a 35p or 40p minimum unit price will have a very minimal impact; the price needs to be above that level if it is to be effective. Beyond that, however, we have made no statement about the level at which it should be set. We have tended to report results for 45p or 50p as those are the figures that policy makers have been discussing.

As for an uprating mechanism, if we were commissioned to carry out annual updates, we would take the same approach and simply present the effects at different price levels. We have no interest in getting involved in a political process. I certainly cannot offer any view on what the best mechanism might be.

**The Convener:** Should there be some mechanism to maintain value or should this simply be a one-off event? Should we just do this and then leave it?

**Dr Holmes:** No, there needs to be an uprating mechanism. After all, as various people have pointed out, if there is no such mechanism the measure’s effectiveness will decline over time. What that mechanism should be is not a question for someone with no in-depth knowledge of economics.
The Convener: If I remember correctly, Andrew Leicester addresses the issue in his report.

Andrew Leicester: I thought that I had made the point already. Once the appropriate minimum unit price has been settled on, its real value should be maintained over time. Whether it should be linked to the consumer prices index, the retail prices index or some other measure of inflation is a slightly arcane debate, but it would be a good thing to settle on a credible mechanism that does not get tinkered with at each annual budget or political event, as has been the case with, say, fuel duty.

The Convener: But no one agrees that it would be useful, as Professor Stockwell suggested, to change it up to four times a year. Do they?

I see that none of you has a view on the matter. That is fine—we are simply trying to test the evidence that we have received.

Bob Doris (Glasgow) (SNP): I have found the evidence so far really helpful. However, before I ask about the impact on lower-income groups, I have a couple of brief questions about other matters.

First, there has been some discussion about the industry response. Last week, witnesses from Asda, one of the large supermarkets that will respond, were here. They talked about own-brand lagers being reduced in price in order that people who are currently buying cheap alcohol can continue to buy lager that is cheap but has a lower alcohol content. To me, that seems to be a positive response. Do you have any evidence of negative responses from the trade? Any additional information on that would be useful.

Professor Chick: I always welcome the sight of a lower-strength beer on the shelves because the health harms are proportionate to the amount of alcohol that is consumed, not to the volume of liquid that is consumed. Yes—minimum pricing may trigger the industry’s going in the direction in which many other countries have gone. For example, in Australia there is a large market for beers of less than 3 per cent alcohol by volume. That would be a positive outcome.

Bob Doris: No one else wants to comment, so I will move on to my next question. There has been discussion about the possibility of there being 1,200 fewer alcohol-related acute admissions to hospital in the first year of minimum pricing. I am interested to know the panel’s view on that. Professor Tim Stockwell’s most recent study focuses on British Columbia, where there is, he thinks, a correlation between the fall in the number of acute admissions to hospital and minimum pricing. He believes that there would be a similar fall in Scotland. I know that it is difficult to say whether it would be a fall of 1,200, 1,000 or 1,400, but I am interested to know whether that is the direction of travel. Is it realistic to expect 1,200 fewer acute admissions to accident and emergency departments or other acute admissions relating to alcohol?

Professor Brennan: That is our central estimate, and it is the best estimate that we can make by collecting all the evidence and integrating it within the model. At the moment—aside from major changes to our analysis looking at 20-year trends, and taking account of much bigger supply-side changes, which we have talked about as being complex—nobody is suggesting how we might use the evidence differently in order to improve those estimates. They are cautious and there are caveats around them, but they are the best estimates based on the available evidence.

Dr Holmes: There is clear and robust evidence that reductions in drinking lead to reductions in the number of injuries, falls and car crashes. With all the caveats that I mentioned earlier about who reduces their drinking, it is clear that if we reduce the drinking of people who suffer such harms, we will get a reduction in the number of hospital admissions.

Professor Chick: Dr Holmes has mentioned a polarisation that may be taking place. Sweden reports that, at the moment, the level of overall consumption among young people is falling, but the heaviest drinkers are drinking more. Particularly among the young population, factors such as unemployment, opportunity, aspiration and so on are at work, which interplay with the effects of price. Therefore, at the moment, it would be hard to predict the effect of minimum pricing on the number of injury-related, violence-related or crime-related incidents. It is, I think, easier to predict the proposed minimum price’s impact on the chronic effects of drinking.

Bob Doris: Mr Leicester’s study suggests that minimum pricing will impact substantially more on lower-income groups. However, Professor Ludbrook contends that 80 per cent of people in lower-income groups do not consume cheap alcohol and that their food basket may be cross-subsidising cheap alcohol. Mr Leicester obviously has a view on that, but I would like to know whether the panel thinks that Professor Ludbrook is right to believe that it is not as simple as saying that minimum pricing will impact more on lower-income groups.

11:15

Andrew Leicester: I take issue with your description of our report as suggesting that there would be a substantially greater impact on lower-income groups than there would be on other income groups. We found evidence that there
would perhaps be a slightly bigger effect on lower-income groups, but not a substantial difference. We base our evidence on households' purchases of off-licence alcohol only—we cannot say anything about the potential impact on the on-trade. You can see in table 5.4 on page 37 of our briefing note that the policy effect is about 2 per cent of the total grocery budget for the poorest income groups and about 1.3 per cent for the richest income groups. That is not a substantial difference.

**Bob Doris:** I am absolutely happy for you to have corrected that.

**Andrew Leicester:** If we restrict our attention to households that consume off-licence alcohol, there is a slightly bigger gradient, but it is still not a significant difference.

The second point in relation to our figures is that we have not made any assumption about behavioural responses to a minimum price. We have taken a descriptive approach and have imagined that everybody would carry on doing exactly what they did before. Clearly that will not be the case, for a multitude of reasons. Nevertheless, what we are looking at here is perhaps not an unreasonable upper estimate of how important the impacts might be.

The right measure of how a minimum price policy impacts on households in a welfare sense is not how much more or less they spend after the policy has been introduced. Some households might spend less because they reduce their demand or stop drinking altogether. If a household is spending more to get less alcohol, that is not a measure of how much better or worse off that household is—it is just a number. However, because we do not take into account how different groups might substitute their behaviour following a minimum price policy, the figures perhaps do not reflect the upper bound on how much worse off those groups would be.

So, first I do not think that there will be substantial differences across income groups and secondly, our figures are perhaps not a measure of the welfare effects, which are a much more difficult thing to get a handle on.

The third point is that although we look at the impact according to different income groups, I am not convinced that we ought to focus on the distributional consequences of the policy as being a significant part of the debate. We ought to think about the range of policies that Governments have; the United Kingdom Government and the Scottish Government implement a range of policies that have distributional effects across income groups. It is the whole set of policies that is of interest.

Not every policy that a Government implements has to be progressive in order for it to be a good policy. A number of policies would impact significantly on lower-income groups but are still probably worth doing because of other concerns that we have, including concerns about health or the environment. We look at the wider system of policies that we have at our disposal and think about how we might try to mitigate the impact on the poorest groups.

On the comparison with Professor Ludbrook's work, we are using very different data sources. She was looking at evidence from the expenditure and food survey, which is a two-week survey of households’ alcohol purchases. Our evidence is based on a longer run of purchases from market-research data covering a period of up to a year. As is also evident in the EFS, Professor Ludbrook found that over a two-week period there is a much bigger gradient in terms of the proportion of lower-income and higher-income households that drink. When we look over a much longer period, the difference across income groups is a bit smaller. It is probably driven by lower-income households buying alcohol less frequently or waiting for special offers and stocking up. We would miss that trend in a two-week diary period but we would observe it over a longer period.

The EFS data are also based on much more aggregated commodities. We look at individual purchases at barcode level, so we see exactly what products people are buying and the price that they pay. We can therefore work out the price per unit. The EFS data limit us to looking at 25 or so categories of alcohol with a single conversion between volume and units for each category, so they give us a much more aggregated and less accurate picture in that sense.

Different data sources give us different results but, fundamentally, I would not say that the work that we have done has suggested that there would be a substantially worse effect on the poor than there would be on the rich.

**Bob Doris:** That is clear, Mr Leicester. Does anyone else want to comment?

**Dr Holmes:** There is limited evidence on the issue. We have Andrew Leicester's paper and a couple of papers by Anne Ludbrook, but that seems to be it. The key question for me is whether moderate drinkers on low incomes will be disproportionately hit, compared with moderate drinkers on higher incomes. Similarly, we should ask whether the policy will have an impact on harmful drinkers on high incomes.

Realising that neither Andrew's paper nor Anne Ludbrook's papers say much about that, we did a little bit of exploratory and preliminary analysis at Sheffield last week with the expenditure and food
survey data. That work showed that harmful drinkers in all income groups buy significant proportions of cheap alcohol. They focus their spending on the off-trade and more than half of their off-trade spending is at less than 50p per unit. That is the position in all income groups, although there is still an income gradient.

Our analysis showed that, in all income groups, harmful drinkers spend less per unit than moderate drinkers, so in all those groups the policy should have a bigger effect on harmful drinkers than it would on moderate drinkers, to judge from what they are buying at present. The analysis also showed that a greater proportion of the alcohol that is purchased by moderate drinkers on low incomes is cheap off-trade alcohol, compared with moderate drinkers on higher incomes.

There is a political judgment for members to make. I am sure that you are now all familiar with what the Sheffield model suggests the benefits of a minimum price would be. There are a couple of points to bear in mind. First, we talk about moderate drinking, but we should not think of that as risk-free drinking. All levels of alcohol consumption have some risk of some harms. Theoretically, therefore, even moderate drinkers will see some benefits from reduced consumption. Secondly, we know that, for a variety of reasons, low-income drinkers are at greater risk of harm than are high-income drinkers who consume the same amount, so moderate drinkers on low incomes might gain a greater benefit from reduced consumption than would those on higher incomes. We do not have firm evidence on that point, but the general trend suggests that that will be the case.

I guess that the judgment to be made is this. We know all the benefits to harmful drinkers and hazardous drinkers. Is the fact that minimum unit pricing might impact slightly more on moderate drinkers on low incomes outweighed by their receiving more health benefits and by the fact that there is no safe level of consumption?

Professor Chick: Minimum unit pricing will have benefits in terms of health harms, and it might interrupt the reiteration that we see in families in which there is, from generation to generation, exposure to drinking problems at home. It perhaps sounds a little paternalistic to put it that way, but the facts are clear. Low-income groups suffer disproportionate harm from the same amount of alcohol. Other processes are involved in that. In Finland, when there was a sudden price reduction in alcohol to do with European Union regulations in 2004, the increase in mortality due to alcohol in the following four years was almost exclusively in the low-income groups.

Bob Doris: That is helpful. Thank you.

Andrew Leicester: One of the things that we wanted to point out in the results in our paper is that the minimum price of 45p, which was proposed in 2010, would have a slightly bigger impact on lower-income households and on households that consume most alcohol, partly because they buy lower-price products. It would also have a significant direct effect on richer households and moderate drinkers.

During the debate, it has often been suggested that a minimum price policy will only affect a small part of the market—the real problem drinkers. However, in the numbers that we found, in 2010 more than 70 per cent of off-trade units were sold for less than 45p. I doubt that that figure has come down substantially in the past 18 months. So, a minimum price at the suggested rate would have a large and direct effect on almost everyone who drinks off-licence alcohol. That is not to say that that is a bad thing, but the policy ought not to be sold as only affecting a small number of harmful and hazardous drinkers. It would have effects right up the distribution chain.

Jim Eadie (Edinburgh Southern) (SNP): We have been incredibly well served and well informed this morning by the witnesses, so I thank you very much indeed for your contributions.

Mr Leicester rightly observed that minimum unit pricing is the only mechanism at the disposal of the Scottish Parliament, and Professor Chick suggested that minimum unit pricing might be a more effective mechanism because it prevents trading down. That is interesting; perhaps the witnesses could comment on that briefly.

To go back to the responsiveness of hazardous drinkers, Professor Chick’s work with Queen Margaret University shows a mean of 198 units being consumed by patients in a week. That suggests that people are drinking hazardous rather than harmfully. During the debate, it has been suggested that the hazardous drinkers are less responsive to minimum unit pricing. Is that, as Mr Leicester suggested earlier, because of the failure of the population survey data to capture that group of drinkers adequately? Is that one of the motivations for the work that Professor Chick has done on focusing on that group?

Dr Holmes: Can I come in quickly to ask you to clarify a point? As I understand it, you are talking about hazardous drinkers drinking more than harmful drinkers.

Jim Eadie: Yes. Harmful drinkers are men who consume more than 50 units or more per week, or women who consume 35 units or more per week. The hazardous drinkers that Professor Chick was looking at had a mean consumption of 198 units per week.
Dr Holmes: Just for clarity, the Sheffield model puts hazardous drinkers between moderate and harmful drinkers. Hazardous drinkers are those who drink above moderate levels but below harmful levels. There is a confusion about terminology there.

Jim Eadie: Perhaps I have them the wrong way round.

The Convener: You got them in the end.

Professor Chick: Yes. The harmed drinkers have, sadly, also harmed many others. Minimum unit pricing is a more effective method than taxation for reducing consumption in that group because such drinkers tend to trade down. The MUP means that they are no longer able to buy very cheaply; that, we think, will help them and their families. As I said, we are concerned about the effects of minimum pricing on such heavy drinkers. As yet, little attention is being paid to what they will do.

11:30

However, when, in Canada, a small panel of homeless severely dependent alcoholics was asked, "Over the past 12 months, what did you do when you no longer had money for alcohol?" the most frequent response was "I got treatment"; indeed, 14 out of 15 said it. They also said that they would use other drugs, that they would rebudget or go without things, that they would wait for the next welfare benefit cheque, or—which might apply in Scotland—they would drink a friend’s money and then pay for his alcohol next week. Given that going for treatment was top of the list, I think that the policy might result in renewed efforts to provide focused treatments for the minority of very severe cases.

Jim Eadie: That is very helpful.

There were two other interesting findings in your work with Queen Margaret University. The first, which you have just touched on and which I think that you were surprised by, related to dependent drinkers who do not substitute or move to illicit alcohol and the second was the growing prevalence of alcohol problems among women, which in Scotland is double that in England. Will minimum unit pricing have an impact on those two groups? Will the before-and-after study that you are embarking on look specifically at them?

Professor Chick: Thank you very much for reminding me of that finding. Of course, women in particular are purchasing low-cost alcohol from off-licences. We have been very concerned about the growing number of women with alcohol problems and will look specifically at that group.

Jackson Carlaw (West Scotland) (Con): I thank the witnesses for their engagement and their courteous responses to our questions.

As I said last week, given that there is really no doubt that we will have minimum pricing, any debate over whether it is a good thing is secondary to the debate on the consequences of its implementation. I was interested in Professor Chick’s hope and expectation that, when implemented, the legislation will stem the next generation of alcohol-dependent people but I felt that, beyond that comment, he was quite circumspect. Collectively, are you slightly concerned that your research has been overrepresented in the debate about how alcohol will be tackled in Scotland; that more is being expected of minimum pricing than it might be able to deliver; and that that could be counterproductive, in the sense that any success that it delivers might be devalued if the claims of its doing far more are not fulfilled?

Dr Holmes: The first point is that minimum pricing does not have to be the end of the debate. We have said already that it might not be the best targeted policy to deal with young people’s binge drinking, much of which goes on in the on-trade. There are other options that can be pursued. For example, I know that you have already implemented a public health consideration in licensing objectives. That is a positive step, although I acknowledge Alcohol Focus Scotland’s evidence suggesting that more work needs to be done in that regard.

Jackson Carlaw: But that is an example of the very thing that I am talking about. Contrary to the line that you have just taken, minimum pricing has been represented to the committee as having a massive impact on binge drinking among young people on the street. Clearly it can play a role, but are you satisfied that the evidence that you have produced is being represented accurately or is it being overrepresented to the extent that the public might expect the measure to do more than it might be able to do on its own account?

Dr Holmes: The effect on young people is perhaps the only area in which I would not agree with what is in the public domain. People might say that the measure will have a huge impact on young people’s binge drinking, but it is not clear that that will be the case. As I said, there will be impacts. The model predicts that there will be reductions in various crimes. Some alcohol-related crime is to do with on-trade alcohol being sold at low prices, but part of it is to do with binge drinking sessions that start with drinking at home, or pre-loading, and that is one part on which the measure will have an impact.

In general, the results in our model reports are there to see. We stand by those results as the
best estimates, based on the best data available and the best methodologies that we could implement within our resource constraints. We cannot say for sure what the results will be when the policy is implemented, but there is nothing in our evidence to suggest that we will get a huge shock and find out that the policy is totally ineffective. As we have said, there is clear evidence that price should affect consumption and that changes in consumption will affect harm. Whether or not the exact details are correct, there should be significant impacts, which will have a beneficial effect on Scotland’s problems with alcohol.

Jackson Carlaw: I will return to that point, as it is part of my second question, but I will let Professor Chick comment first.

Professor Chick: My sentiments on the issue resonate with Dr Holmes’s. There are many processes at work when we study behaviour and drinking. That is particularly true with young people’s drinking, as there are strong forces other than price. With regard to public acceptance of the measure and the willingness to support it in the coming years, we should help the media not to overstate what can be expected of it and we should continue to consider other measures on alcohol problems in society.

Jackson Carlaw: My second question is simple: what if you are wrong? What are the consequences of your being wrong?

Dr Holmes: To what degree do you mean?

Jackson Carlaw: To the degree that your research proves to be unfounded and the measure does not have the impact that you expect it to have. What are the consequences of that?

Professor Brennan: I would be very surprised if every figure in the 200-odd pages is found to be exactly right when the evaluation is done. You are much better placed than I am to consider the political consequences. I see the issue from a scientific perspective. As John Holmes said, we do not expect there to be zero impact or a negative impact. We will be very surprised if there are not reductions in consumption and harm when the minimum price is implemented. There is a huge amount of evidence on that.

We do not expect to be wrong in a completely overturning way. I expect the results in the first, second and third years to be either higher or lower than the estimates, with equal uncertainty on which it will be. That is my subjective judgment. We tried to take central estimates of everything. It is possible that the elasticities will be even higher and that people will reduce their consumption even more, but it is also possible that they could go the other way. That applies to every single logic step in the model. Therefore, some of the figures will be higher and some will be lower and some will cancel out.

From a science perspective, if something is not included in the modelling, we will find that out and make changes. Supply-side and trend issues are the two big things that we know are not very well included. However, we do not expect there to be a reversal from a science perspective. I do not know whether that answers the question.

Professor Chick: If we are wrong, I would want to find out why. I would want to know what other processes have been present. Who knows what social changes we will go through in the next decade? Who knows to what extent the industry will find new ways to promote its legitimately produced product? Diageo has just entered a multimillion dollar advertising partnership with Facebook. That is an extremely powerful promotion method, which might completely overturn our good intentions to reduce harm from alcohol in Scotland. That is what I would do—I would work out what has been happening.

Jackson Carlaw: Last week, Jim Eadie asked the industry whether, if minimum pricing proved to be effective, it would still be against it. I would like to ask you the same question. In the event that minimum pricing proves to be ineffective, will you still promote it?

Dr Holmes: In the first instance, I do not think that we are necessarily promoting it. We are promoting the evidence that says that it is effective.

Jackson Carlaw: Would you wish the legislation to stay in place in the event that it proved to be ineffective?

Dr Holmes: First, as Professor Chick said, I would want to find out why it was ineffective, and—

Jackson Carlaw: I am sorry, but Mr Eadie did not give the industry the opportunity to expand; he wanted a yes or a no. I am turning his question around and asking you it in the same way: would you wish the legislation to stay in place in the event that it proved to be ineffective?

Dr Holmes: In that case, I think that I will reject the premise of the question. We have never advocated any particular legislation, beyond saying that minimum pricing is an effective policy.

Jackson Carlaw: So, in fact, you would. You would be quite happy for the legislation—

Dr Holmes: I would say that we never recommended the policy in the first place; we say that it is effective.

Jackson Carlaw: It is not a cheap question. The bill is being driven largely on the back of your research, so it is not a minor consideration. It is
not the case that your research has been done and that it is not influencing things. It is substantially influencing the implementation of the policy. It is cited again and again. I have to hope that your research is correct.

Therefore, my question is not a cheap one. It is perfectly legitimate to ask whether you think that it would be appropriate for the legislation that will emerge as a result of the findings of your research to remain in place in the event that it proves to be ineffective.

**Dr Holmes:** Again, I would say that, before coming to any judgment on that, we would want to know why it had proved to be ineffective and why such a huge body of science suddenly did not apply any more.

**Jackson Carlaw:** It is interesting that the University of Sheffield is as equivocal as the alcohol industry when it comes to the answer to that question.

**Professor Chick:** I would still support it, because I think that it is extremely logical for a product that is not an ordinary commodity.

**Jackson Carlaw:** So you would still support it, even it proved not to be effective.

**Professor Chick:** Yes.

**Jackson Carlaw:** That is an interesting corollary to last week’s answers.

**Professor Brennan:** I will meet you halfway. My personal perspective is that evidence should be used in policy making to as great an extent as possible. Evidence is not the only part of life, but when we have it, it is wrong to ignore it.

It is wrong to say that the Sheffield model is the only evidence. It is a tool that synthesises all the evidence that is available from various different studies, data sets and all the rest of it, in an effort to answer your question. It is not the only evidence.

If minimum pricing turns out to be completely ineffective or a counterproductive policy, for reasons that are not included in the modelling and which have not been included elsewhere, that is evidence, and evidence should be included in policy making. What you do with legislation is way beyond my ken, but evidence is evidence and all evidence should be considered.

**The Convener:** After the legislation has been implemented, do you think that a sunset clause would be an impediment to, or an encouragement for, consideration of whether the case has still to be proven, or for getting more information and data from the industry or further analysis of the policy? Would a sunset clause drive that kind of work, or would it be an impediment?

11:45

**Professor Brennan:** I do not know. I do not know the relationship between the behavioural responses of all parties and how a sunset clause would work. All that I am saying is that, for me, one needs to keep collecting evidence and thinking about how policy adjustments should be made on that basis.

**The Convener:** I was just thinking out loud—everybody will still have to prove their case and perhaps a sunset clause would be a driver that could assist in that. However, the committee can discuss that.

A couple of members have additional questions. Richard Lyle is first, to be followed by Richard Simpson.

**Richard Lyle:** Thank you for your evidence this morning, gentlemen. Professor Chick also submitted written evidence. The Scotch Whisky Association claims that minimum unit pricing in Scotland would reduce whisky exports. Professor Chick’s written submission states:

“If other countries saw health gains from the Scottish policy and followed it, they would tend to level the market ‘playing field’ because local distilled products, albeit of slightly lower % alcohol (at least the legal distilled products) would rise in price which would help to reduce the effect of penalising import duties on Scottish whisky.”

A lot of countries hammer the Scotch whisky industry through import taxes. Do you contend that exports would not be affected if other countries were to do the same as we hope to do to improve the health of the nation, which is to introduce minimum unit pricing?

**Professor Chick:** Yes. You have understood my point very well. Thank you.

**Richard Lyle:** Thank you for your answer—short, sweet and exact.

**Dr Simpson:** The session has been interesting and useful, and the witnesses have been most helpful. I return to evidence statement 3 in the original Sheffield report’s collation of the evidence, which states:

“There is low quality but demonstrable specific evidence to suggest that minimum pricing might be effective”.

As doctors using Scottish intercollegiate guidelines network guidelines, we tended to rate evidence from 1 to 5, with 5 being randomised controlled trials. The low quality of the evidence on minimum pricing has always been a concern for me.

It was useful to hear about the initial effects of discounting and that we may get more information on the policy. I have always supported that, because it seems to me quite wrong to encourage people to buy greater volumes for lower prices. There was a principle behind the discounting ban
that meant that I felt I could strongly support the Scottish National Party Government’s Alcohol etc (Scotland) Bill.

I welcome the evidence on the young that has been given today. We have talked a lot about harmful drinkers, and I have never denied that a minimum unit price may have some effect on them. However, the two groups that we really need to affect are the young drinkers who will become the heavy drinkers of the future—we have heard that they will not be affected as much—and the existing hazardous drinkers who are not yet harmful drinkers. We still do not have enough information on the effects on those groups.

The estimated reduction in consumption by 18 to 24-year-olds was not for all 18 to 24-year-olds; table 38 of the Sheffield study for the Department of Health showed that it was for 18 to 24-year-old hazardous drinkers, who are the ones whom we must really try to affect with the policy. I remain unconvinced that the policy will do that. Would anyone like to comment on the effect on hazardous drinkers?

An IFS study says:

“Assuming an own price elasticity of demand for alcohol of −0.5 across all households, a minimum price of 45p per unit would reduce the off-licensed alcohol consumption of poorer households with incomes below £10,000 by almost 25%. Households with incomes over £90,000 would see their consumption fall by around 12%.”

Table 3.3 in the same document shows that 80 per cent of households with incomes of less than £10,000 buy alcohol at some point in the year, so they are not people who do not drink at all. As Mr Leicester has already clearly stated, they might drink less frequently than was reflected in Professor Ludbrook’s data, which captured only the last two weeks.

I would like the witnesses to comment on hazardous drinkers.

**Dr Holmes:** You mentioned low quality of evidence. That review was done three or four years ago now.

**Dr Simpson:** In 2008.

**Dr Holmes:** Yes. Since then, we have had the Sheffield model and we can debate whether that evidence is high or low quality. I hope that we have convinced you that it lies somewhere towards the higher end of the scale. There is also now the Tim Stockwell study, which undeniably lies towards the higher end of the scale. We now have good-quality evidence that minimum pricing and increasing minimum prices is an effective way of adjusting population consumption.

I reject Dr Simpson’s suggestion that minimum pricing does not have an impact on hazardous drinkers, or that it has a smaller impact. The impact is smaller than it is on harmful drinkers, but it is significantly bigger than it is on moderate drinkers. In version 2 of the Scottish model, the 45p minimum unit price that was proposed two years ago, in conjunction with the off-trade discount ban—not quite the multibuy ban, but the policy is similar—would have reduced hazardous consumption by 6 per cent, which would have led to 178 fewer deaths a year at full effect, and 2700 fewer hospital admissions. Minimum pricing does, therefore, affect hazardous drinkers. It is simply not true to say that there is no effect.

**Drew Smith:** I have one brief question, but first I want to put a point on the record. Jim Eadie repeated a witness’s point that minimum unit pricing is the only option available to the Scottish Government because of its tax powers. That comment was made in the context of the Scottish Government’s refusal to use the social responsibility levy—the Scottish Government is the one that is making that choice. It is important that that point is on the record.

My question, which is for Professor Chick, concerns a niggle that I have had at the back of my mind all the way through our consideration of the bill. In response to a question from Bob Doris, you spoke about lower-strength alcohol and said that you always saw that as a positive thing. I am concerned about young drinkers and alcopops and the fact that some drinks are used to introduce people to drinking more. If someone drinks something that is quite close to a soft drink except that it contains vodka, does that encourage them to drink more vodka later in life? Do you have any concerns about that, bearing in mind the fact that minimum unit pricing could make alcopops very cheap if the industry responds by moving around its profit margins because of what it will be allowed to charge?

**Professor Chick:** I have not seen evidence that children and young people enter drinking via low-strength drinks. I believe that our Australian colleagues would be best placed to answer that question and I will try to find an answer. Thank you.

**Drew Smith:** Thank you; that would be helpful.

**The Convener:** I think that we have asked all our questions for this meeting. I express the committee’s appreciation for your attendance this morning and all the helpful evidence that you have provided.
Thank you for asking my view.

In my view 'affordability' is the chief factor. However, calculating fluctuations in affordability of alcoholic beverages would require dedicated work, and there are sometime differing views on how to calculate this.

The mechanism needs to be simple, and one that can take effect without, each time, some dispute.

Therefore I favour the argument that Tim Stockwell sent you - that the minimum price should be follow some already used and accepted general price index/cost of living index.

Once enacted, it is fairer to the industry, in that their commercial forecasts can be based on a slightly more certain basis, and one they may already use (though this is outside my expertise).

Yours sincerely

Jonathan Chick
Alcohol (Minimum Pricing) (Scotland) Bill
Pricing mechanism
Andrew Leicester

Thank you for this email and the opportunity to respond on uprating mechanisms.

Once a minimum price is implemented, the issue of how it is uprated is clearly important. Even assuming inflation at 2.5% per year, a minimum price introduced at 45p in 2012 would, in real terms, be worth 35p per unit just a decade later, by 2022.

In the early phase of introduction, it may be that the minimum price is adjusted within the first year or two based on evidence from further modelling and ex post evidence on the impact of the policy. Once a settled 'appropriate' minimum price is established, it would seem less important to rely on regular re-modelling exercises in determining the new price each year. It may be that periodic assessment is made on the appropriateness of the current minimum price based on new data and new modelling of the impact but this need not be an annual occurrence.

Unless there is clear evidence that the rate is substantially 'wrong' it would not seem necessary to adjust the minimum price more than once per year. This is typically the approach taken towards tax thresholds, benefit levels, excise taxes and so on. It is not obvious what the advantage of quarterly adjustments would be.

The question is then against what benchmark the uprating should take place. There appear to be four main options:

1. Inflation as measured by the Retail Prices Index (RPI)
2. Inflation as measured by the Consumer Prices Index (CPI)
3. Some measure of inflation specific to alcohol prices
4. Some measure of income, earnings or other factors which might determine 'affordability'

Since region-specific inflation measures are not routinely published by the Office for National Statistics, any choice from options 1-3 would have to depend on UK-wide inflation estimates rather than Scottish-specific inflation rates. It may be possible to obtain estimates of the Scottish inflation rate or alcohol price inflation rate from ONS but it is not obvious that there is any reason to expect inflation trends in Scotland over the medium run to differ substantially from the rest of the UK.

At present, UK excise duties are uprated annually, typically at the Budget, based on a forward-looking measure of the RPI. In particular, the 'default' position is that the excise duty is uprated in line with the year-on-year RPI rate as expected in the third quarter of the year following the Budget. The Chancellor has discretion to set duty rates at any level, however, and it is my understanding that this default is not statutory in that if the Chancellor made no announcement on duty rates then they would not change in cash terms. In other words, the 'default' has to be confirmed as an active policy decision.
For excise duties on motor fuel in particular there has been a recent trend towards pre-announcing future changes several years in advance, with these announcements later changed. This is not a helpful way of making policy leading to considerable uncertainty. A more sensible approach would be to pre-commit to a mechanism by which the price is uprated each year according to some measure of inflation, and perhaps spelling out that the rate is subject to periodic review every few years (perhaps every 5 years) at which point there may be a more substantial revision. This would generate relative medium-run certainty about future pricing whilst leaving open a way in which the price could be updated to take account of wider social trends. Of course, flexibility is desirable, so leaving open the option of changing the price outside of this mechanism is important but the option should be exercised only in extreme circumstances (where, for example, there is strong evidence that the price is no longer appropriate).

There does not appear to be a strong case for uprating the minimum price according to alcohol-specific inflation measures. In the short-term, alcohol inflation rates will be strongly influenced by the introduction of a minimum price or wider alcohol policy such as duty rates. If alcohol prices are rising more rapidly than general inflation, then a minimum price uprated according to general inflation will have steadily less ‘bite’ but presumably the higher alcohol price would be the desired outcome in any case. Again, having a periodic review of the price leaves open the possibility of using evidence about differential price rises for cheaper and more expensive alcohol in determining an appropriate minimum price level.

The question of whether to use the RPI or CPI is not clear cut. There is a growing trend towards basing uprating decisions on the CPI but for the moment the RPI remains the inflation measure used for alcohol and other excise taxes. The RPI includes housing costs and is arguably a ‘better’ measure of inflation as experienced by households, though the method by which the CPI is calculated may make it a better reflection of how higher prices affect the cost of living since it allows (in a particular way) for the possibility that households substitute when relative prices change. A simple discussion is at http://www.ifs.org.uk/publications/5301 (and links therein).

It is also not really clear why excise duties are uprated according to forecasts of the RPI in the future whereas benefit uprating depends on outturn inflation from the previous September. Over the long run it probably makes little difference, but it may be more credible to base the uprating on observed outturn inflation measures rather than forecasts.

I hope this is helpful. I should stress these are personal thoughts and not those of the IFS.

Thanks

Andrew Leicester
The Law Society of Scotland (‘the Society’) welcomes the opportunity to comment upon the general principles of the Alcohol (Minimum Pricing) (Scotland) Bill introduced into the Scottish Parliament on 31 October 2011 and has the following comments to make upon its terms.

General Comments

The Society’s Licensing Law Sub Committee responded to the Scottish Government’s Consultation Paper entitled Changing Scotland’s Relationship with Alcohol: A Discussion Paper on Our Strategic Approach in September 2008. The Licensing Law Sub Committee stated at that time that it welcomed any initiative brought forward in order to improve the nation’s health and to encourage both the sensible retailing and consumption of alcohol. The Society remains of this view. The Society also responded to the Scottish Parliament’s Health and Sport Committee’s call for written evidence in January 2010 upon the general principles of the Alcohol Etc. (Scotland) Bill in January 2010 and provided the Scottish Parliament’s Health and Sport Committee with oral evidence at a sitting of that Committee on 17 March 2010 at which John Loudon, the Society’s Licensing Law Sub Committee Convener, and Jim McLean, the Society’s Competition Law Committee Convener, provided the Committee with oral evidence.

The Society should like to respond to the terms of the Bill as follows.

Specific Comments

Section 1 – Minimum Price of Alcohol

The Society notes that this Section is in similar terms to the provisions at Section 1 of the Alcohol Etc. (Scotland) Bill which it did not receive sufficient support within the Scottish Parliament.

The Society set out its position in terms of its written evidence to the Health and Sport Committee in January 2010 and also at the oral evidence session of the Health and Sport Committee on 17 March 2010. With regard to statutory minimum pricing of alcohol, the Society in responding to this call for evidence as was the case with regard to its response to the Alcohol Etc. (Scotland) Bill, confines itself to legal issues which arise as a result of this proposed measure and accordingly will not address the advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol, nor the level at which such a proposed minimum price should be set or the justification for that level as referred to in the Health and Sport Committee’s call for written evidence.

In terms of its previous response, the Society stated that the imposition of a minimum price of alcohol is a devolved matter within the legislative
competence of the Scottish Parliament but that there are issues raised by the imposition of minimum pricing at EU levels which brings into focus the compatibility or otherwise of the Scottish Government’s proposals with the obligation of the United Kingdom under the Alcohol Duty Directive (92/83/EEC) and, since the coming into force of the Treaty of Lisbon on 1 December 2009, Articles 34 and 36 of the Treaty on the Functioning of the European Union.

Compatibility with EC Duty Directives require to be taken into account in fixing a minimal price.

Legal issues concerning the free movement of goods in terms of the EU Treaty require to be taken into account. The Society has no settled view upon whether the Scottish Government’s proposal for minimum pricing of alcohol would comply with the United Kingdom’s obligations under EU law but remains, in all the circumstances, of the view that the matters arising out of Section 1 of this Bill will turn on the quality of the evidential and modelling basis for the proposed measures.

**Articles 34 and 36 of the Treaty on the Functioning of the European Union are as follows:**

**Article 34**

‘Quantitative restrictions on imports and all other measures having equivalent effect shall be prohibited between member states’

**Article 36**

*The provisions of Articles 34 and 35 shall not preclude prohibitions or restrictions on imports, exports or goods in transit justified on grounds of public morality, public policy or public security; the protection of health and life of humans, animals or plants; the protections of national treasures possessing artistic, historic or archaeological value; or the protection of industrial and commercial property. Such prohibitions or restrictions shall not, however, constitute a means of arbitrary discrimination or a disguised restriction on trade between member states’

The Society notes the judgements of the Court of Justice of the European Union with regard to the cases of the European Commission v France, Austria and Ireland (C197-08, C198/08 and C221/08) where those Member States fixed minimum retail prices for cigarettes. The Court held that the legislation in France, Austria and Ireland fixing minimum retail prices for cigarettes infringed European Union Law. With regard to attaining public health objectives, the Court held that a high price level for tobacco products can be fixed for those products by increased taxation of those products, the excise duty increases sooner or later being reflected in an increase in the retail selling price without undermining the freedom to determine price.

The Society notes that this judgement of the Court of Justice of the European Union in these cases is with regard to the Tobacco Directive 95/59/EC and that the structure for duty for tobacco is different from that for alcohol which is
set out in terms of the Alcohol Duty Directive 92/83/EEC in that tobacco duty is a function of the maximum retail price of tobacco, a maximum which the Directive requires the manufacturers to be free to set while alcohol duty is based on the volume of alcohol as opposed to its price. Accordingly interference with the pricing of alcohol may not effect the duty regime in the same way as in the case of tobacco.

It should be noted however, that not only the compatibility with EC Duty Directives have to be taken into account in fixing a minimum price but also the legal issues concerning the free movement of alcohol.

Jim McLean, in his oral evidence to the Health & Sport Committee on 17 March 2010 stated that the Court of Justice of the European Union could decide that these "complicated arrangements" with regard to minimum pricing were too problematic in relation to interstate trade and that it would "just not allow them". However, he also suggested that the Court could alternatively conclude that the Scottish Government had managed to find a way of targeting a particular pattern of consumption that was a particular problem and that there was evidence that the policy of minimum pricing of alcohol might achieve the Government’s objectives. As EU law would have no difficulty with a ban on loss-leading (selling below cost) or an increase in duty on alcoholic drink, the Court would apply the principle of proportionality by asking what it is that minimum pricing can achieve that neither of those measures could achieve. The lack of devolved competence in Scotland to set duties or ban loss leading (a ban would be a competition-law measure) is an internal UK matter and would not answer the question.

The further question exists of whether the compatibility of Section 1 of this Bill will eventually be determined by the Court of Justice of the European Union or whether a national court might dispose of it, itself. The difficulty is not in identifying the European law principle - is the proposed measure one that can reasonably be considered to be a genuine and justifiable effort to address a public health problem in a way that causes no more interference with the European single market that is indispensable to achieve that legitimate purpose - but in applying it to the facts. When the European Commission brings a case, the Court of Justice has to deal with the issue of law and also its application to the facts. But if a case is brought in a national court, the application of the law to the facts is recognised to be primarily a task for the national court. If the national court thinks that the European law is very clear, then even a national court of last resort, such as the UK Supreme Court, can use the doctrine of "acte clair" to justify a refusal to refer an EU legal point to the European Court of Justice. Procedural issues may turn out to be highly significant.

The Society also notes, however, since providing the Scottish Parliament Health & Sport Committee with written and oral evidence last year, the judgement of the Court of Session in the case of the Judicial Review of Sections 1 and 9 of the Tobacco and Primary Medical Services (Scotland) Act 2010 in the petition of Imperial Tobacco Limited and the opinion of Lord Bracadale in that case. In particular Lord Bracadale stated in his opinion that
Section 1 and 9 of the Tobacco and Primary Medical Services (Scotland) 2010 are not outside the devolved competence of the Scottish Parliament. (Section 1 prohibits the display of tobacco products at point of sale and Section 9 prohibits the use of vending machines to sell tobacco products) on the basis that the purpose of Sections 1 and 9 of the 2010 Act was to reduce smoking of tobacco among children and young persons and thereby improving public health in the long term and accordingly this purpose would not relate to a reserved matter (Section C7(a) of Schedule 5 to the Scotland Act 1998 the sale and supply of goods and services to consumers) as this provision should be given a narrow construction as covering the terms on which goods and services are sold.

The Society notes that this decision is at present subject to an appeal before the Inner House of the Court of Session and awaits the judgment in that appeal.

The Society notes with interest that there was no comment by Lord Bracadale with regard to the circumstances in which Section C7(a) of Schedule 5 to the Scotland Act 1998 “Regulation of …the sale…of goods to consumers” applies. It has been suggested by some lawyers that the reservation might apply to minimum pricing of alcohol (because a minimum price is a ‘term’ of the contract of sale) and accordingly be a reserved matter outwith the legislative competence of the Scottish Parliament. Others have expressed the view that a key question may be whether or not that reservation applies to all terms of a consumer contract or is, like the law of unfair terms in consumer contracts (see OFT v. Abbey National [2009] UKSC 6), confined to terms other than the main subject matter of the contract or the adequacy of the price and remuneration.

Finally, the Society should like to reiterate its comments with regard to enforcement of the minimum price of alcohol as a mandatory condition of premises licence in that the Society remains of the view that licensing standards officers will have difficulty enforcing this condition in each and every premises subject to a premises licence. The Society also asks whether a licenceholder would be in breach of paragraph 8(2)(e) of Schedule 3 to the 2005 Act by encouraging or seeking to encourage a person to buy or consume a larger measure of alcohol that the person had otherwise intended to buy or consume by, for example, offering food or non-alcoholic products with alcohol. This requires clarification as does the use of the wording "sold" and "supplied" in paragraph 6A(1) and paragraph 6A(2) of Schedule 3 to the 2005 Act as inserted by Section 1(2) of the Bill.

Section 2 - Repeal of Section 1 of Alcohol Etc (Scotland) Act 2010

The Society welcomes the repeal of this redundant provision.

Alan McCreadie
The Law Society of Scotland
10:01

The Convener: The next agenda item is our fifth evidence session on the bill. I welcome Alan McCreadie, deputy director of law reform at the Law Society of Scotland, and Jim McLean, a consultant at Balfour and Manson and also representing the Law Society of Scotland.

Gil Paterson (Clydebank and Milngavie) (SNP): Some witnesses have told us in evidence that the introduction of a minimum unit price would cause Scotland to be in breach of European law. Can you explain what that law is trying to achieve?

Jim McLean (Law Society of Scotland): That is a reference to articles 34 and 36 of the Treaty on the Functioning of the European Union. The EU is trying to ensure that there is interference with imports and exports only when there are certain justifications for that, and in no other circumstances.

Gil Paterson: Is it the main purpose of those articles to prevent a member state from discriminating in favour of home produce or against produce from another member state?

Jim McLean: Yes. It is to stop trade barriers being erected that do not look like trade barriers at first sight, but that operate as such. A relevant example is Germany’s law on beer purity. The law was such that beer could be made only from female hops and water and no other ingredients. If it was made of anything else it could not be called beer in Germany. The European Court of Justice said that such a law was completely disproportionate and that people could be perfectly well informed by a labelling system.

Gil Paterson: Does that lead me to believe that minimum pricing is not discriminatory because it applies to any product, no matter where that product is made?

Jim McLean: Minimum pricing might not discriminate, but it can affect the market. Minimum pricing would be considered as raising an article 34 question because it denies to the exporter possible cost advantages and the ability to price a particular product more competitively. There is an issue. The question is how that is dealt with.

Gil Paterson: The last part of this question is how that interacts with the public health aspect. What weight is given to public health?

Jim McLean: Article 36 deals with that leg of the question. The rule against restrictions on imports

"shall not preclude prohibitions or restrictions"
for a number of reasons, one of which is “the protection of health and life of humans”.

That is a possible way of justifying something, but we cannot just turn around and say, “This is a health measure, so it’s okay. End of story.” We must go further than that. It must first be shown that the view that the measure might protect health has been reached by a proper process and by consideration of a lot of evidence. Having got that far, the next stage would be to answer the question whether there was a simpler way of doing that that was less disruptive of trade.

No one has ever really had a go at justifying the use of minimum unit pricing. People have just said that it is a health measure. The response to that has tended to be to say that the obvious way of dealing with the matter would be to put up duty or to ban loss-leading—selling below cost—and to ask why that is not done. Anyone who wants to try to get a minimum pricing measure through must answer that question, because the proportionality test is whether the measure is indispensable. It does not have to be the only conceivable way of addressing the problem, but a real effort must be made to show that it could work, that there is reason to think that it could work, and that it is not disproportionate.

**Gil Paterson:** Finally, I will ask you, but not as lawyers—perhaps you can keep a wee legal hat on—whether the measure that the Government is trying to proceed with is all to do with public health?

**Jim McLean:** I think that it is a health measure, but the difficult question is whether it is proportionate. Given the context and everything that led up to it, it would be difficult to say that it is not a health measure. It is not one of those measures in respect of which people say, “Ha ha, I’ve found the answer. I can protect this industry by calling this a health measure.” The context and history of the bill suggest that nothing was further from people’s minds. The really difficult question is that of proportionality.

**Gil Paterson:** Thanks very much for that.

**The Convener:** Do you wish to add anything, Mr McCreadie?

**Alan McCreadie (Law Society of Scotland):** There is nothing that I can usefully add. The matter hangs on the interpretation of article 36 of the Treaty on the Functioning of the European Union and the proportionality issue.

**The Convener:** Okay. Thanks very much. Opening up that matter right away has been helpful.

I will ask for Richard Lyle’s indulgence. Are you going to pursue—

**Richard Lyle (Central Scotland) (SNP):** I want to follow up on the points that Gil Paterson made.

**The Convener:** That will be useful, as a number of others want to come in on the issue. I hope that we can cover the area properly.

**Richard Lyle:** A comment was made about excise duty and raising prices. If, as seems likely, the United Kingdom Government declines the Scottish Government’s request to use the Scotland Bill to transfer to it powers on excise duty, what pricing alternatives realistically remain for the Scottish Government? European law generally points towards taxation being the preferable option, but the Scottish Government will not have that power. Jim McLean said that excise duty could be raised, but we cannot do that, because it is a reserved matter. Realistically, what can we do?

**Jim McLean:** It is important to focus that issue. Under European Union law, the question is about trade with a member state, and the member state in question is the United Kingdom, although we are talking about just a part of it. The internal arrangements in a member state and the granting or withholding of powers in it are of no interest at all to European Union law. It is of no consequence that the answer to the question why duty was not raised or why loss leading was not banned is, “Because we couldn’t.”

**Richard Lyle:** If the UK Government said that it would not put up the price, are you suggesting that that would be us—we would be stymied and we could do nothing?

**Jim McLean:** No, I am not suggesting that. I am saying that the question whether minimum pricing is an appropriate and proportionate response to a perceived problem that complies with article 36 relates to trade into and out of the United Kingdom and does not concern the internal arrangements in the United Kingdom. The question whether such a power should or could exist is different and would not be addressed in litigation on the measure.

**Drew Smith (Glasgow) (Lab):** One test of proportionality will be the price itself. You have outlined some of the initial problems and where a challenge might come from.

We have discussed how the price would be varied in the future. The consensus is that it would need to be varied to remain useful. Raising the price by the inflation rate has been suggested, but that is not the only suggestion that we have heard. Index linking the price to inflation would have simplicity. It has also been suggested that we might wish to do modelling again or to set the price in another way.

It is not entirely clear how the Government proposes to vary the price. Are you concerned that
any subsequent price changes would raise the same possibility of legal challenge as the initial price would?

Jim McLean: A process of review—possibly continuous—would be needed to see that whatever was being done remained proportionate, if it had been considered proportionate in the first place. I will expand on that slightly. One difficulty is that, as far as I know, nothing quite like the proposal has been tried, although some measures in Canada have not been a million miles away from it. That means that people cannot point at evidence and say, “This is what happens when you have a minimum price.” What can be done is modelling, which has been done, with a great deal of care.

As time passes, I presume that a body of evidence will be collated about the impact. The European Court of Justice might be concerned that, if it said that minimum pricing was okay but the evidence over time did not stack up to back that up, it might have allowed an awkward situation to arise. Those involved might want to consider whether to build in some way of keeping the situation moving.

Drew Smith: My second question is about the operation of the measure. I do not know whether the convener wants to take other members first and come back to me.

The Convener: We will keep on the current theme, if you do not mind. I will of course let you back in later.

Jackson Carlaw (West Scotland) (Con): I will ask a question back to front, in a way. The committee has received an interesting report from the Subordinate Legislation Committee that makes the point that it is that committee’s responsibility to establish not just whether the bill could be within the Parliament’s legislative competence but whether it is within that competence.

As I have said in other evidence sessions, the Government has a majority and wishes to proceed with the policy. How do we establish whether it is legal rather than debate—as Gil Paterson sought to—whether it might be legal? Can that be established only once a case or an action has taken place? It has been suggested to us that the measure could be notified in the first instance and that a determination could be established. I am interested to know how, in order to give clarity, we would establish whether the measure is legal.

10:15

Jim McLean: Lawyers often come up against the fact that they are telling people how to manage an element of legal uncertainty rather than giving certainty. I do not think that certainty is on offer in this regard. In what way could the measure be notified?

Jackson Carlaw: I understand from evidence that we have received from other parties that it would be open to the Government to notify the European Commission of the intention to implement the policy, which would allow the Commission to determine ahead of the policy being enacted whether it fell within the competence of the Parliament or contravened any of the trade barrier laws to which you referred a moment ago.

That suggestion is new to me, and I am interested to know whether you are familiar with it. Obviously, we can sense the Government’s intention to proceed, but the Parliament must be satisfied as to whether the measure is legal. Are you saying that we will not know until it is tested in the courts, or is there a process by which a determination can be arrived at before that point?

Jim McLean: There are some obligatory notifications. If the measure involves state aid, for example, there would be an obligatory notification, but there is no state aid in this case because there is no transfer of resources except from the consumer.

An obligatory notification would apply if you were implementing standards, such as the German beer purity law that I mentioned earlier. A minimum alcohol content—would you believe it, that was once tried—would also be a standards issue, and there is an obligation both at European Union and World Trade Organization level to notify such a policy.

This measure, however, is none of those things. If someone just wanted to sound out the Commission, or even ask on a more formal basis, they would simply get an opinion from the Commission. That would be highly authoritative, and very much to be considered, but it would not be the last word. The Commission is not always right.

The cases that go before courts in general and the Court of Justice in particular have been brought usually because people have not been completely sure. Sometimes it is because they are trying it on, but I do not think that that applies in this regard.

Jackson Carlaw: To sum up that position, if we were able to notify the Commission of the policy intention, its opinion might offer the Parliament further reassurance, but it would not offer the Parliament certainty. Ultimately that certainty will be established only if the policy is subsequently challenged in court.

Jim McLean: I think so. It is always possible that the Commission might react by suggesting
what might be modified or done to make the policy more palatable; it is not unknown for that kind of conversation to happen. Ultimately, however, it would take litigation to get an absolute, 100 per cent definite view.

**Jackson Carlaw:** Thank you.

**Dr Richard Simpson (Mid Scotland and Fife) (Lab):** I have had sight of some correspondence from the Commission—I am not at liberty to say between whom at this point—which says that the proposal is:

“in principle, notifiable under Directive 98/34/EC laying down a procedure for the provision of information in the field of technical standards and regulations.”

I think that we just alluded to that. The letter goes on to say:

“The Commission always reminds Member States of their duty to notify. However, it falls under the Member States' competence to decide if and at what stage they will notify a draft national rule.”

The letter goes further and says:

“According to the Court of Justice case-law, the adoption of a technical regulation in breach of Directive 98/34/EC constitutes a procedural defect, which renders it inapplicable and unenforceable against individuals.”

That is quite a technical matter, but Jackson Carlaw asked about the general principle of notification. It appears to be helpful if notification is undertaken, but beyond that it appears that if notification is not made and the regulation is regarded as a breach of the directive, the law will fall. Am I misinterpreting the letter in saying that?

**Jim McLean:** I am aware of the obligation to notify a technical regulation, but I am not sure why people think that the proposal is a technical regulation. “Technical regulation” means:

“technical specifications and other requirements or rules on services, including the relevant administrative provisions, the observance of which is compulsory, de jure or de facto, in the case of marketing, provision of a service, establishment of a service operator”

et cetera. The definition goes on to include

“technical specifications or other requirements or rules on services which are linked to fiscal or financial measures affecting the consumption of products or services by encouraging compliance with such technical specifications”.

For example, there could be a situation in which a technical specification was put down that in fact operated as a kind of barrier.

I do not see that the minimum pricing of the product is a technical regulation in that sense. Other people might take a different view.

**Dr Simpson:** The Commission certainly takes a different view—

**Jim McLean:** So it would seem—

**Dr Simpson:** I presume that the Commission will be asked to comment at some point.

If the Government was certain about its legal position, surely it would be appropriate for it to ensure that all the boxes were ticked by notifying at an early stage. If the Government was comfortable with the policy, notifying would at least remove the possibility of the law being overturned on a procedural matter.

**Jim McLean:** The Government will take its own advice on that. As I said, I do not see a basis for an obligatory notification under directive 98/34/EC. As you said, someone at the Commission has taken a different view. I have come across people arguing about the obligation in other contexts, so I am not surprised that someone has raised the issue.

**Dr Simpson:** At the end of the day, it will be up to stakeholders to go before a national court and say that a technical regulation has been adopted without previous notification. From what you said, I understand that the stakeholders would have to prove, first, that the minimum pricing proposal was a technical regulation—they would cite the Commission’s support in that. If they proved that it was a technical regulation and notification had not been given, the national court might strike it down.

**Jim McLean:** Indeed, but, as I said, I find it difficult to see how it would be argued that it is a technical regulation, because it has nothing to do with the substance of the product or permitting the product to be on the market at all; it is purely about the price at which a product may be sold.

**Dr Simpson:** Thank you.

**Dennis Robertson (Aberdeenshire West) (SNP):** In relation to competence and barriers, is there any link between minimum unit pricing and tobacco, in the context of article 36 and the health aspects of measures? If we continue to look at the potential health benefits of minimum unit pricing, will there be any alignment with what has happened on tobacco pricing and measures that try to restrict the use of tobacco for the sake of people’s health?

**Jim McLean:** There have been cases on tobacco—I think that that is what you are alluding to—from which has emerged the idea that it is not enough simply to assert a health point. However, those cases were not to do with articles 34 and 36 of the treaty; they were about compliance with the tobacco duty directive, which is structured significantly differently from the alcohol duty directive. In the structure of tobacco duties, the freedom to set a retail price is a given. Therefore if someone introduced a minimum price for tobacco they would upset the way in which the duties system is supposed to work. That is not true of alcohol, so I think that there is a difference.
Dennis Robertson: So there is no direct alignment between the two.

Jim McLean: No. There are obviously resonances and ideas that flow between them but, on the direct point that the tobacco cases were on, the position on alcohol is not the same.

Jim Eadie (Edinburgh Southern) (SNP): In your submission, you referred to the Tobacco and Primary Medical Services (Scotland) Act 2010. What point were you making about tobacco and its relation to minimum pricing?

Jim McLean: It was a competence point.

Jim Eadie: We understand that taking such action was within the Parliament’s competence, but what was the link that you were making with minimum pricing?

Jim McLean: That was not so much a European point as a devolution point. There is a view in some quarters that the reservation of consumer law to Westminster affects the issue. The way in which it has been put is that here is something that affects the sale of goods to consumers. The issue of the scope of that reservation has been before the court, in the Imperial Tobacco—

Alan McCreadie: It went before the Court of Session as part of a petition for judicial review on the competence of the Scottish Parliament.

Jim McLean: That case is under appeal, but an interesting judgment was made on it, which included a remark about the reservation of consumer law being about the terms of sales rather than the environment of sales. That is true. In that context, I see exactly what Lord Bracadale was driving at.

There is a view that that is a major issue, but I do not agree with it.

Jim Eadie: That is helpful but, for the benefit of the non-lawyers on the committee, what was Lord Bracadale driving at?

Jim McLean: He was driving at the idea that a consumer law reservation does not have anything to do with whether you can have vending machines and so on, which is to do with the sales environment. A consumer law reservation is about the labelling of products, the information that is provided and, primarily, the terms and conditions of supply to a consumer. It comes through in the judgment that he had in mind things such as the Unfair Terms in Consumer Contracts Regulations 1999, which mean that certain exclusion clauses, liability exclusions and so on that might be possible in a sale of goods that is negotiated between businesses are not acceptable in a consumer contract. That was the kind of area of law that Lord Bracadale had in mind.

When a consumer, with his weaker bargaining power, is faced with standard terms and conditions, how should the law deal with that? My view is that that is the scope of the reservation. It is about that sort of law, rather than law about price. Such law does not cover the appropriateness of a price. That view is based on the judgment in the House of Lords on the Lloyds TSB case, in which there was a huge argument about the scope of the Unfair Terms in Consumer Contracts Regulations 1999. It was held that they did not apply to the price. There is room for argument; people take different views on that.

Jim Eadie: That was helpful.

The Scotch Whisky Association was quite explicit and unequivocal in its view that minimum unit pricing would be illegal. You have mentioned legal uncertainty. Do you have a view on the Scotch Whisky Association’s opinion?

Jim McLean: I would hesitate to rush in with a view one way or the other. I have sought to identify the issues. Much will depend on how impressed people are by the arguments that only minimum pricing can meet the particular objectives and that duty or a ban on loss leading could not. That is the main issue.

10:30

Jim Eadie: Your written evidence states that the issue is not just about compatibility with the EC duty directives, because minimum pricing could have an impact on the free movement of alcohol. Will you explain what you meant by that?

Jim McLean: That was another way of putting the same point—it is not a separate point.

Richard Lyle: Everyone is quoting acts and legislation, so I will quote a Law Society submission. It states:

“the Society notes that the minimum price of alcohol is set as the purchase price available to the purchaser and calculated in accordance with the formula as set out in Schedule 3, 6A(3) of the Licensing (Scotland) Act 2005 (‘The 2005 Act’) as amended by Section 1(2) of the Bill where, in terms of paragraph 6A(4), the minimum price per unit is such price as Scottish Ministers may by order specify.

It can therefore be construed as not being a matter of competition law as effectively Scottish Ministers fix the price as opposed to licence holders.

Accordingly this is a devolved matter within the legislative competence of the Scottish parliament.”

Will you clarify that?

Jim McLean: That was a heavily condensed passage. The question was raised at some stage as to whether there is a competition law issue. In my view, there is not a competition law issue because there is no voluntary involvement in the
price setting. The policy memorandum that accompanies the bill contains a remark about article 101 and, I think, article 102 of the Treaty on the Functioning of the European Union. The point is that, if the industry was involved in price setting, there would undoubtedly be a competition law issue, but it is not involved. Because the price is state imposed and is obligatory or compulsory and because the measure is a real exercise of state power rather than rubber stamping, there is no competition law issue.

Richard Lyle: Does the Scottish Government have that power?

Jim McLean: Competition is a reserved matter. If it had been a competition matter, that would have exceeded devolved powers. We take the view that it is not a competition law issue.

Dr Simpson: We heard from Professor Stockwell, who works in Canada, to which Jim McLean referred. The situation there is different, because the Government controls everything. The wholesale supply of all alcohol is done through the Government, and it sets the price. One interesting point that Professor Stockwell made was that there are 5,500 products.

The second last paragraph of the Law Society submission indicates concern about the enforceability of the proposed law, but I want to go down a slightly different route. Let us say that there are 5,500 products in Scotland, although the number might be more or less. In determining the proportionality of the proposal, should the Government consider the particular brands that are affected? If the majority of affected brands—it might even be a substantial majority—are manufactured abroad, the adverse effect on imported products could play a significant part.

Before we get to the final stage of the bill, should the Government produce an addendum to the explanatory notes that lists the products that are for sale in Scotland that are likely to be affected by whatever minimum price the Government eventually decides on? That would allow us to come to a view on the effect on imported alcohol.

Jim McLean: The idea being that, if minimum pricing had a disproportionate effect on imports, that would itself be discriminatory?

Dr Simpson: Yes.

Jim McLean: I think that that is an aspect of the proportionality issue. In a court case, one of the things in the background, which is not always avowed, is whether a measure is really a protectionist exercise. As far as I am aware, that has not featured in any debate on this matter. If anyone thought that, that is the kind of inquiry that they would want to make. I would think that the Scottish Government would find it pretty daunting to try to go through 5,000 or so products. If it were true that imported products might be more heavily affected, that would not be irrelevant, but it would not be the complete determinant.

Dr Simpson: You say that going through 5,000 products would be a daunting task, but if any ban is going to be properly enforced, the Government will have to do that anyway, so that it can decide which are above and which are below the minimum price.

I see that you are frowning. If it is going to ban—

Jim McLean: If you say that the minimum price is X, there is an enforcement issue, and you will have to find out whether it is being sold at X. That is very much like the other kinds of enforcement issues that arise in this context, is it not?

Dr Simpson: But the Government will have to check every product on the shelf to ensure that it is not breaking the law, if the price is 45p a unit or whatever it is going to be.

Jim McLean: I think that Alan McCreadie can answer this point.

Alan McCreadie: That is a licensing issue, as far as I understand it. The Law Society is pointing out that, if minimum pricing becomes law—if it meets all the challenge to do with competence and European compatibility—a practical problem will arise around enforcement. A breach of the minimum pricing legislation will not be an offence. The provision is an amendment to the mandatory conditions of licence, and there will be practical issues to do with enforcement, as those conditions are enforced by licensing standards officers on everyone who has a licence to sell alcohol.

We want to highlight that there might be practical issues to do with enforcement. We would put it no higher than that.

Dr Simpson: One of the concerns of the Commission will be whether the measure could prevent new competitors coming into the field—in other words, whether it might interfere with the market in a way that would prevent a highly efficient producer coming in and offering its product, which is identical to an existing product, at a lower price. Could that be an issue here?

Jim McLean: That is the issue that makes this a European law issue at all. The fact that someone might not be able to get the full benefit of their own efficiency is the reason why there is an article 34 issue in the first place. Everything that I have read on this seems to accept that that is an issue. The question is whether there is a health answer to it.

Drew Smith: The Law Society’s evidence talks about whether people who sell alcohol might be encouraged to sell larger measures, which might
bring them in breach of the 2005 act. Why do you raise that point?

Alan McCreadie: Again, it is just a practical point in relation to something that might come up if we have a minimum unit price. Under the mandatory conditions of licence, it is regarded as an irresponsible promotion if you are seeking to encourage someone to buy a larger measure. I appreciate that this point applies only to the on-trade, but it might arise in a situation in which there is a meal deal, and the price of the food that is served is brought down to meet the statutory minimum unit price of the alcohol. In a situation in which the price of the food is reduced to a great extent—which it would have to be, if the price of the meal deal is to be kept the same—it could be assumed that the customer is being encouraged to buy, as part of the meal deal, alcohol that they might not have bought otherwise. As I understand it, because of the changes in the Alcohol etc (Scotland) Act 2010, the mandatory condition of a premises licence applies only to the on-trade.

Drew Smith: I suppose that you are therefore anticipating the possibility of a market response that might take people into ordering larger measures.

Alan McCreadie: There may be a market response whereby the statutory minimum price is included in the meal deal. I would put it no higher than that.

Drew Smith: In the final part of your evidence, you said that section 2 is redundant, but in the course of our discussions so far it has emerged that we might not wish to regard it as such in our evaluation of these matters.

Alan McCreadie: We said that it is redundant in that it means nothing in terms of the 2010 act because that does not apply to minimum pricing. We appreciate that that was an issue at stage 3 of its passage. As regards the current bill, it is debatable whether there should be a sunset clause, or even a review clause, to monitor the effects of minimum pricing and whether it is properly targeted as a health measure. That is a matter that parliamentarians might want to consider.

Drew Smith: You said that if the EU opened the door to this kind of measure and it then proved to be ineffective, the EU would be somewhat disappointed that it had done that. Would the addition of a sunset clause be likely to influence matters on the European side?

Jim McLean: I think that it might. There is some question as to whether the full sunset review would be required, but an acknowledgement that this is a moving target and that evidence will be created would be extremely helpful.

Dennis Robertson: Can I clarify this point? Dr Simpson talked about various brands. If minimum unit pricing is to be based on volume and strength in terms of proof, can we not ignore the branding aspect?

Jim McLean: I am not sure whether that was the point.

Dr Simpson: I was not suggesting that the Government was making a specific attack on a brand but that the practical effect of the minimum unit price might be to exclude, disproportionately, a very efficient producer who is an importer. In other words, the practical effect of the policy might be to discriminate disproportionately against importers, and it could therefore be seen as an import control measure.

Dennis Robertson: My point is not about specific branding but the strength of the alcohol in terms of volume. If minimum pricing is based on that, I cannot see how it would involve any discrimination because it would apply right across the board.

Jim McLean: It would apply across the board, but that board might have more importers than native producers. This involves an article 34 issue, and that might form part of the argument. For me, however, the nub of the matter is whether this is a genuine health measure that is justifiable on the basis that it can do things that could not be done by any of the apparent alternative measures.

Richard Lyle: Have the licensing officers had any difficulty in enforcing the multiple discount ban or the smoking ban?

Alan McCreadie: I have no information about that, although I could certainly find out. I do not know how well the discount ban that was brought in by the 2010 act is working in practice. One could ask local authorities, because they employ the licensing standards officers.

Richard Lyle: As far as the smoking ban is concerned, all you need to do is go past any pub and see everyone standing outside.

Alan McCreadie: I certainly have anecdotal evidence in that respect. I frequent pubs from time to time myself and have noticed as much.

Richard Lyle: Of course, I am talking about smokers, not drinkers. Most pubs are free of pollution from smoking.

If the convener allows me, I will ask one more question. We have heard much this morning about whether the measure will be opposed, whether people will go to the law and so on. Now that the wagons are circling and people are coming after the bill, does the Law Society consider the
possibility of a challenge to the bill in Europe as significant justification for not passing it in the first place?

Jim McLean: I think that that is a policy issue.

Richard Lyle: You are a lawyer—give me your views on that question.

The Convener: There are two lawyers present, Richard, so you are in danger of getting two opinions. I am sure that both views will be personal.

Richard Lyle: With the greatest respect to the Law Society and lawyers, the fact is that if I have 10 accountants, 10 lawyers or 10 whatever, I will get 10 different opinions.

Jim McLean: We are trying to help with a risk assessment, but we are not the people who are taking the risk. Is this an appropriate time to mention where or how this might be litigated?

Richard Lyle: I am sorry—what did you say?

Jim McLean: I do not know whether a corollary of your question is how this might be litigated. After all, a procedural aspect that should be kept in mind is that the European Court of Justice likes national courts to do their work. It likes them to examine the assessment, look at the facts, reason the thing through and come to a view whether there is compliance, proportionality and all that sort of thing and, whenever it can, it says that national courts should just get on with that. Frequently, however, national courts do not do so. When that happens, the European Court of Justice in effect says, “Well, if no one else is going to do it, we’ll have to,” and does the work instead. Wherever this goes, if there is litigation, it will be incumbent on the Scottish courts to ensure that everyone concerned has gone through the arguments fully and that there is an opportunity for a really thorough analysis because it will make the job of whatever court reviews the matter much easier.

Moreover, you should not simply assume that the matter will go to Luxembourg. Like the House of Lords, the Supreme Court has been quite keen on the doctrine known as acte clair, under which it decides that the law and how it applies in a particular situation are pretty clear and does not feel the need to pass the matter on. In theory, such a decision is reviewable but, on quite a few occasions, the Supreme Court and the House of Lords have made up their own minds and the matter has never gone to Luxembourg.

Richard Lyle: So in your personal opinion if this bill were to be passed and then contested it would be contested only in Scottish law courts and the House of Lords and might not go to Luxembourg.

Jim McLean: It might not. However, given what I heard earlier, if the Commission has taken a view that there should have been a notification, it might intervene and take it to Luxembourg. In that case, the matter would be out of everyone’s hands.

Richard Lyle: Thank you very much.

The Convener: Is the measure more likely to be challenged if the minimum unit price is set at, say, 75p rather than 45p and if it is linked to inflation? Does it all depend on impact? If a challenge resulted in our having to reduce this almost to a token measure in order to get it passed and implemented, would that not render it almost meaningless as a health policy?

Jim McLean: If it were a token measure, that would probably count against it legally.

The Convener: Right.

Jim McLean: There is going to have to be a demonstration of the likely modelled effect of various possible price rises. As far as I can see, in the absence of actual evidence, modelling is all that can be done. It is really a kind of benefit analysis—if we fix the price at that, it will do this; if we fix it a bit higher, it will do that—and we need to analyse all that and draw conclusions about the balance between interference with trade and social benefit. That will be quite a task.

The Convener: Last week, one of the key players in this—the University of Sheffield—made it clear to us that, although it can provide information, the setting of the minimum unit price is ultimately a political decision.

Jim McLean: It is, but it is made within certain constraints of evidence-based objective justification for whatever price is being suggested.

Dennis Robertson: Given how subjective some of the evidence is, it is a difficult issue, but does support for minimum unit pricing from the medical profession—and, from a criminal justice perspective, the police—have any weight and help the argument for such a move? Indeed, might the support primarily of the health profession—after all, health is the important element in all of this—move us away from any prospect of a challenge?

Jim McLean: The health profession thinks that there is a problem and that this looks like a way of dealing with it. The question whether the response is proportionate is not a medical issue.

Dennis Robertson: But people in the profession have to witness and deal with the impact of excessive drinking.

Jim McLean: No one is contesting the notion of excessive drinking as a social problem. The question is whether the bill is an appropriate response to it.
The Convener: As members have no more questions, I thank both gentlemen for attending this morning and the Law Society for its previous input and the written evidence that it submitted this time round.

10:52

Meeting suspended.

10:55

On resuming—

The Convener: I welcome our second panel of witnesses on the Alcohol (Minimum Pricing) (Scotland) Bill. Nicola Sturgeon, the Cabinet Secretary for Health, Wellbeing and Cities Strategy, is accompanied by officials from the Scottish Government: Donald Henderson, head of the public health division; Marjorie Marshall, economic adviser on public health; and Edythe Murie, principal legal officer for health and community care.

I thank them for attending and invite questions from Gil Paterson.

Gil Paterson: Thank you, convener. Good morning to the cabinet secretary and her officials.

The Convener: I am sorry, Gil. In my rush, I did not offer the cabinet secretary an opportunity to make an opening statement. I believe that she has one.

Nicola Sturgeon: It is in your hands, convener. I am more than happy to say a few words of introduction.

The Convener: I think that that would be better. My apologies.

Nicola Sturgeon: That is all right. Thank you for the opportunity to give evidence to the committee today. I have followed your stage 1 consideration of the bill with interest, so I look forward to our discussion.

I will emphasise why we need to introduce minimum pricing to tackle the problem that we have in Scotland with alcohol misuse. The facts speak for themselves: alcohol misuse burdens our health service and police and it has a considerable knock-on effect on our economic potential and on families, who often bear the brunt of it.

The facts are stark. Excessive consumption costs Scots some £3.6 billion every year, which equates to £900 for every adult in Scotland. Alcohol-related death rates have doubled since the early 1990s and hospital admissions have quadrupled since the early 1980s.

The Convener: The link to crime is clear: in 2009, half of Scottish prisoners—including 77 per cent of young offenders—said that they were drunk at the time that they committed their offences.

Those high levels of harm are directly related to high levels of drinking. Each and every week since 2000, enough alcohol has been sold in Scotland to allow every adult to exceed the recommended weekly limit for men. Scots are now drinking almost a quarter more than their counterparts in England and Wales.

There has been a significant shift over the past 15 years towards off-trade sales. Nearly 70 per cent of alcohol is now sold through the off-trade and, although the average price of a unit of alcohol in the on-trade in 2010 was £1.34, in the off-trade, it was 45p.

I have made it clear on many occasions, and do so again today, that I do not and will not argue that minimum pricing is a silver bullet and the answer to all those problems. It needs to be viewed within the context of the much wider package of measures that is contained in our framework for action. That package includes measures on education, support for families and communities and preventive public health measures. All of those taken together can help to create the cultural shift that is required to deal with our relationship with alcohol.

However, I believe—in fact, I know—that there is a substantial amount of evidence that shows the link between price and consumption and between consumption and harm. Much of that evidence, including Professor Stockwell’s evidence on Canada, has already been presented to the committee. Although there is no direct read-across from Canada to Scotland, Professor Stockwell’s work provides us with the first empirical evidence of the effects of minimum pricing. It shows a consistent relationship between price and consumption: when prices go down, people drink more and, when prices go up, people drink less.

Therefore, I am convinced that minimum pricing is the right approach. The support for the policy from doctors, nurses, the police, academics, children’s charities and others is overwhelming. Minimum pricing can help us to stem the flow of cheap alcohol and—what is important—to redress some of the imbalance that has emerged in recent years between the on-trade and the off-trade.

I reiterate that I am not yet in a position to say what the minimum unit price will be, but I was keen for the committee to see the updated Sheffield report before today’s session, so we did all that we could to have that report finalised for publication and to allow the committee to see it. I am happy to answer the committee’s questions.
11:00

**Gil Paterson:** Good morning again. When we had a session with supermarket witnesses, I took it from what the Tesco representative said that supermarkets could see some benefits for consumers. Did I detect a softening up? Probably.

I have been involved in trading for a long time. One practical issue that has been raised in relation to minimum pricing of alcohol—although it applies to any commodity—is that, at the end of a selling period, the retailer is left with stock that it cannot move on. If minimum pricing is introduced, it might restrict businesses in doing what they normally do in practice, which is—to be frank—dumping product or pricing it so that they can sell it on. I know that Canada has a system to deal with that, which I believe applies to 1 per cent of turnover.

I detected a shift in the rhetoric, if nothing else, from the supermarkets. They may have a practical problem. Helping them in some way to run their normal business might assist the Government. I am sure that supermarkets do not want to do anything other than assist the Government. Does the Government have views on that?

**Nicola Sturgeon:** The question is interesting. I recognise very much that there is no single opinion in the supermarket sector—there are variances in opinion. Some supermarkets have supported the policy more than others have. I am keen to continue to work with supermarkets and the wider industry—that comment applies to the entire alcohol industry, although I am directing it to supermarkets at the moment. None of the motivation behind the policy is an intention to damage legitimate business interests. The alcohol industry is extremely important to Scotland. Our intention is to deal with the harms that are done by alcohol misuse.

I am aware of the system in parts of Canada that allows what Gil Paterson described—exempting products at the end of a line from the minimum price regime. I will make two initial comments by way of observation more than opinion—that certainly applies to the first comment. The market here is different from that in Canada, where the Government has in effect a monopoly on the sale of alcohol in all jurisdictions. We have supermarkets that I am sure are extremely efficient in their stock control.

A general comment is that, through not just minimum pricing but our entire approach to alcohol misuse, we are trying to make the point that alcohol is not a normal commodity. That is why we must treat it differently in some respects.

That said, we have not looked in any great detail at the issue that Gil Paterson raises. I am more than happy to give him and the committee an undertaking to go away and look at it in more detail. After we have done so, we will come back to the committee with more considered thoughts. It is certainly an interesting question to have raised.

**Gil Paterson:** The difficulty is that, as you highlighted, the controls in the Canadian model are somewhat different. However, every business, no matter how big it is, gets left with unsold stock. I am sure that Tesco and all the other supermarkets would love to find a way to sell all their items at the full price. However, I believe that the Government is thinking in the right way about how to address some of the problems. The fact that the cabinet secretary has said that she will consider the issue sends a good signal to people in the marketplace that we are considering the problems that might arise from minimum unit pricing.

**Nicola Sturgeon:** As I said, I am happy to do that.

**Richard Lyle:** Good morning, cabinet secretary. May I turn to the issue of the social responsibility levy? A number of people have concerns about the fact that the firms that will be affected by minimum pricing might have a windfall of more than £100 million. We have suggested that we may recoup the cost of dealing with alcohol misuse. In that regard, I note the figures that you gave for the costs to the health service. The Scottish Government indicated previously that it did not intend to take forward the levy. Would you consider introducing the levy to take money from firms that will make more than £100 million and invest it in the health service?

**Nicola Sturgeon:** I will introduce my answer with a few observations. The Parliament and the predecessor committee discussed this issue at some length when we considered the previous bill. I conceded then, and I concede now, that we want to find a route to deal with the issue.

I repeat that the figures in the previous Sheffield report and the updated Sheffield report on increased revenue as a result of minimum pricing are not just about increased revenue for supermarkets. In the debate previously, people have often suggested that all the increased revenue would go into the supermarkets’ pockets, but that is not the case. The Sheffield report does not break down how increased revenue would affect different parts of the alcohol industry; I do not think that that information is available. However, the effects would be shared by the producers, small retailers, large retailers and wholesale distributors—the entire chain of alcohol distribution.

One of the benefits of minimum pricing is the levelling of the playing field between the large retailers and the smaller retailers, who often find themselves completely priced out of the market by
the big supermarkets. That is not just a feature of minimum pricing. The figures in the Sheffield report looked at increased revenue from minimum pricing and at a ban on quantity discounts. We passed a law to introduce a ban on quantity discounts that is now in force and has a levelling impact, too. Parliament did not consider that in and of itself to be a reason not to do something that would have a significant and positive health impact.

Richard Lyle’s specific question was about the social responsibility levy. One of the changes since that levy was first proposed is the introduction of the public health levy by the Cabinet Secretary for Finance, Employment and Sustainable Growth. We have always said that we wanted to introduce the social responsibility levy when we considered the economic conditions to be right. We continue to live in a very difficult economic climate, so it is right that we continue to consider carefully the introduction of the levy. I have said previously, and I say again, that the social responsibility levy is a potential route for dealing with the issue of increased revenue. If people think that it is an important route, I remain open to considering how we could shape it so that it would have that effect.

The final point that I was going to make has gone completely out of my head. If I remember it, I will come back after you have asked your supplementary question.

Richard Lyle: I have two more questions. There are plans for an all-Ireland minimum price for alcohol. Last Thursday, there was a meeting between the Northern Ireland Minister for Health, Social Services and Public Safety, Edwin Poots, and the Republic of Ireland’s Minister for Health, Dr James Reilly, and Minister of State in the Department of Health, Roisin Shortall. They are hoping to agree a minimum price, and they are watching Scotland closely. What is your view on the proposal?

Nicola Sturgeon: I have spoken to Edwin Poots about the proposal. During the past couple of weeks we have heard a lot about the world watching Scotland, for different reasons. Whatever the reason, it is a thoroughly good thing that the world is watching.

I know that, on alcohol, many countries regard Scotland as a leader in our public health approach, as we were rightly regarded when the previous Administration brought in the ban on smoking in public places. Northern Ireland, the Republic of Ireland and England are looking closely at what we are doing on minimum pricing. I am firmly of the view that where Scotland leads, other countries will follow.

Richard Lyle: Various organisations say—you yourself have said—that there might be a legal challenge to the legislation. Witnesses from the Law Society of Scotland told us this morning that the measure might be challenged in the Scottish courts and might go to the Supreme Court, but they thought that a case might not go to Luxembourg. What is your view on a legal challenge?

Nicola Sturgeon: Any act of the Scottish Parliament is potentially subject to legal challenge—that is a fact. The legislation that introduced the ban on smoking in public places was challenged in the courts, and the more recent legislation on display bans is still being challenged in the courts. This is simply my opinion, but I hope that if the Parliament passes the bill, people who might be considering such a challenge will respect the will of the Parliament, because we will have made a clear decision.

Whether there is to be a legal challenge is for other people to decide; my job is to ensure that the Government does everything that it is our responsibility to do to ensure that our defence in any legal challenge is successful. That is why, for example—indeed, this is the most important example—we are taking such care about the setting of the minimum unit price, as we did during the passage of the Alcohol etc (Scotland) Bill. The updated Sheffield model is one of the factors that we will take account of in coming to that decision; there is a range of other factors.

I listened briefly to part of the meeting before I arrived. I heard the witness from the Law Society run through the legal position and talk about the need to ensure that we show health impact and consider proportionality. We need to take great care around those factors. I am convinced—as I was during the passage of the previous bill—that our policy is perfectly capable of complying with European law. I will visit Brussels next week and I hope to have a number of meetings to discuss the policy with various interests in the European Union.

Jackson Carlaw: I associate myself with what you said in your opening remarks about the whole issue of alcohol misuse. I will not spend time debating the merits of the policy, but I will ask about one or two consequences of it.

We took evidence from the Sheffield team last week and we have subsequently received the updated model—thank you for allowing us to have it. I asked a question of Professor Brennan, and I will quote his reply; I would not normally do that, but what he said underpins the substance of my question. He said:

“I will meet you halfway. My personal perspective is that evidence should be used in policy making to as great an
extent as possible. Evidence is not the only part of life, but when we have it, it is wrong to ignore it.

It is wrong to say that the Sheffield model is the only evidence. It is a tool that synthesises all the evidence that is available from various different studies, data sets and all the rest of it, in an effort to answer your question. It is not the only evidence.

If minimum pricing turns out to be completely ineffective or a counterproductive policy, for reasons that are not included in the modelling and which have not been included elsewhere, that is evidence, and evidence should be included in policy making. What you do with legislation is way beyond my ken, but evidence is evidence and all evidence should be considered.”—[Official Report, Health and Sport Committee, 24 January 2012; c 919.]

Do you agree with Professor Brennan’s summation that, if the policy proves to be ineffective or counterproductive, that is evidence in itself? It is not what you are expecting—I am prepared to accept that—and, given that the Government can get the policy through Parliament, I have to hope that it works. However, in the event that it does not, do you agree with Professor Brennan that that would then become evidence and should inform policy? What conclusion would that lead you to in policy terms?

Nicola Sturgeon: First, I absolutely agree with Professor Brennan. We discussed that issue in the predecessor committee, in which Richard Simpson and I had many exchanges. The Sheffield study involves modelling: there is a lack of hard evidence around minimum pricing because no other country has done it in the form that we are proposing. However, the Sheffield model certainly points us very firmly in the direction of believing that it will have not only an impact, but a significant impact on the harms that we see from alcohol misuse.

Once the policy is introduced, it is vital that we evaluate it. I may be wrong, but I think that the committee has had some detail from NHS Health Scotland about how, as part of the overall MESAS—monitoring and evaluating Scotland’s alcohol strategy—suite of projects, it intends to go about evaluating the impact of minimum pricing.

I believe firmly and passionately that minimum pricing will be effective, and all the evidence from those who support the policy agrees with that. Of course, we need to look at hard evidence and continue to demonstrate the on-going effectiveness of the policy to ensure that it passes all the tests that it needs to.

The benefit of that hard evidence creates the real interest around Professor Stockwell’s Canadian work. I am not suggesting that we can just read across from Canada to Scotland, because the systems that Canada has in place are different from the system that we propose. Nevertheless, Professor Stockwell’s work is the first empirical evidence that we have had that demonstrates and proves the link between price and consumption, and it is therefore very valuable.

We will continue to evaluate the policy: it is vital that we do so, for the reasons that Jackson Carlaw quoted.

Jackson Carlaw: I am interested to know where it may lead in policy terms. Colleagues have discussed the evaluation in strong terms, and they will possibly do so in their questioning, so I will leave that to them.

It was interesting to hear the legal people in the previous evidence session raise the question of whether a sunset clause would be useful. There is no such clause in the current bill, but there was one in the previous bill. Would the inclusion of such a clause be a backstop against the possibility that the policy proves to be ineffective?

Nicola Sturgeon: I am open to persuasion on that point. There was a sunset clause in the previous bill, which I proposed in one of my various attempts last time round to persuade people to give the policy a chance.

Last time round, I kept being hit with the statement that you have just made—I know that you were not trying to hit me with it. People said, “We don’t know that this works, because nobody’s ever done it”. My response was, “Well, you’ll never find out if nobody is prepared to try it.”

In effect, the sunset clause was an attempt at saying, “Okay—you have this view, I have that view. Let’s try it and if it doesn’t work—if you’re right—we have the sunset clause.” We are going to evaluate the policy. On balance, I decided not to put the sunset clause in the bill as it is drafted, but I remain open to persuasion. If that makes it easier for people to support the bill—even if they have reservations and remain sceptical in a way that I am not—I am happy to discuss that at a future stage of the bill process.

Jackson Carlaw: Thank you. It is certainly not my style to try to hit you with anything, cabinet secretary. I will leave that issue there.

On the legal matter that Richard Lyle raised, I read with interest your exchange with the Subordinate Legislation Committee, which approached the issue in quite a methodical manner. The committee stated in its report that the Parliament must be satisfied to the best of its ability that the policy “would” rather than “could” be legally competent, as I think that you acknowledged.

In your response to Richard Lyle you said—as I have heard you say elsewhere—that you would not be surprised if a legal challenge should follow. We accept that, given the arithmetic in the
Parliament, the policy will be passed, and therefore it will be open to people to challenge it.

I wonder what you mean when you say that it is the Government’s responsibility to do everything that it can. I will touch on the notification issue, which I had not appreciated fully, and the Government’s thinking on seeking to have the best possible opinion on how the legal position might unfold ahead of Parliament passing the legislation. Does that approach have merit? I know that it would go beyond the Government’s natural responsibility, because the bill does not meet the criteria that would oblige you to notify, but nonetheless you could do so. Alternatively, is it your preference that the Parliament should pass the bill and, if it is challenged legally, so be it—we simply await that challenge and a resolution thereafter?

Nicola Sturgeon: Should the issue of notification arise, it will relate to the regulations, as we have already introduced the bill, which will be a piece of enabling legislation. Our firm view is that we are not obliged to give notification of the measure, by which I mean the bill and the regulations that will follow from it. In short, the reason for that is that the directive relates to standards for products. The measure is not state aid, nor is it setting a standard for alcohol. If, for example, we were to set regulations on the content of alcohol, they would fall within the definition of a measure that required notification. However, the measure that we are discussing does not set a standard. We are clear about that, and my understanding is that the UK Government agrees with our interpretation.

It is open to us to notify the European Commission of the regulations anyway, and I certainly do not rule that out. We are considering that and we might do it. However, that should in no way suggest, or lead to anybody’s suggestion, that we are obliged to do so—I am clear that we are not.

Jackson Carlaw: I understand that, and I couched my question in those terms. I am interested to hear you say that, notwithstanding the fact that the Government does not meet the criteria that would oblige you to notify, but a range of reasons, it is better to notify in order to have the best possible opinion on how the legal position might unfold ahead of Parliament passing the legislation. Does that approach have merit? I know that it would go beyond the Government’s natural responsibility, because the bill does not meet the criteria that would oblige you to notify, but nonetheless you could do so. Alternatively, is it your preference that the Parliament should pass the bill and, if it is challenged legally, so be it—we simply await that challenge and a resolution thereafter?

Nicola Sturgeon: I thank the cabinet secretary for that. I would be happy to address the discount ban. I was surprised to learn that the ban is not being applied to multipacks and that your officials apparently briefed the industry, prior to the passing of the Alcohol etc (Scotland) Act 2010, that that would be the case. It is partly my and the predecessor committee’s fault for not spotting this, but I thought that we had passed a bill with the principle that people should not be encouraged, by the price being lower for their acquiring large volumes, to buy greater volumes of alcohol. We have that in the off-trade, and I thought that we had introduced it in the off-trade through the Alcohol etc (Scotland) Act, but it turns out that, provided that a retailer does not sell single cans of beer, for example, they can sell multipacks of four cans at £4 and 20-packs can be sold at £13—those are actual prices from a supermarket. As Gil Paterson said, the only problem for retailers is that, if the packs are broken, the cans cannot be sold at a lower price because they become single cans again.

In effect, what we seem to have achieved through the ban on discounting, in the way in which it has been implemented, is a situation in which single cans are no longer available in most supermarkets and other outlets, because if a single can is sold, the multibuy packs must be sold at a multiple of the cost of a single can. I am sorry to go on at length, but it is because I am so disappointed that the one measure that we agreed on in the Alcohol etc (Scotland) Bill has not turned out to be quite the measure that we thought it would be. Would you like to comment on that?

Nicola Sturgeon: I would be happy to comment. I am not making any judgment when I say that I was very clear about what we were passing—indeed, I recall discussions in Parliament about the restrictions and the
limitations of what we were passing. Before I go on to those, I make it clear that I think that the legislation that we passed was a big step forward and that it is good. We went as far as we could on the discount ban in that legislation. It was because of devolved and reserved competence issues that we could not go as far as we perhaps wanted to. The fact that the regulation of price indications is reserved took us into difficulties in having what I would describe as a comprehensive discount ban. Even if we had been able to go that far with the discount ban, I was always of the view—I remain of the view—that a discount ban will be most effective when it is used in conjunction with a minimum unit price. If we have a minimum unit price, that will give us the optimal situation of those two policies working in tandem.

Dr Simpson: Thank you for that.

I want to move on and get your opinion on the effects of the policy. It is clear that the medical profession is deeply concerned about harmful drinking and that it has some concerns about hazardous drinking, which is my major concern. We know that a minimum unit price of 45p or 50p will have an effect on seriously harmful drinkers.

However, we heard again from the University of Sheffield that one group—one of the major problem groups—that it seems minimum pricing will not affect to any great extent is 18 to 24-year-olds. It appears that there will be a minimal effect on hazardous drinkers in that group—I think that the predicted reduction, at a minimum price of 45p, is 0.7 per cent, which would be a tiny reduction. Do you agree that binge drinking among that group, which may lead to serious alcohol problems, is an important issue? As a consultant addictions specialist, in recent years I have seen youngsters with cirrhosis at 22 or 23, which I did not see when I practised in addictions in the 70s. What is your view of that?

Nicola Sturgeon: As was the case with the previous Sheffield report, the updated Sheffield report—I appreciate that perhaps not all members had a chance to study it in detail—shows that the impact of a minimum unit price increases as we go up the scale from moderate to hazardous drinkers. That is the case at most of the prices that are identified. The overall impact and the impact on particular groups depends, to some extent, on the level at which the price is set.

Younger drinkers tend to drink cheaper alcohol, so I think that a minimum unit price would have an effect on them. When we come to set the price, we will want to look at the level at which we will have the optimal impact, without going to the extreme of distorting the market, on as many of the problem groups—if I can call them that—as possible.

I suppose that the rest of my answer to that question takes me back to something that I said at the outset. Minimum pricing, in and of itself, is not the whole answer. I appreciate that we have spent a lot of time debating minimum pricing in isolation, but it is not the whole answer. I think that that might be particularly the case with younger drinkers. I am not saying that I do not think that minimum pricing will have an impact on younger drinkers—I think that it will—but, for younger drinkers, there are other measures in our alcohol framework that are particularly important from the point of view of changing attitudes and changing the culture around alcohol. That puts a big emphasis on some of the educational provisions in our alcohol framework.

There will be an impact on younger drinkers, and the fact that there might be a greater impact on other groups, such as harmful and hazardous drinkers, is not an argument against minimum pricing; it is an argument for ensuring that it is a part of a bigger package of measures, which is what we are trying to do.

11:30

Dr Simpson: I want to put on record the fact that the new Sheffield report shows that the effect is greater for hazardous drinkers as a whole than for hazardous drinkers in the 18 to 24-year-old group, which is the group that I was concerned about, with their binge drinking, their part in the night economy and the damage and crime that they commit.

The overall reduction in the amount that would be consumed by the hazardous drinkers is about a schooner—that is one of the new measures—of alcohol a week. That does not seem to be a significant reduction. I do not think that, given a consumption rate of 35 to 50 units a week, a reduction of 67 units a year will have a big effect.

Nicola Sturgeon: Unless the convener wants me to, I do not want to delve into the fine detail of the Sheffield report, because I think that we would quickly start to lose each other. The fact that the impact on the hazardous drinkers as a whole would be greater than the impact on a certain subgroup of hazardous drinkers is not an argument against the policy. As I said, it is an argument for ensuring that the policy is part of a wider approach.

The Sheffield report contains a lot of fine detail, which is helpful, but if you consider, for the sake of argument, the overall impact of the 45p-per-unit price that we indicated previously is our preferred price, you can see that there would be a significant overall impact on every area—the financial aspects, deaths, hospital discharges, reduction in crime and so on—and that that impact increases.
as you go from the moderate drinkers to the hazardous and harmful drinkers. That is the real benefit of minimum pricing. It helps us to target where the problems are.

The impact on some problem areas will be greater than the impact in other problem areas. However—as was noted by the representatives of the Institute for Fiscal Studies when they gave evidence—the benefit is that it helps us to target those who are in the problem category; those who drink more alcohol in general, but who also drink more of the alcohol products that will be more affected by minimum pricing.

**Dr Simpson:** The revised Sheffield report shows that there has been a slight reduction in the effects on alcohol consumption that are predicted by the model—given a 50p minimum price, the reduction is 7.8 per cent instead of 8.7 per cent. That is, I presume, at least partly due to the increases in VAT and duty that were brought in by the Labour Government and, again, by the coalition Government. Of course, we know that, in April, there will be a further increase of 7.2 per cent—that is, the rise in the retail price index plus 2 per cent, which is a policy that the coalition has continued. Would it not have been helpful to have at least asked the University of Sheffield to say whether that might cause a further reduction in the likely gain from the introduction of minimum unit pricing?

The figures that I referred to relate to a situation in which there is the minimum unit price as well as the discount ban that has already been brought in, which is already having a significant effect and might have reduced consumption by around 3.5 per cent. If the effect is reducing because of the increased prices and the discount ban, the effect of minimum unit pricing will be squeezed.

**Nicola Sturgeon:** To be fair to Richard Simpson, I think that he made the point himself that the reduction that he is talking about is slight. When it is put in the context of the problem that we face and the harms that I spoke about earlier, it seems even slighter. Richard Simpson is right that one of the reasons is price changes, but it is not the only factor. The other inputs that Sheffield updated were consumption data, purchase data, price, distribution data, mortality data, hospitalisation data, latest crime statistics data and labour force survey data. Sheffield took into account a variety of updated factors in order to produce its report.

I do not know what the answer will be, so I do not want to raise expectations. I am happy to investigate with those at Sheffield whether they could carry out the exercise that Richard Simpson suggested on projections based on further increases in price to see whether they can answer the question, although I do not know whether they will be willing to do that.

**Drew Smith:** I will move on to the mechanism for changing the minimum unit price. I asked the cabinet secretary about this in my previous role as a member of the Subordinate Legislation Committee. From all the evidence, we know that if the minimum unit price were to remain the same, the law of diminishing returns would affect the effectiveness of the policy. There must therefore be a mechanism for changing the price. Will you take us through your thoughts on how that will work?

**Nicola Sturgeon:** I think Drew Smith asked me the question when I attended the Subordinate Legislation Committee. Two broad options are open to us. I dare say that there are variations on both, but I will stick to the broad options, at the moment. First, we could use an inflation-linked mechanism that went up in line with RPI or RPI plus a certain factor. Secondly, we could commit to reviewing the policy biannually or every five years. We are still considering what the best approach would be. Professor Stockwell has said that an automatic link to inflation would be best because the increase would happen automatically and people would get used to it. That argument has some force. Canada, of course, does not have to deal with EU law; we, on the other hand, are not necessarily sure that an approach whereby the price simply rose with inflation would retain proportionality, as is required by EU law. For example, inflation could be going up and consumption could be coming down.

That takes me more towards the alternative whereby there would at set intervals be a review of the policy that would, in effect, do what Sheffield has done in its updated report by taking account of all the different factors that might have changed and coming to a balanced judgment on that basis. That is a summary of my thinking at this stage; it is not a final decision. If the committee has views that it wants to express, I will be happy to hear them.

**Drew Smith:** That is extremely helpful. We have discussed the matter with other witnesses, and it seems to be reasonable to take that approach, for the reasons that you have outlined. Some witnesses suggested that the price should change much more regularly than you are considering. At what stage will Parliament know what your plans are?

**Nicola Sturgeon:** Regarding reviewing of the minimum price, I am happy to give the committee a commitment that before we get to the final stage of the bill we will come to a final view on our approach, because Parliament should have the chance to reflect on and comment on that.
setting the price initially, it will be a balanced judgment; it is important that we get it right.

Some people have said that the review of the price should be more regular. I understand the arguments for that, but there is a counter-argument that says that reviews should be less frequent in order to give the industry greater stability. The most important overall consideration is to ensure, on an on-going basis, that the minimum price is set at a level that delivers the kind of benefits that we want it to deliver—for obvious reasons—and the benefits that it must deliver in order to pass the tests that it needs to pass.

The Convener: Would you go as far as to say that you agree with Dr Rice that the mechanism is more important than the price that is set?

Nicola Sturgeon: I have not seen exactly what Dr Rice said about that. The mechanism is equally important but I would not, to be fair, say that it is more important, because how we initially set the price is how we initially pitch the policy. However, it will certainly be important thereafter to keep the policy and the price up to date. That is why it is right to give the committee the commitment that we will come to a final decision before we get to stage 3 of the bill.

The Convener: We welcome your invitation to respond on the matter, but it gives us a wee bit of a challenge because we have not considered it specifically, so we will need to discuss it, perhaps in today’s post-evidence session. Are there any other questions?

Dennis Robertson: I will return to the social implications of minimum unit pricing. Your opening remarks on the consequences of abusive drinking were quite disturbing. To do nothing would be wrong. Dr Simpson said that some of the impacts of minimum pricing would be minimal, but that would be better than nothing.

Do we have a duty to listen to our medical profession, police, third sector, victim support units and children’s charities and to do something now to try to make as much of a social impact as possible in order to benefit the most vulnerable people in our communities? As you rightly said, minimum unit pricing is not a silver bullet, but it is a way forward and a step forward.

Nicola Sturgeon: Yes, I agree strongly with that. To be clear, I do not believe that the impact of minimum pricing would be minimal. To be fair to Dr Simpson, I am not sure that he argued that either; he argued that the impacts of minimum pricing are variable, which is a fair observation to make.

Dennis Robertson is absolutely right. I concede the point that opinion is not evidence but, nevertheless, we have a duty to listen to the opinion of people who work day to day with the effects of alcohol misuse, whether in the health service, the criminal justice system or the family support and child protection system. Sometimes, although that experience does not give us hard evidence, it gives us a lot of information to work on.

I hope that I am not misattributing this, but I think that it was Dr Rice’s work with hazardous drinkers that showed that, contrary to what some people might think, such drinkers are affected by increases in the price of alcohol because they are no longer able to trade down, for example. Such opinions are hugely important. When we have a coalition of opinion that embraces the police, virtually everybody that I can think of in the medical and wider health professions, public health experts, children’s charities and growing sectors of the alcohol industry itself, we have a duty to listen. I hope that, this time round, the Parliament will listen.

Jim Eadie: I return to why the Scottish Government is introducing the measure in the first place. When I look at the highly respected updated econometric modelling from the University of Sheffield, it strikes me that one of the most telling estimates in that document is the number of lives that would be saved in the first year of minimum unit pricing, which is estimated at 33. That is 33 human beings whose lives would be saved and 33 families who would not lose a loved one. It is important that we remember that when we discuss the policy. I will ask two questions. I understand that there are other factors, and we have heard about the need to demonstrate proportionality when setting the price and justifying the policy to the European Union, but will you consider carefully the number of lives that would be saved when you arrive at a minimum unit price? Secondly, when will you announce the minimum unit price?

Nicola Sturgeon: The straight answer to your first question is yes. The relationship between a particular price and the harm reduction that results from it is a central factor. That is why we have set such store by the Sheffield report. As you indicated, that report is not the only factor that we take into account—we need to consider a range of other factors, such as alcohol price—but the modelling in it that suggests the benefits that would flow from set prices is a key part of our consideration.

We are getting close to a decision on the price. Like the committee, we have just received the updated Sheffield report, so it will take us a bit of time properly to analyse, digest and reflect on it. However, I am of the view that we will name the price during stage 2, and certainly before stage 3, of the bill.
Jim Eadie: Finally, I will ask about the public health levy on large retailers. We know from experience—Richard Simpson was eloquent on the subject earlier—about supermarkets’ ability to get round, if not the letter of the law, then at least the spirit and intention of the law, in their behaviour. What measures are you putting in place to monitor the effectiveness of the levy and to ensure that the supermarkets do not seek to undermine it? In answering that, will you touch on how the Government envisages the money will be invested to tackle alcohol misuse and take forward the specific measures in the alcohol framework?

Nicola Sturgeon: The public health levy that John Swinney introduced is part of the business rates regime, so there are clear criteria for those who are subject to it. It is important that the levy be applied according to those criteria, and it will be. The income goes to local authorities and the measure is part of the approach that we have tried to take to assist local authorities, working with their health partners, to be more preventative in how they spend money. As with all our policies, we will monitor the impact of that.

The wider aspect of Jim Eadie’s question was about the supermarkets’ approach to policy. I would never suggest that supermarkets do not abide by the law. They do. However, they benefit. For me, one of the simplest attractions of minimum pricing is that it is applicable across the board and it does not discriminate. It is a price per unit of alcohol and it applies to the bottle of cider in the same way as it applies to the bottle of wine. It is a per unit price, so it is directly related to strength.

The other point is one that was not necessarily taken seriously enough or given enough consideration during previous consideration of the measure. Cheap alcohol comes at a price—not just the price that we are talking about—which relates to lives, health impact and crimes that are committed. Consumers—people who go to a supermarket for their weekly shop—pay the price of cheap alcohol through higher prices for other things that they buy, because supermarkets loss lead on things. Without being flippant, I point out that bananas cost more if alcohol is deep discounted. Minimum pricing also has the benefit that we will not see other goods becoming more expensive to subsidise cheap alcohol.

The Convener: Given the session that we have just had with the Law Society, are you getting into deep water there? Do we need to be careful in looking not just at the health outcomes but at supermarkets’ pricing policies or, as you mentioned earlier, whether it is unfair on smaller supermarkets that big ones can beat them competitively through selling drink? Is that dangerous territory for us? Does it take us out of the health agenda?

Nicola Sturgeon: No. I say with respect that we are getting into that territory, convener. I argued earlier that because a minimum price for alcohol will apply regardless of where alcohol is sold and regardless of the type of alcohol, one of the side benefits—it is not the motivation for the policy, but it is a benefit—is that it levels the playing field between the corner shop and the big supermarket. At present, the big supermarket can cut the price of alcohol and absorb the costs elsewhere, but corner shops cannot do that to the same extent, so they can find themselves under severe competition from supermarkets. The minimum price policy will, as a natural consequence, level that playing field.

The Convener: That is a bit contradictory, though, in terms of the outbreak of corner shop supermarkets and the need to sell alcohol at a higher price in some of our poorest estates. The bill will not prevent them from making a business out of it.

Nicola Sturgeon: Sure—but the point is that the minimum price will apply across the board, so nobody will be able to sell alcohol below that price. That will level the playing field. Corner shops are already, by and large, more expensive places in which to buy alcohol. Minimum pricing will not make them cheaper, but will make the bigger retailers more expensive.

There is no doubt—the convener is right—about the impact of alcohol in some of our most deprived communities. That is one of the big motivations behind the policy.

The Convener: You referred earlier to engagement with Europe and your proposed visit there. What preparation have your officials and officials in Europe done to make the policy more accessible and to sell it to commissioners and European officials?

Nicola Sturgeon: The aim is not really to sell the policy to commissioners. The view of commissioners and the Commission is influential but, ultimately, it is not the Commission but the courts that decide whether something is legal. Our responsibility, on which we have expended and will continue to expend the bulk of our efforts, is to get it right in setting a price that ensures that the policy complies with European law.

There are lots of discussions between my officials, European officials and UK Government officials. As I said, I will go to Brussels next week. It is not the Commission’s job to give us legal advice, either. It is important that we continue to discuss our intentions, why we believe that the bill is perfectly capable of complying with European law and why our ultimate price will comply with it. I
am due to meet the European Commissioner for Health and Consumer Policy next week and I hope to meet the commissioner or senior officials in the directorate-general enterprise and industry as well. I look forward to those discussions.

Ultimately, we must make the judgments on the basis of the best evidence and advice that are available and we must take into account all the points that people are making.

The Convener: That is entirely sensible. As you have said, Canada does not need to take European law into account, but we do. I am not an expert on engagement with Europe, but I know from experience that it is wise and sensible when we are pursuing a policy. I have heard many a minister and cabinet secretary explain in the Parliament that, although they did not have a definitive legal position on a given issue—I am thinking of competition and ferries, which affected my constituency—they had a strong opinion from commissioners. I presume that that will be part of your discussion next week and that, before you go to Europe, your officials will have had some engagement on and discussion about what minimum price would be proportionate and what mechanism would be proportionate to keep the price relevant. Is that the case?

Nicola Sturgeon: There is on-going and regular engagement between Scottish Government officials and European officials. That is right as we move through legislating and, I hope, into implementing the policy.

The position under European law is clear. European law does not prohibit minimum pricing of alcohol, although the minimum price must pass certain tests to be compliant. The decision about the price, based on all the evidence that we have, is one that we require to take.

You are absolutely right—the importance of good engagement at ministerial and official levels speaks for itself. We have prepared and will continue to prepare for that. I will have the discussions next week and, after that, we will continue to engage with Europe as closely as is appropriate.

The Convener: As I said, such engagement is entirely sensible, but the consequence is that Europe will influence the general policy. It would be silly to have discussions with officials otherwise. You are going out to Europe next week, the preparations have been made and you have some idea of what the Commission will say about the minimum price that will be set and about the mechanism. I presume that you agree that the paper on evaluation plans post-minimum pricing would also be helpful. Will you share with the committee the nature of the discussions that have taken place and the parameters that have been discussed?

Nicola Sturgeon: The Commission is not going to say to us, “Set a minimum price at this level and you’ll be fine; set it at that level and you won’t.” That is not the nature of the discussions. The discussions that we have had and will continue to have will, along with all the other things that we are considering, be part of the process of reaching our view. I am clear in my mind that minimum pricing is not prohibited by the European Union but that there are certain tests that we must pass. The discussions will be part of the process that we will go through in coming to our decision, but they will not be the only part and we are not going to have the European Commission be definitive with us about where we should set the minimum price.

The Convener: I understand that completely, but I take it that we are agreed that the EC will influence the debate, otherwise what is the point of you and officials visiting the Commission? What is the point of having detailed discussions if they are not genuine? Having the discussions is entirely sensible, cabinet secretary.

Nicola Sturgeon: I know. I always do my best to be helpful to the committee, but I am not entirely sure what you are asking me to say beyond what I have already said. As I am sure members will appreciate, part of the reason for my visit is courtesy in order to keep the Commission and other interests in the European Union up to date with the development of our policy and the factors that we are taking into account. Yes, another part is to hear any observations or comments and, although I think that it is unlikely that they will give us advice, if they were to do so, we would hear it. All of that will, of course, become part of the decision-making process in which we are engaged, but it would be wrong to say that engagement with Europe or my meetings next week will be the deciding factor.

The Convener: You continue to use the phrase “deciding factor”. I am suggesting not that the discussions will be the deciding factor but that it is entirely sensible to have them and that the European commissioners will influence the outcome of the Government’s policy. It would be daft otherwise, would it not?

Nicola Sturgeon: Okay. I am genuinely trying to be helpful here; I am not trying to be adversarial with the convener in any way. It might be easier to answer the question about the influence that the discussions might have after I have had them. If it would be helpful to the committee, I am certainly happy to update you in that regard.

The Convener: Thank you, cabinet secretary.

Richard Lyle has his hand up.
Richard Lyle: On the point that the convener has just made, I am sure that the European commissioners have an opinion on everything. They might even have an opinion on how to save the euro—probably or hopefully—but I do not know.

On the issue of legal challenge, one of the first questions that I asked you, cabinet secretary, was about the fact that the Law Society has said that minimum pricing may be challenged in Scotland and could be challenged in the House of Lords but will not be challenged in Luxembourg. What advice has the Scottish Government received from its own or external lawyers about the possibility of legal challenges to the bill in the Scottish courts or the House of Lords?

Nicola Sturgeon: As the committee knows, I want to be as helpful as possible, but I do not necessarily want to read out the ministerial code. The committee knows the constraints on my discussing the content of legal advice. The same position applies to us in that regard as has applied to previous ministers in previous Administrations. I assume that the committee has had access to the very detailed summary of what we consider the legal position to be, which I provided to the predecessor committee when it considered the previous bill. It ran to, I think, about 10 pages of detailed advice. If members have not had a chance to look at it, I certainly advise them to do so because it is a full description.

As I have already said on the issue of court challenges, I would hope that people would respect the will of the Parliament. It is not for me to say whether there will be a court challenge or to comment on what level that might get to.

Richard Lyle: Thank you.

12:00

Dr Simpson: Can I move us on to evaluation? I very much welcome the information that we have received from NHS Scotland and the movement on the study to be done by Queen Margaret University and Professor Chick, so that there will be a control group in Newcastle, which is what Professor Stockwell also recommended in response to a question that I asked. Of course, that relates to harmful drinkers, which I fully appreciate are the group that the doctors want to affect.

Hazardous drinking will be more difficult to tease out from the general population's alcohol consumption, but seems to me to be, nevertheless, quite important. There are general practice databases—I should perhaps declare an interest, as my son works on one such database—with information on working with people who, for example, require brief interventions, and I wonder whether the cabinet secretary will ask NHS Health Scotland to consider whether some matching work on hazardous drinkers could be carried out with, say, the University of Nottingham, which has formulated a very good approach to this issue. I am not saying that doing that would be possible but it would be helpful to explore the idea.

Another question, which is also raised in the Finance Committee's report, relates to the effect on low-income groups. As the cabinet secretary knows, I have been pursuing this issue almost above all others. My concern all along has related to the fact that the number of hazardous drinkers in each decile of income increases as income increases and the consumption of cheap alcohol increases as income decreases. I know that there are issues with the very lowest-income groups, because of the higher numbers of abstainers, but that is the general pattern. The fairly logical conclusion is that a minimum unit price is more likely to affect the lower-income groups, particularly as the higher-income groups have up to now tended to get their cheaper alcohol through discounting rather than by buying the very cheap alcohol that is around. Will there be, as the Finance Committee has recommended to this committee, a really close study of the effect of the measure in particular on the lowest three income groups, to determine whether the adverse effects that I suggest will be felt by moderate drinkers in the low-income groups have actually arisen?

Nicola Sturgeon: I absolutely take your point about hazardous drinkers and, although I do not know whether it will be possible to carry out the sort of work that you suggest, I am happy to ask NHS Health Scotland to find out. I will also ensure that your point about the evaluation of low-income groups is factored into evaluation plans.

As for low-income groups in general, I realise that we have had this discussion before; nevertheless, the issue remains very relevant and I would like to make a number of points about it. First, we know from work that has been carried out that people in low-income groups are more likely than those in other groups not to drink at all or to drink very moderately. At the other end of the scale, however, those in low-income groups are more likely to be hazardous or harmful drinkers.

According to the Ludbrook paper, which we discussed at the tail end of the previous bill's consideration, all income groups purchase low-price off-sales alcohol. The relationship between income group and the amount purchased at the cheapest price—by which I mean below 30p a unit—is not absolutely straightforward; the lowest-income group buys more than the highest at that price, but there is not a lot of difference between middle-income groups and the lowest-income groups. Indeed, at a unit price of between 30p and
40p and between 40p and 50p, the amount purchased tends to increase with income and middle to higher-income groups are the main purchasers of alcohol priced between 30p and 50p. I hope that I am quoting it correctly but in its evidence the IFS said that it did not think that there was "a substantially greater impact on" low-income "groups"—[Official Report, Health and Sport Committee, 24 January 2012; c 910.]

However, we need to evaluate all that, just as we need to evaluate other aspects of the policy.

You cannot look just at the impact of minimum pricing on any particular group; you have to look at the other side of the coin, which is the harm caused by alcohol misuse. As we know, those who suffer the greatest harm from alcohol are those in lower-income groups and we must weigh in the equation the fact that someone in the lowest-income section of the population is something like five times more likely to die from alcohol-related causes than someone in the top income bracket.

Dr Simpson: Although I accept some of those points, I point out that the lowest two of the seven socioeconomic groups have a much higher death rate from alcohol cirrhosis. My personal experience—and none of the doctors has contradicted this—is that many of the people concerned start in higher-income groups with a good income, a house, a family and employment. When they become really harmful drinkers—and start, for example, to drink the 197 units a week mentioned in Jonathan Chick's study—just about every one of them will have drifted into the lowest-income group by the time of their death. I have challenged the college on this on a number of occasions but it does not seem to know the answer. It has not said that that is the case, but it thinks that it might be a possibility.

Undoubtedly various legal issues and the effects of the measure itself will depend partly on the minimum unit price. In the last round of debate on this matter, cabinet secretary, you named the price at stage 3. I do not imagine that you are going to tell us what the price is today, but are you going to name it at stage 2, at stage 3 or in regulations?

Nicola Sturgeon: I answered that earlier.

Dr Simpson: I am sorry—I must have missed that.

Nicola Sturgeon: We hope to name the price at stage 2 but certainly before we reach stage 3.

Dennis Robertson: We all accept that our relationship with alcohol could at times be much better. Do you accept that some of our past education and awareness programmes have not been particularly effective? If so, can we do anything to make education and awareness more effective in relation to the minimum pricing proposals?

Nicola Sturgeon: The alcohol framework suggests a lot of different initiatives to tackle alcohol misuse, and education is an important one. The honest answer to your question is that the success of previous educational approaches has been variable. I am a great believer in the importance of education in all of this but experience tells us that it will not solve the problem on its own; indeed, if that were the case, one might assume that the problem would be on its way to being solved by now. Education is really important and people better qualified than I am are able to suggest the best ways of approaching young people and pitching these messages in the most effective possible way. It has a huge role to play, but it must be part of a bigger package that, in my view, must include pricing.

Dennis Robertson: But it is something that you are happy to promote and see more of.

Nicola Sturgeon: Absolutely.

The Convener: As members have no more questions, I thank the cabinet secretary and her officials for their attendance. We now move into private session.

12:07
Meeting continued in private until 12:23.
Alcohol (Minimum Pricing) (Scotland) Bill

Pricing mechanism

Law Society of Scotland

I refer to the above, to your e.mail dated 7 February 2012 and am now in receipt of the following comments from both the Law Society of Scotland’s Licensing Law and Competition Law Sub-Committees for your information.

The Society agrees that index-linking the minimum unit price is not appropriate for the reasons set out in the paper under “disadvantages”.

The Society believes that information on minimum unit pricing should be collected regularly in order that the ability of the legislation to deliver that which it was conceived to deliver can be measured against actual rather than model data.

The Society anticipates that this type of exercise would be one of the European Commission’s key conditions and, even if this is not the case, the Scottish Government should in any event consider this as a necessary undertaking.

The resetting of minimum unit price could therefore be part of a process of regular review of the efficacy of the legislation. The Society appreciates that initially, modelling would be used but as actual data emerges, this data would come to be used in place of modelling.

The decisions about what data to collect and about when and how to use modelling and introduce actual data, as well as the content and frequency of reviews should in themselves be evidence based.

The Society believes that the point about cost is a valid one and that some sort of cost benefit analysis requires to be undertaken.

The Society takes the view that if the Scottish Government does not collect such data and use same in order to conduct a review process, then such an exercise may be conducted by other interested parties and statistics gained there from may be advanced in order to argue that the legislation was simply an experiment that had not delivered the results expected and as a consequence of this, the balance of the proportionality argument on which the EU legality of the measure has been set against, had demonstrated that this was in fact a disproportionate measure.

In all the circumstances, any proposed mechanism for fixing minimum unit pricing requires to be fair, understandable and proportionate.

Also, from a practical point of view, the Society notes that it would be difficult for premises licence holders to keep abreast of quarterly reviews as prices are set in advance. Accordingly, any minimum unit pricing mechanism employed would require to have a realistic run-in time.
I trust that these comments on your paper on minimum unit pricing mechanisms are of assistance to you.

Should you, however, wish to discuss further, please do not hesitate to contact me.

Kind regards

Alan McCreadie

Deputy Director of Law Reform

Law Society of Scotland
Dear Duncan

ALCOHOL (MINIMUM PRICING) (SCOTLAND) BILL: STAGE 1

When I gave evidence to the Health and Sport Committee meeting on 31 January, I undertook to feedback following my visit to Brussels on 6/7 February to discuss our minimum pricing proposals with the European Commission.

As I indicated, my visit was part of the ongoing process of engagement we are having with the European Commission over our minimum pricing proposals. To this end, I had very constructive and positive discussions with John Dalli, European Commissioner for Health and Consumer Policy and, in a separate meeting, with senior officials from DG Enterprise and Industry.

These different discussions confirmed that tackling alcohol misuse is a priority for the European Commission. Most importantly, the discussions with DG Enterprise officials confirmed our view that there is nothing in EU law which makes minimum pricing, per se, illegal. As we already knew, we will need to be able to balance the scale of market intervention with the health benefits which will flow, but we have always known we needed to be able to demonstrate this kind of proportionality, and are confident we will be able to do so.

I hope this is helpful.

NICOLA STURGEON
MECHANISMS FOR CHANGING THE MINIMUM PRICE

In the course of the oral evidence on the Alcohol (Minimum Pricing) Scotland Bill, the Health and Sport Committee has heard opinions on mechanisms that could be used to change the minimum price (should the Bill be passed). The Subordinate Legislation Committee wrote in its report on the Bill that it:

“Welcomes the [Scottish Government’s] commitment to provide details of the basis on which variations to the minimum price will be made and how regularly it is anticipated these variations will be made”.

The Cabinet Secretary has said she will come to a final view on the mechanism in advance of stage 3 of the Bill.

The Health and Sport Committee is now seeking views from stakeholders on the mechanism that should be used. The following describes those that have been suggested to date, alongside some of the potential advantages and disadvantages of each.

Index Linked Mechanism

Inflation can undermine the potential effects of a minimum price and so to prevent this it has been suggested that the price could be automatically linked to a specific inflation index (e.g. Consumer Prices Index, Retail Prices Index).

**Advantages** – Index linking would prevent the effects of the policy being eroded by inflation; automatic uprating may take the politics out of the decision; the main inflation indexes are updated monthly therefore the price could be changed relatively frequently (e.g. quarterly, annually) and therefore it could avoid the policy’s effectiveness diminishing with time.

**Disadvantages** – Index linking would not take in to account changes in other data which may influence the effect of a minimum price (e.g. changes in levels of consumption); automatic changes will not take into account whether the price remains proportionate under EU law; a decision would have to be made on the most appropriate index to link to and how frequently the minimum price should be adjusted in line with inflation; more frequent changes in the price may lead to instability in the contracts negotiated between retailers and manufacturers and lead to logistical problems for retailers in terms of things like price labelling.

Re-run the Sheffield Modelling

The initial price is likely to be set in light of the results of the most recent version of the Sheffield modelling and one suggestion for changing the price is to rerun the modelling each time. The Cabinet Secretary has suggested that a review of all the factors influencing the policy could be conducted once every 2 or 5 years.
**Advantages:** Such a mechanism would take into account all of the factors that influence the effect of a minimum price; a review (rather than automatic updating) could ensure proportionality with EU law is considered; less frequent changes could result in greater stability in retailer/manufacturer contracts and have fewer logistical implications for retailers.

**Disadvantages:** This is potentially a more expensive option as it could involve re-commissioning the modelling each time; the data required by the modelling is not updated as frequently as inflation indexes therefore less frequent changes may mean the effect of the policy could diminish in between reviews; this mechanism would need some political input to decide on the final price and therefore it could be more controversial.

The Committee would be grateful, should you have a view on the mechanism for changing the minimum price, if you can relay this to us by **Wednesday 15 February**.
SUPPLEMENTARY EVIDENCE FROM CENTRE FOR ECONOMICS AND BUSINESS RESEARCH

Please see below the split between health and job prospects requested by Mr Jim Eadie, at the Health and Sport Committee hearing on 10th January 2012.

Health = £36 million
Job = £12 million

Total = £48 million

Regards

Benjamin Williamson
Centre for Economics and Business Research
Academy of Medical Royal Colleges and Faculties in Scotland

The Academy of Medical Royal Colleges and Faculties in Scotland would like to thank the Health and Sport Committee for the opportunity for involvement in this call for written evidence.

We would like to highlight and endorse the commendable and comprehensive comments already submitted by our member for the Royal College of Psychiatrists in Scotland. Please see copy attached.

If you require any further information please do not hesitate to get in touch with us.

Dr Emilia M Crighton
Academy of Medical Royal Colleges and Faculties in Scotland
12 December 2011
Alcohol (Minimum Pricing) (Scotland) Bill

Action for Children Scotland

Action for Children Scotland welcomes the opportunity to submit evidence to the Scottish Parliament’s Health and Sport Committee for its Stage 1 consideration of the Alcohol (Minimum Pricing)(Scotland) Bill (“the Bill”). Action for Children Scotland’s evidence draws upon our experience of working with vulnerable and difficult to reach children and young people, many of whom have been affected by alcohol and substance misuse. Action for Children Scotland services that provide such support include the Inverclyde GAP Project, and the Gael Og Positive Options Project in Inverness. We also work with families who have been affected by alcohol misuse, including parental alcohol misuse, through the Aberdeen and Dundee Families Projects and the services provided by our Families in Partnership Project in the Highlands.

Action for Children Scotland notes the NHS Scotland statistics confirming that the Scots are the heaviest drinkers in the UK; (Source: Analysis of alcohol sales data 2005-2009, NHS Scotland, 16 January 2010). We are also aware of NHS research findings which suggest that one in 20 Scots dies from alcohol related causes, and that one Scot dies every three hours from such causes (Source: ‘Alcohol attributable mortality and morbidity: alcohol population attributable fractions for Scotland’, NHS Scotland, Information Services Division, 30 June 2009). Action for Children Scotland is concerned that so many children start drinking at a young age. According to the Scottish Schools Adolescent Lifestyle and Substance Use Survey (SALSUS), for example, “52% of 13 year olds, and 82% of 15 year olds, have had at least one alcoholic drink” (Source: SALSUS, 23 June 2009). Against this background, Action for Children Scotland welcomes the Scottish Government’s commitment to tackle alcohol misuse, which blights the lives of thousands of children, young people and their families throughout Scotland.

Advantages and disadvantages of minimum pricing

Action for Children Scotland notes the provisions in the Bill designed to introduce a minimum pricing framework to cover the sale and purchase of alcohol in Scotland. We take the view that the Bill will not, by itself, be sufficient to significantly reduce the level of alcohol misuse in Scotland, particularly amongst young people. We believe that the Bill should be accompanied by a package of measures designed to raise awareness about the health risks of alcohol misuse, and by the development of services to support those affected by alcohol misuse and its underlying causes. It is also essential that a joined-up approach is taken, which highlights the interface with other key Scottish Government strategies and programmes, including Getting it Right for Every Child, the Early Years framework, and the proposed national parenting strategy and Children’s Services (Scotland) Bill. We, therefore, welcome the acknowledgment of the Cabinet Secretary for Health, Wellbeing and Cities Strategy that setting a minimum price for alcohol will be “a key weapon in the battle against alcohol misuse”, rather than being “the

Any other aspects of the Bill

Tackling excessive drinking: alternatives approaches to minimum pricing

Action for Children Scotland believes that the effectiveness of the Scottish Government’s efforts to tackle alcohol misuse will require a package of long-term measures to complement, and to reinforce, the provisions in the Bill. Delivery of these measures will require a joined-up, multi-agency approach by the Scottish Government, local authorities, NHS Boards, the police, the voluntary sector and by other agencies working with children, families and young people affected by alcohol misuse. We believe such an approach is necessary to secure real progress in addressing the underlying causes of alcohol misuse such as, for example, deprivation, ill health, and poor emotional wellbeing and resilience. It will also help to ensure that a more consistent approach is taken to risk assess the impact of parental alcohol misuse on dependent children, and to put in place interventions aimed at supporting children.

Challenging the cultural and peer group influences which support excessive drinking must be at the heart of this process. Action for Children Scotland believes that more should be done within the education system to challenge these influences, and to raise awareness about the health risks, and the associated social costs, of alcohol misuse. This should start at the nursery and primary school levels, and continue throughout secondary school and further and higher education when more young people will have greater access to, and more opportunities to experiment with, alcohol. Action for Children Scotland recommends that early intervention in the education system to address the underpinning cultural influences encouraging excessive drinking should be reinforced by publicity campaigns to increase the general public’s awareness of the dangers of alcohol abuse. There should also be greater recognition that the education system has an important role to play in helping to link key services to children and young people affected by alcohol misuse.

It should also be acknowledged that many young people fall into excessive drinking and offending behaviour due to what they perceive as a lack of social, leisure and cultural opportunities within their local communities. This is the clear message which has emerged from successive surveys of young people focusing on the areas they believe should be prioritised by the Scottish Government, local authorities and by other key policy makers. Providing young people with more leisure and cultural opportunities was also one of the key messages from the Hear our voice! survey. This was conducted by Action for Children Scotland and Young Scot, in partnership with Dundee City Council, East Ayrshire Council, Highland Council and Scotland’s Commissioner for Children and Young People. Against this background, Action for Children Scotland believes it is vital that young people are offered more opportunities to access affordable leisure, cultural and social
opportunities in their local communities. We consider that increasing these opportunities across Scotland can help to reduce the risks of young people getting involved in alcohol misuse, offending and other challenging behaviour including truancy and exclusion from school. This would also contribute to significant improvements in young people’s health and wellbeing.

Against this background, Action for Children Scotland believes that more targeted interventions, and services focusing on early intervention and diversion, should be developed to improve the support available for those affected by alcohol misuse, particularly children, families and young people. Action for Children Scotland considers that community based projects can make a significant contribution in helping to divert young people from alcohol abuse and offending behaviour by increasing access to affordable leisure, cultural and social opportunities. Action for Children Scotland’s Gael Og Positive Options project in Inverness, for example, is using street football and other leisure and social activities to divert young people from making negative life choices. The Gael Og Positive Options project is supporting young people to become/remain drug and/or alcohol free by involving them in more productive, healthy activities. Our services also aim to help to maintain and promote a healthy, safe and sustainable environment, to enhance and strengthen community safety initiatives; and to provide advice and information to parents and carers.

The project works in partnership with Highland Council, Northern Constabulary and local communities across the Highlands to provide information and advice, and to deliver street football and arts and crafts activities. These activities are delivered in the evenings, and at weekends, and at other vulnerable times for the difficult to reach young people accessing our services. Working in partnership with Highland Council’s Education, Culture and Sports Departments we have linked our street football unit into the council’s summer programme. We have also worked with the Northern Constabulary to use the street football programme to improve the intergenerational relationships between young people and adults within their local communities. This has helped to promote community safety, as well as having a positive impact in helping to reduce the number of young people involved in substance and alcohol misuse. Between September and December 2009, for example, 273 young people have accessed the advice service receiving information on harm reduction, and being sign posted onto relevant services. It is also estimated that, over the same period, 484 young people have engaged in healthy and creative diversionary activities receiving information on diet, exercise and the importance of a healthy lifestyle, and have been encouraged to access mainstream activities, youth clubs and community centres. Action for Children Scotland’s outreach service in Highland has also been developing closer links with NHS Highland, and has been piloting an Alcohol Brief Intervention (ABI) Model. This enables us to engage with young people in a more focused way in relation to their alcohol use. It has also helped us to have more meaningful conversations with young people around personal safety, and about sexual health and wellbeing.
Community based projects can also make an important contribution to diverting young people from getting involved in alcohol misuse and offending behaviour, and into employment. Action for Children Scotland’s Youthbuild has been successful in securing training and employment opportunities in the construction industry for difficult to reach young people, many of whom have had issues around alcohol abuse and offending behaviour. Youthbuild was piloted in Glasgow and in Inverclyde, and an independent evaluation conducted during the pilot stage highlighted the following key findings:

- a 70% success rate across the projects for helping young people move into employment following their involvement in the programme;
- high completion rates for the programme, with 111 of the 150 young people who entered the Action for Children Youthbuild programme completing and moving into either construction, or some other form of employment; and
- considerable savings of working with this cohort – for example, the annual cost for a male in a youth offenders’ institution is estimated at £31,106 per annum.

Since then, Action for Children and our partners have rolled out Youthbuild to a further five local authority areas, including West Dunbartonshire, Edinburgh, Perth and Kinross and East Ayrshire.

Action for Children Scotland also works with many children and their families affected by alcohol misuse at projects such as the Dundee Families Project, the Aberdeen Families Project, and the Families in Partnership project in the Highlands which is funded and supported by the Lloyds TSB Foundation for Scotland and Highland Council. The Families in Partnership project offers intensive support to families affected by alcohol and substance misuse through a package of services ‘tailored’ to meet the needs of the parents and children. The attached case study illustrates the type, and level, of support available through the service to support children and families affected by alcohol misuse. The project’s main objectives are to increase the success and inclusion of children, to support parents to sustain recovery, to improve lifestyles and opportunities for families, to improve the confidence and self-esteem of children and parents and to increase parenting capacity and understanding. Most of the work is undertaken with the parents with the aim of supporting them to increase their parenting abilities via home visiting and parenting input on an individual and/or group basis. We also support parents to address their substance misuse issues by linking them to relevant services, transporting them to attend appointments and signposting them to the services which will be able to improve other important aspects of their lives, such as the housing service and the benefits agency. We support them to access local community based services such as playgroups and leisure facilities so that they are able to reduce their own and their family’s isolation.

Action for Children Scotland takes the view, based on our experience of providing such services that tackling the ‘hidden harm’ of parental alcohol misuse will require a cultural shift in attitudes towards alcohol across all age
groups. Part of this process should be the development of more services in communities across Scotland which focus on early intervention, and on intensive family support, where parental alcohol abuse is an issue. The official figures quoted below by Nicola Sturgeon MSP, the Cabinet Secretary for Health, Wellbeing and Cities Strategy, in a letter to the Scottish Parliament’s Local Government and Communities Committee for its child poverty inquiry highlight the scale of ‘hidden harm’ and the need for such services: “Best current estimates suggest that between 50,000 and 60,000 children may be affected by parental drug misuse (of whom, 10,000-20,000 may be living with one parent with a drug misuse problem), and 65,000+ children may be affected by parental alcohol misuse”; (Source: Letter from Deputy First Minister and Cabinet Secretary for Health and Well-being, Nicola Sturgeon MSP, to Local Government and Communities Committee for its child poverty inquiry, 28 March 2009).

**Action for Children Scotland Families in Partnership Project Case Study**

A is aged 4. Both her parents have problems with their use of alcohol, and have had long periods of abstinence and then, in times of crisis, overused alcohol as a coping strategy. A’s parents recently split temporarily, and the Social Work referral showed concern that the parents’ alcohol use had impacted adversely on A’s emotional wellbeing.

The Families in Partnership worker has provided/is providing:

- Play activities for A;
- Encouragement for A to initiate play activities, and to be able to lead the play;
- Signposting for parents to local Alcohol Counselling Service;
- Support for A’s mother (during the split from A’s father) to consider times of crisis and alternative ways of managing difficulties;
- Support at Core Group Meeting Reviewed; and
- Weekly Home Visits now reduced to fortnightly telephone contact, which leaves the door open for family to access support if necessary from the Families in Partnership worker.

**Outcomes:**

- Both A’s parents have accessed CPN services, and A’s father is involved with a recognised recovery programme;
- Parents have reunited, and plan to remain together as a family unit; and
- Alcohol use of A’s parents has reduced
Alcohol (Minimum Pricing) (Scotland) Bill

Addiction Recovery Training Services (ARTS)

The purpose of this Bill is to reduce the consumption of alcohol and attendant crime. The main goals are to place alcohol out of reach of those with little money (e.g. children and teenagers), and to ensure that lower pricing is not used by off-licence retailers as a promotional loss-leader and by publicans to mount “happy hours” encouraging clients to start earlier high volume drinking.

However, in applying these minimum pricing principles it is absolutely vital to consider ALL forms of alcohol supply, as follows:

1) Legitimate local production of alcohol (mainly spirits and beer),
2) Legitimate importation of alcohol (mainly wine based drinks),
3) Illegally smuggled imports of all forms of alcohol,
4) Stolen and high-jacked supplies of all forms of alcohol, and,
5) Illicit production of alcoholic products (mainly spirits).

It is also absolutely vital to recognise that smuggled, stolen and illicitly produced supplies not only fall outside any minimum pricing policy, but ARE MADE AVAILABLE BY CRIMINALS SOLELY AS A RESULT OF HIGH RETAIL PRICING OF LEGITIMATE SUPPLIES.

In other words, the higher the legal retail price, the greater the profit available to criminal suppliers and the greater the incentive for criminals to make such supplies available.

The current high retail pricing of alcohol is comprised of:

a) Costs of production,
b) Costs of marketing, promotion and distribution,
c) Producers’ and distributors’ profits, and
d) The HUGE TAX imposed by the government.

As the main pricing factor is THE TAX, if another means of raising that annual amount of revenue could be found, illegal suppliers would be forced out of the market by the resultant lower legitimate retail prices available to the public.

This reduction of legal retail pricing could be brought even lower by placing a cap on producers’ and distributors’ profits, thus creating legal retail prices below which no criminal could find any possible profit from criminal supplies.

At the same time, the introduction of far more severe penalties for smuggling, stealing and / or producing illicit supplies, would wipe out all these forms of crime, but bear in mind that the vital factor is the lack of profit in such activity.

The exchequer’s loss of revenue from retail sales would be replaced by very simply making it illegal for any adult to purchase alcohol without a Personal
Alcohol Licence (PAL) – rather like a Vehicle Driving Licence with photograph and all personal details thereon.

The costs of such PALs would be calculated by government actuaries to overall produce the same revenue as retail taxation, and issued and renewed on a six and twelve month basis, along with 1 to 13 week Temporary and Visitor Personal Alcohol Licences (TV-PALs).

Every vehicle driver is under better legal control via the DVLA because of their direct licensing relationship with that authority. And licensing drinkers puts every adult drinker in direct contact with the government through a new DASLA – the Drinkers & Alcohol Suppliers Licensing Agency.

Drinking is just as dangerous as other licensed activities such as using guns, driving cars and flying planes, etc., and merits similar controls.

(Recognising the health debilitating aspects of alcohol and the behavioural responsibilities of a user, in the same way that there is training and insurance for other forms of licences, there could be training and insurance for drinkers.)

Other licensing advantages include:

1) Currently a driving licence containing a photograph is often accepted as a proof of age or as identification. And government is in two or even three minds as to whether to introduce ID Cards.

With the current high numbers of adults using alcohol either in public or at home, a PAL would likely be carried by well over 90% of the adult population.

As a result, the PAL – with its photograph of the license holder - would quickly obviate the necessity for an ID Card. Furthermore, as the individual choosing to have a user’s licence would be paying for its issue, unlike an ID Card, there would be no cost to the taxpayer.

Because of the preponderance of citizens who would hold a photo bearing alcohol licence and / or a photo driving licence, the issue of a photo ID card to the rest of the population would be a much smaller and less costly venture.

2) Guidance Classes for Parents (part of Alcohol Addiction Prevention and Avoidance Training) and “Risk Minimisation for Licensed Alcohol Users” (the drinkers’ Highway Code), would also help minimise criminal activity in this field, improve behaviour and increase safety for all.

3) No other industries in the world have the unethical advantage which the producers of addictive substances “enjoy” when it comes to marketing their products, because manufacturers of furniture, shoes and bicycles, etc., etc., have no way of getting their clients addicted to or coerced by their products.

For alcohol sales to be expanded and for drinks industry profits and dividends to be raised year after year - as with any other businesses - boards of
directors see as essential that there be more and more of our citizens – more parents, more pensioners and even more youngsters - directed towards more alcohol usage – a disreputable business goal.

An alcohol dependant or habitual drinker is a goose which lays golden eggs for the licensed trade, because some drinkers cannot resist reaching for the alcoholic beverage to which they are addicted.

As a result - many aspects of alcohol industry marketing (e.g. “happy hours”) take the deliberate and fullest possible advantage of the habit forming and judgement / responsibility lowering effects of drinking.

However if we are to defend our populations against a life of alcoholic misery, the essentially unethical usage for marketing purposes of the addictive and coercive properties of the alcohol itself must be stopped - in a similar way to how we penalise the application of Rohypnol - the date-rape drug which permits the substance “supplier” to take advantage of the substance “consumer” in order to achieve effects desired for the benefit of the supplier rather than for the consumer.

4) On the other hand, legal producers and distributors of alcoholic products can expect to expand their turnover by virtue of the disappearance of competition from lower priced illegal supplies and by selling much higher quantities of lower strength drinks – another subject for consideration.

5) Because a PAL is paid for in advance of purchasing the alcohol, the licence revenue is effectively collected much earlier than is currently the case. Furthermore, as the government would no longer be reliant on the alcohol trades for tax collection, government would be able to exercise more control over those industries.

6) If at some point the government decided to bring in some form of rationing of alcohol consumption, then the PAL licence would form a ready made basis for recording each individual’s consumption. Furthermore, in the same way that we have Provisional Driving Licences, we could have restricted or rationed consumption for those over 18 but under 21, and it might be considered necessary – in order to reduce binge-drinking – to have a rationed daily maximum for all.

CONCLUSION: The above is obviously just the bare anatomy of a new approach, needing fleshing out and suitable dressing to make it applicable and attractive to all those to whom it will apply, and to help in this I enclose a booklet on the subject of effectively controlling binge drinkers, drunks and alcohol pushing criminals.

Much more positive evidence can be submitted of the numerous benefits and advantages of the above approach to alcohol consumption reduction and its behavioural problems – but not within the compass of the few attached pages.
As a result, if required, the author is prepared to attend meetings for interactive discussion with political decision-makers and/or with the drinks trade.

I trust you will find the attached proposals of value and interest, and remain,

Yours sincerely,

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ARTS is a not-for-profit community support organisation established in 1975.

23 November 2011
EFFECTIVELY CONTROLLING BINGE DRINKERS, DRUNKS and ALCOHOL PUSHING CRIMINALS

A POLICY PROPOSAL
WE COULD ALL DRINK TO

by
Kenneth Eckersley
C.E.O. Addiction Recovery Training Services
a not-for-profit community support organisation

An ARTS Publication

A DRUNK USED TO BE DESCRIBED AS HAVING HAD ONE-DRINK-OVER-THE-EIGHT.

TODAY, BECAUSE OF HIGHER ALCOHOL CONTENT ONE-OVER-THE FOUR WOULD BE MORE ACCURATE.

INTRODUCTION
Addictive substances of all types - illegal, licensed and those prescribed by doctors and pharmaceutical companies – are today creating more problems for the public and the government than most other sectors of our financially crippled society.

Although most often hitting the headlines, the smallest of these is illegal drugs, with involuntary addiction to prescription drugs, and their misuse, many magnitudes greater.

But by far the largest problem, affecting a majority of the adult population and creating problems for police, hospitals and the general public week after week is ALCOHOL CONSUMPTION and the anti-social behaviour, costs and inconvenience to the whole society it creates.

It is now clear that part of the responsibility for this lies with the policy of reducing the legal age for alcohol consumption to 18 years, part with the introduction of 24 hour drinking, part with the wanton granting of licences for premises to sell alcohol, part with loss leader price wars between supermarket and other retailers, and part as a result of alcohol industry marketing practices and lobbying, et al.

However, whatever the main causes, it is clear that, not only must something be done soon, but that it must be effective if we are not to continue down the present path of increasing regular inebriation, binge drinking and the degrading personal, social and criminal problems created.

Of all the proposals I have heard of, I consider those which follow are probably the ones with the best chance of success. A start could be made with health warnings on bottles, cans and even glasses, and to stamp out smuggled and stolen cigarette sales and to provide better prevention for youngsters, a similar scheme might be considered for tobacco products.

Lord McNair, Westminster.

EFFECTIVELY CONTROLLING BINGE DRINKERS, DRUNKS and CRIMINALS
“Effectively” means that a policy achieves its goals, so a first factor is to know what the goal of our alcohol policy should be and therefore, as a democracy, we had to ask the electorate.

**UK based surveys show that, along with unrestricted drinking at home, a huge majority expect freedom for adults** (considered by most to mean “non-teens” - 20 and over) **to use alcohol on licensed premises mainly between 10.30am and 10.30pm.**

With the retail prices of legal supplies of alcohol so obviously expensive when compared to their production and distribution costs, it is little wonder that it is well worthwhile for criminals to smuggle massive amounts into the country, to high-jack lorry loads of legitimate supplies, to break into and rob bonded warehouses and other premises, or even to produce spirits illegally.

Prices for alcohol have been boosted to their present all-time high – thus encouraging criminal supplies - by four main factors:

1) They are largely habit forming. This leads to dependency and addiction, making possible their sale at higher price levels.

2) Because their addictive nature makes them easily saleable, the profits are enormous, as is witnessed by the size and wealth of the brewers, vintners and distillers, etc.

3) The government wants to see alcohol usage reduced, and believes, quite mistakenly, that high retail prices will stop the public from buying alcoholic drinks. If these were non-addictive products, ministers would be right, but tobacco and other addictive drugs demonstrate that addicts, in addition to ignoring death warnings on packaging, can also cheat, lie, mug, rob, steal and even kill to get addictive supplies, so that asking a higher price has always PROVEN to be no more than a very temporary deterrent to purchase or usage.

4) The Chancellor of the Exchequer regards alcohol as a legitimate and lucrative tax source, which vastly inflates retail prices, and also tacitly grants addictive substances government endorsement.

History shows that the general public will take a risk on buying “possibly” illicit supplies ONLY if they are offered at a SUBSTANTIALLY lower price than local retail prices for legal supplies.

So, far from increasing retail prices, the question is: **HOW (whilst also avoiding the stimulation of consumption) can we get prices for legal supplies DOWN to a level where THERE IS NOT ENOUGH ILLEGITIMATE PROFIT TO MAKE LOWER PRICED CRIMINAL SUPPLYING WORTHWHILE?**
At first sight, the silly answer is - to set the retail price of legal supplies at what it actually costs to produce and distribute alcohol products. In other words, no profit for the producer and / or importer, no profit for the distributor and no tax for the Chancellor.

This would put the price of a pint of beer, a glass of gin or a bottle of imported wine back to the prices of centuries ago but, because price is a nearly irrelevant factor in addictive substance purchase, history, including the last half century, shows that IT WOULD DO LITTLE OR NOTHING TO INCREASE TURNOVER AND USAGE. Even an addict knows when enough is enough, however low the price.

Whilst taking ALL profit away from producers and distributors is obviously unworkable, one can either cap their profits at say 2, 3 or 4%, or more complicatedly, tax their profits so heavily that high gross profit mark-ups become less lucrative in net terms than low profit mark-ups.

However, this could only be done if the Chancellor has a replacement for his present method of raising tax income from alcohol. In practice on the above basis, no tax would come from the production, sale and distribution of these addictive substances.

So it would have to come DIRECTLY from those consumers choosing to use alcoholic products, and THIS IS BEST DONE BY

**LICENSING CONSUMERS TO USE ALCOHOL IN THE SAME WAY AS WE LICENSE THEM TO USE A MOTOR VEHICLE, A TV SET, AN AEROPLANE OR A GUN, etc.**

At the same time as seeking to reduce the retail supply and demand for legal alcohol, **IT IS EVEN MORE LOGICAL TO TAKE INTO ACCOUNT STOPPING THE ILLICIT SUPPLY OF ALCOHOL FROM CRIMINAL SOURCES.**

If Parliament were to license adults for personal usage of alcohol, at retail prices no criminal could profitably undercut, a death blow would be struck at the illegal trafficking, smuggling, stealing and pushing of all forms of unlicensed alcohol sales.

Decades of raising taxation on, and thus increasing the retail prices of, alcoholic drinks has provenly NOT worked to curb usage or to reduce offensive behaviour arising from such usage – this latter behavioural factor being the one we really need to handle.

In fact the cheap “happy binge hour” “get as many in as you can before 7.00pm” culture, made possible by high prices, has done as much to generate drunkenness and drunken behaviour as other factors.

When dealing with the occasionally violent, damaging, uncontrolled and environmentally devastating behaviour of a minority of drinkers, in most
countries current policy is just simply (and far too simplistically) to cool them off in some way but to do nothing about banning or controlling their actual usage of alcohol.

This is because under current law it is very difficult for publicans to ban on the spot adults who consider they have a right to decide their own lives, choices and spending patterns (the majority of whom do not normally indulge in offensive behaviour).

However, it is the offensive “behaviour” of some users which, over decades, has created more work for the police, customs, the courts, prison and probation officers, etc., than any other single factor. It is the UNACCEPTABLE BEHAVIOUR WHICH HAS LONG BEEN AN INSUFFERABLE NUISANCE AND A CRIME, and IT IS THAT BEHAVIOUR WHICH SHOULD NOT BE TOLERATED.

But, as with vehicle driving, if gross behaviour can lose you your driving licence, WHY SHOULDN’T UNACCEPTABLE BEHAVIOUR BE REASON FOR LOSING YOUR DRINKER’S LICENCE?

LICENSING: This acknowledges and registers an adult’s right to use alcohol, if they so choose. It is clear that full recognition of an individual’s democratic right - to as far as possible determine his own life – is a major policy viability factor, so long as exercise of such rights does not inhibit the rights of others, or impinge on other people or their properties in the environment.

To achieve this, it should thus be the licensed democratic right of every adult to drink any form of alcohol at home or on licensed premises, bearing in mind that football grounds, sports venues and other major congregations of population must NOT be premises licensed for alcohol sale or consumption.

Such a Personal Alcohol Licence (PAL) would acknowledge and register the right of the license holder to purchase, carry and use personal quantities of alcohol as specified in an appropriate section of a new piece of legislation.

It would NOT however, grant the right to produce, sell, distribute or otherwise trade, supply or deal in alcoholic substances, which would be strictly illegal and punishable by law, unless additionally, separately and formally licensed for trading purposes under another section of the same legislation.

It would therefore also be an offence to sell or otherwise trade all or any part of one’s personal supply to another. It would also be punishable by fine for the PAL holder to supply all or any part of his or her personal supply to any unlicensed person and punishable by imprisonment to supply any person under adult age. Just as it is illegal to permit one’s licensed motor vehicle or gun to be used by someone who has no licence and / or is uninsured or under-age. However, “buying a drink” for a PAL licensed friend would not of course be restricted.
(N.B. In the same way in which police currently exchange radio information with the vehicle drivers’ data bases, police would be able on the spot to verify if a suspect under questioning was licensed or not.)

Of all the activities daily engaged in by the public, the two which stand out as the most dangerous are the usage of addictive substances (drugs and drink) and the driving of motor vehicles on our increasingly crowded roads.

The vast majority of motor vehicle drivers engage directly with the government of the day via the well organised procedures run by the Driver and Vehicle Licensing Authority (DVLA), whose ability to control our roads rest on their huge databases which in turn rests on the direct relationship they have with each individually licensed (and insured) driver.

But of course, there are rogue drivers, and it is the licensing system which enables enforcement officers to quickly identify the law breakers.

It is also the licensing system which ensures that every driver is trained and tested to a safe standard. But what guidance or usage training is made available to a user of alcohol – a substance which impinges directly on the acceptable behaviour of each drinker, as well as on the health and wellbeing of themselves, their families and others.

Direct relations between the government and licensed individuals is provenly the safe and sure control method.

We need to know exactly who the users of dangerous substances like alcohol are. Are they insured against the damage which their behaviour can cause when they are under the influence of drink? Are they insured against becoming alcoholic and needing rehabilitation with alcoholic recovery training techniques? Can they be identified in a manner which exposes those who are not licensed?

Have they been instructed in and advised on the dangers of alcohol? AND IF NOT . . . . WHY NOT?

SUPPLY: Sale, distribution and consumption of alcohol should be restricted (basically as at present) to specified licensed premises, such as public houses, restaurants, hotels, certain types of clubs and off-licensed premises, etc.

BUT . . . . alcohol should not be sold on open shelves by retailers whose main business is the sale of non-addictive items or commodities – as alcohol clearly requires special security procedures.

Nor should such substances in any manner be used as promotional items, and they should be available only in premises where the sale can be efficiently and effectively restricted to licensed adults.

CLASSES OF DRINKER’S LICENCES:
a) A standard Personal Alcohol Licence (PAL) would permit a UK adult resident to purchase, carry and consume personal quantities of alcohol as specified in new legislation.

b) Recognising the health debilitating aspects of alcohol and the behavioural responsibilities undertaken by a user, for additional fees over and above the PAL fee, the government would offer to insure a licence holder against claims for damages which their behaviour can cause when they are under the influence of drink (PAL-REPAY) and, for a further fee, also insure license holders against becoming alcoholic and needing rehabilitation with residential alcoholic recovery training techniques (PAL-RESCUE).

c) Temporary and Visitor Personal Alcohol Licences. For those who drink alcohol only on an occasional basis, a PAL-TV would be made available to cover a limited period of licensed usage.

These limited period licences would be issued to permit usage by an adult visitor from abroad, or UK resident of adult years or older, for 1, 2, 4, 6, 8, 10 or 13 week periods. The calculation of fees would be the same as for an annual PAL, reduced to reflect the shorter period and with the addition of a £10.00 Application Fee to cover issue costs.

**USAGE TAX LEVELS:**

*(Because the licence costs must together, as a minimum, replace the current tax revenue from retail alcohol sales, a study in respect of final licence costs is obviously beyond the scope of this paper, so that the following are merely indicative and very approximate estimates).*

Those who want an annual “Personal Alcohol Licence” would pay (say) £365.00 (£1.00 a day), those who also want “Behavioural Insurance” would pay, over and above the PAL fee, a further amount to be actuarially determined and likewise those who also want insurance against alcoholism would pay, over and above the PAL fee, a further amount to be determined.

Those who want a six month instead of an annual licence would pay (say) £199.00.

Bear in mind that these six month and annual licence charges are to reimburse the government for removing the tax currently paid as part of the retail price on alcohol, so that the annual cost of drinking to the average consumer would be basically unchanged.

In addition, insuring against the well known and identifiable risks of alcohol consumption would give the government a substantial additional income whilst placing the responsibility for, and cost of, choosing to consume addictive and behaviour modifying alcohol squarely on the shoulders of the drinker.

The idea that increasing the retail price of a product automatically reduces its consumption may be true for many products, but has never been proved true for addictive products – quite the reverse. **On the other hand, the necessity**
to fund an up-front licence fee might well be a more than temporary deterrent.

PAYMENT OF LICENCE FEES: Whist some drinkers will have no problem with paying the annual PAL fee in one lump sum up-front, most drinkers will want to pay the Chancellor’s alcohol tax over time as they do at present.

For this reason the PAL fee could also be payable monthly in advance by Direct Debit, with some form of “top-ups” possible as are presently available for mobile telephones, etc.

All PAL-TVs for Temporary and Visitor Personal Alcohol Licences would be payable in full up-front and would be obtainable at Post Offices and / or at most premises licensed to sell alcohol.

JUVENILES: As far as those below the age of majority are concerned, far more responsibility should be placed on the shoulders of parents.

Whilst adults should, within their licence conditions, basically be able to choose to do what they please in regard to their consumption of alcohol, it should be illegal for children below the age of adulthood to be allowed to use such substances, and it should be the parents or other guardians who are legally responsible for the behaviour of children in this regard.

The damaging effects of alcohol on the main vital body organs of adults is well known. What is now also totally proven is that the effects on the developing bodies of those below 21 years are much more devastating, including for youngsters, severe damage to their developing brain – and thus a lifelong suppression of a child’s potential, success, happiness and longevity, plus an increased leaning toward the usage of other addictive substances.

The law in certain countries does not, in a majority of circumstances, allow alcohol to be given to children under 18 to 21 years of age, and countries like Sweden (where no under-age child is allowed to drink in or out of the home) manage to enforce this sort of law, without an excess of intensive and invasive policing. Although these are intrusive powers, because they are so well known, they seldom if ever need to be used.

Adults in general and teachers, doctors and parents in particular should be responsible for ensuring that minors avoid usage of all forms of alcohol.

PENALTIES: PALs should list penalties, and give details of the availability of “Alcohol Addiction Prevention & Avoidance Training for All” and “Risk Minimisation Guidance for Licensed Alcohol Users”, (a drinker’s version of the driver’s “Highway Code”).

Any parent permitting any child to ingest any form of alcohol at any time should be required to do say a one to three month period of community work in a residential drug and alcohol rehabilitation centre – in the withdrawal or
detoxification ward - so that they may see for themselves and fully understand what they have allowed and even encouraged to happen to their own child.

Any parent allowing their child to become alcohol dependent should additionally be required to pay the full costs of having their child recovered to the natural state of relaxed abstinence into which they were born.

Such return of natural and comfortable abstinence is best achieved by training the alcoholic to cure him or her self with a viable system of withdrawal, habit abandonment and recovery from past usage, and such training is available, and has been available for 45 years, in 169 centres (including prison units) in 49 countries.

It takes from 16 to 28 weeks of residential training, it costs in the order of £19,000 depending on location, and it achieves the goal of lifelong comfortable abstinence in 65+% of cases.

Anyone found illegally supplying alcohol to juveniles or unlicensed users, should be fined and / or imprisoned and, if a licensed trader, should have his or her trading licence withdrawn.

The future happiness of millions of youngsters demands that zero-tolerance be THE basis for protecting juveniles from addictive substance usage. Penalties for dangerous, damaging and / or criminal behaviour, whether arising from having used alcohol or not, are already provided in law, and should be applied with zero-tolerance.

CRIME REDUCTION: Bear in mind that, because reduction of retail taxation will lower retail prices sufficiently to squeeze out illegal supplies, this will also reduce the number of illegal sellers, smugglers and high-jackers of legal supplies thus significantly reducing the need for customs surveillance officers, policing and prosecutions, and also reducing the size of the prison population.

ENFORCEMENT: It is thus the additional intention of these proposals to reduce police and ambulance work, prosecutions, the numbers of prison inmates and those on probation, etc.

This permits the implementation of a zero-tolerant attitude towards those much fewer numbers who will come before the courts on alcohol offences and thus make implementation of the new personal licensing laws more effective.

However, it becomes essential and vitally necessary (as well as easier) to police the far smaller numbers of retail shops, super-markets and alcohol specialist licensed trading establishments, who would themselves be required to apply the law in a zero-tolerant manner and who in turn should be treated with zero-tolerance when they offend.

By placing the distribution of alcohol solely in the hands of the indicated specialist licensed traders, it becomes less necessary to police the tens of
millions of individuals – other than to ensure that, when they are shopping for their supplies, they are adult and are carrying a valid Personal Alcohol Licence (PAL).

SUPPLY REDUCTION: Licensing authorities, instead of expanding the issuing of licences for the supply of alcohol, should have a very active policy of ensuring that the number of premises in their area licensed to supply alcohol remains constant or falls. Because premises licensed to sell alcohol for consumption on the premises (mainly public houses) are widely used by “drug-pushers” to distribute their addictive substances, a reduction in the numbers of such centres would be an advantage.

At producer and distributor level, government must also limit to zero the expansion of production and importation of alcohol, by taxing financial gain made from alcoholic products to only very modest profitability.

Furthermore, whilst alcoholic products must be available to adults, any form of advertising and promotion of such substances, or their usage to promote other products should be totally banned. In addition, consideration should be given to restoring the age of majority to 21 years OR restricting the issue of Personal Alcohol Licences to those 21 or over.

CRIMINALITY AND THE EXPANSION OF ALCOHOLISM PROBLEMS ARISE SOLELY FROM PROFIT MOTIVES.

As a result of which government, whilst permitting licensed personal alcohol usage and whilst licensing supply, MUST MOVE TO TAKE MOST OF THE PRESENT PROFIT – AND THUS ALSO THE OPPORTUNITY FOR CRIMINALITY - OUT OF EVERY FORM OF ALCOHOL PRODUCTION & SALE.

The best definition of an “effective” alcohol policy is one which continuously moves a society or community in the direction of total abstinence. i.e. TOWARDS a society FREE of alcoholic substances.

Which is of course a goal Impossible to completely achieve, but such an attitude demonstrates INTENTION, and such a policy results in less and less overall production and distribution of ALL types of alcohol, less criminal and illegal activity AND a continuing reduction 1) in the number of citizens of all ages using alcohol, and 2) their consumption.

And those citizens include our children, their children and their children!

Because each and every licensed drinker must be prepared to take full legal and financial responsibility for any behaviour they indulge in which is illegal and / or which impacts on other people it is vital that “Alcohol Addiction Prevention & Avoidance Training for All” be fully and freely available to all
youngsters from reading age up, and “Risk Minimisation Guidance for Licensed Alcohol Users” (like THE HIGHWAY CODE) would take its rightful place as guidance for Licensed Users or those making application for such a licence.

IN ADDITION, IT WILL LIKELY BE FOUND ADVANTAGEOUS TO REDUCE THE STRENGTHS OF ALCOHOLIC PRODUCTS.

For example: pushing beer at 4.5 to 9% today, when 60 years ago it was only 2 to 2.5%, is a deliberate attempt to take marketing advantage of the responsibility reduction effects of alcohol by inducing quicker loss of judgement and control in the consumer. (For this reason the drink-up-quick “Happy Hour” binge must also disappear.)

60 years ago “he’s had one over the eight” described someone who was obviously drunk. Today it’s “one over the four”. Beer and other drinks at half their current alcohol content would mean an increase in the number of drinks sold, but lower consumption of alcohol, and thus less Thursday, Friday & Saturday night town-centre chaos of every sort.

The problem is not the volume drunk. THE PROBLEM IS ITS ALCOHOL CONTENT.

Because today a much greater proportion of our population gets into alcohol usage BEFORE age 21 than starts usage AFTER age 21, a vital main policy aim must also be the postponement of youth drink experimentation and usage, which very clearly depends on the age at which legal usage of all forms of alcohol products commence.

OTHER BENEFICIAL EFFECTS OF PERSONAL LICENSING:

1) Currently a driving licence containing a photograph is often accepted as a proof of age or as identification. And government is in two or even three minds as to whether to introduce ID Cards.

With the current high numbers of adults using alcohol either in public or at home, a PAL would likely be carried by well over 90% percent of the adult population.

As a result, the PAL – with its photograph of the license holder - would quickly obviate the necessity for an ID Card. Furthermore, as the individual choosing to have a user’s licence would be paying for its issue, unlike an ID Card, there would be no cost to the taxpayer.

Because of the preponderance of citizens who would hold a photo bearing alcohol licence and / or a photo driving licence, the issue of a photo ID card to the rest of the population would be a much smaller and less costly venture.

2) Because in principle every adult would be entitled to a Personal Alcohol Licence, no licensed user would “need or want” to seek supplies from
other than official close to hand sources – especially as such legal supplies would always be locally available and would also be the easiest, safest, non-criminal and least expensive to obtain.

The criminal element would thus be left with only three main groups of potential clients:

i) Those with the lowest amount of disposable income - the under-aged,

ii) Those adults also with low income who cannot afford a PAL, and so also cannot afford the likely higher cost of illegal booze, and,

iii) Those deprived of their PAL as the result of an offence.

But criminal suppliers - whose appeal rests solely on significantly lower pricing – cannot compete with a low legal pricing structure.

Additionally, by emphasising and enforcing the responsibilities of all adults accountable for children - including teachers, doctors, police and parents in particular - and by placing penalties for parents on a zero-tolerance basis, criminals would find much more determined familial resistance to their activities than at present.

Furthermore, Alcohol Addiction Prevention and Avoidance Training from an early age, and the legal availability of alcohol for adult consumption, would take away much of the glamour and sense of “I dare you” adventure currently associated with youth usage.

Guidance Classes for Parents (part of Alcohol Addiction Prevention and Avoidance Training) would also help minimise criminal activity in this field.

3) No other industries in the world have the unethical advantage which the producers of addictive substances “enjoy” when it comes to marketing their products, because manufacturers of furniture, shoes and bicycles, etc., etc., have no way of getting their clients addicted to or coerced by their products.

For alcohol sales to be expanded and for drinks industry profits and dividends to be raised year after year - as with any other businesses - boards of directors see as essential that there be more and more of our citizens – more parents, more pensioners and even more youngsters - directed towards more alcohol usage – a disreputable business goal.

An alcohol dependant or habitual drinker is a goose which lays golden eggs for the licensed trade, because some drinkers cannot resist reaching for the alcoholic beverage to which they are addicted.

As a result - many aspects of alcohol industry marketing take the deliberate and fullest possible advantage of the habit forming and judgement / responsibility lowering effects of drinking.
However if we are to defend our populations against a life of alcoholic misery, the essentially unethical usage for marketing purposes of the addictive and coercive properties of the alcohol itself must be stopped - in a similar way to how we penalise the application of Rohypnol - the date-rape drug which permits the substance “supplier” to take advantage of the substance “consumer” in order to achieve effects desired for the benefit of the supplier rather than for the consumer.

4) Legal producers and distributors of alcoholic products can expect to expand their turnover by virtue of the disappearance of competition from lower priced illegal supplies and by selling much higher quantities of lower strength drinks.

5) Because a PAL is paid for in advance of purchasing the alcohol, the licence revenue is effectively collected much earlier than is currently the case. Furthermore, as the government would no longer be reliant on the alcohol trades for tax collection, government would be able to exercise more control over those industries.

6) If at some point the government decided to bring in some form of rationing of alcohol consumption, then the PAL licence would form a ready made basis for recording each individual’s consumption. Furthermore, in the same way that we have Provisional Driving Licences, we could have restricted or rationed consumption for those over 18 but under 21, and it might be considered necessary to reduce binge-drinking by having a rationed daily maximum.

CONCLUSION: The above is obviously just the bare anatomy of a new approach, needing fleshing out and suitable dressing to make it applicable and attractive to all those to whom it will apply.

Much more positive evidence can be submitted of the numerous benefits and advantages of the above approach to alcohol consumption reduction and its behavioural problems – but not within the compass of so few pages. As a result, if required, the author is prepared to attend meetings for interactive discussion with politicians or with the trade.

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addiction recovery training services (arts)

ARTS is a not-for-profit community support organisation established by a retired UK Magistrate in 1975 to inform officials and the public about
those policies and organisations likely to provide better solutions to national problems in the drug and alcohol addiction fields.

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AN EFFECTIVE METHOD OF ELIMINATING CRIMINAL ALCOHOL SUPPLIES, AND IMPROVING TAX REVENUE FROM ALCOHOL, WHILST REDUCING MUCH OF THE ANTI-SOCIAL BEHAVIOUR WHICH ALCOHOL USAGE CAN AND DOES CAUSE.

by Kenneth Eckersley,
FIOD, FCMI, HonMPHMA(Int), HSDC, MCIM, MABFDFE (Stockholm & Brussels).
Former Magistrate and Retired Justice of the Peace C.E.O. Addiction Recovery Training Services

An ARTS Publication
December 12, 2011

Rodger Evans  
Senior Assistant Clerk  
Health and Sport Committee  
healthandsport.committee@scottish.parliament.uk

Dear Mr. Evans:

Thank you for the opportunity to provide input regarding the Scottish Parliament’s Alcohol (Minimum Pricing) Bill. Minimum prices for on-site liquor drinks were introduced in Alberta in 2008. Accordingly, I would like to take this opportunity to share with you the Alberta experience.

In response to repeated concerns expressed by Albertans regarding alcohol-related violence in and around licensed premises, on August 1, 2008 the Alberta Gaming and Liquor Commission (AGLC) introduced policy changes concerning minimum prices for on-site liquor drinks, limits on the duration of Happy Hours and limits on the number of liquor drinks sold or served after 1:00 a.m.

Prior to the development of a minimum drink price policy, the AGLC partnered with the Alberta Solicitor General and Ministry of Public Security to host two roundtable sessions on the issue of violence in and around licensed premises. The first session was held in November 2005 and the second was held in March 2006. The sessions included representation from police and municipal agencies, other government departments, and the liquor industry.

The roundtables explored the issue of violence within the context of bars, nightclubs, and other licensed premises. Its purpose was to gather input, information, and advice from stakeholders on the frontlines – from the people who work in, own, manage, regulate, and protect the province’s licensed premises. One of the many suggestions stemming from the roundtable was to limit the duration of “Happy Hours.”

Following the roundtables, in-depth research on best practices was undertaken. Among the many findings in the research, a strong correlation was found between price, consumption and harms associated with over-consumption.
The minimum liquor prices were based on a number of factors including discussions with the various stakeholders, the minimum prices established in other Canadian provinces and the cost of the liquor.

The impact of the implementation of the policy has been positive. Numerous stakeholders have indicated that the policy has been effective in eliminating predatory pricing. As well, police have indicated that the policy is working as they are seeing a reduction in violence and other alcohol-related harms.

Thanks again for the opportunity to provide input.

Yours truly,

Kent Verlik
Executive Director, Corporate Strategy and Social Responsibility

Attachment: Section 5.2 – Liquor Pricing of the AGLC's Licensee Handbook
5.2 LIQUOR PRICING

POLICIES

5.2.1 The amount of liquor in a drink (i.e., # of ounces or millilitres) and the price must be specified on a menu or price list.

5.2.2 Licensees may set their own liquor prices, subject to the minimum prices specified below.

5.2.3 Class A, B, and C (except canteen or adult residence) licensees, as well as Commercial Public Special Event licensees, may not sell, or offer to sell, liquor less than the following minimum prices:

- Spirits and liqueurs: $2.75 / 28.5 ml (1 oz) or less;
- Wine: $0.35 / 28.5 ml (1 oz);
- Draught beer: $0.16 / 28.5 ml (1 oz); and
- Bottled/Canned Beer, Cider or Coolers: $2.75 / 341 ml bottle or 355 ml can.

Note: GST is not included in above prices.

5.2.4 If a serving of spirits or liqueurs exceeds 28.5 ml, the minimum price of the drink must be based on the single serving menu price and increase in direct proportion to the volume served based on the minimum price of $2.75. For example, if a single serve drink has a menu price of $5.00, the following minimum prices apply to similar drinks containing more than 28.5 ml of spirits or liqueurs:

a) drinks containing 43 ml (1.5 oz) of spirits or liqueurs – the minimum price required is $6.37 ($5.00 + $1.37);

b) drinks containing 57 ml (2 oz) of spirits or liqueurs – the minimum price required is $7.75 ($5.00 + $2.75); and

c) drinks containing 85.5 ml (3 oz) of spirits or liqueurs – the minimum price required is $10.50 ($5.00 + $2.75 + $2.75)

5.2.5 "Happy hours" refer to periods of time where a licensed premises:
a) reduces the regular price of liquor posted in the liquor menu; or
b) offers specific brands or types of liquor at reduced prices.

5.2.6 "Happy hours" must end by 8 p.m.

5.2.7 "Happy hour" pricing must not be below the minimum prices specified in Sections 5.2.3 and 5.2.4.

5.2.8 A licensee is not allowed to offer:
   a) free liquor specials;
   b) more than one (1) drink for a single price (e.g., "2 for 1" specials, or "triples for the price of a single"); and
   c) "all you can drink" specials for a fixed cost.

5.2.9 "Buckets of Beer" pricing are permitted under the following conditions:
   a) the price of a single beer is posted and available for consumption;
   b) the price of the "bucket" is equal to the total price of the singles (i.e., a bucket of 4 beer is $12.00 and the singles are $3.00 each); and
   c) prices are not below the minimum prices specified in Section 5.2.3.

5.2.10 Liquor sale activities must not promote intoxication.

5.2.11 Gift certificates may only be redeemed for liquor if they are purchased at face value (for example, in order to redeem a $10 gift certificate for liquor, the gift certificate must be purchased for at least $10).

5.2.12 Discount liquor coupons are only permitted if:
   a) the selling price after redemption of the coupon does not fall below the minimum prices specified in Sections 5.2.3 and 5.2.4; and
   b) they are only accepted prior to 8:00 p.m.
Alcohol (Minimum Pricing) (Scotland) Bill

Alcohol Health Alliance UK

1. About the Alcohol Health Alliance UK

The Alcohol Health Alliance UK (AHA) brings together over 30 medical bodies, patient representatives, charities and alcohol health campaigners to work together to:

- highlight the rising levels of alcohol health harm
- propose evidence-based solutions to reduce this harm
- influence decision makers to take positive action to address the damage caused by alcohol misuse.

The AHA is coordinated by the Royal College of Physicians of London. As an independent body representing over 25,000 fellows and members worldwide, RCP London advises and works with government, the public, patients and other professions to improve health and healthcare, and has been at the forefront of improving healthcare and public health since its formation in 1518. The RCP has published a series of seminal reports on alcohol including: ‘The medical consequences of alcohol abuse; a great and growing evil’ (1987)\(^1\), ‘Alcohol and the heart in perspective; sensible limits reaffirmed’ (1995).\(^2\) The first of these reports recommended sensible limits of drinking for men and women.

2. Introduction

The AHA welcomes the Alcohol Minimum Pricing Bill (Scotland), and supports its remit of introducing a minimum pricing policy which prevents alcohol being sold below baseline cost. We believe that enforcing a minimum price per unit according to the strength and volume of the alcohol will have a dramatic effect on reducing consumption and the harm caused by excessive alcohol consumption.

3. What are the advantages of establishing a minimum alcohol sales price?

The price of alcohol has declined steadily over the past fifty years, with off-licences and supermarkets offering deep-discounts and promotions to encourage alcoholic purchases. There is a distinct relationship between price and the consumption of alcohol, with affordability strongly correlated to demand; the School of Health and Health Related Research report highlights that a minimum price of 50p per unit would:

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1. Royal College of Physicians. *The medical consequences of alcohol abuse, a great and growing evil*, Tavistock Publications Ltd, 1987
2. Royal College of Physicians, Royal College of General Practitioners, Royal College of Psychiatrists. *Alcohol and the heart in perspective; sensible limits reaffirmed*. Oxford: Oxprint: 1995
• reduce consumption per drinker by 6.9% on average, saving around 100,000 hospital admissions each year and 10,300 fewer violent crimes
• reduce healthcare costs in England by £66 million in year one and £1.37 billion over ten years
• reduce crime costs in England by £49.6 million in year one and £413 million over ten years
• save £28.6 million in employee absenteeism in year one and £238 million over ten years
• save £7.4 billion in direct costs over ten years.3

Whilst some commentators may advocate higher taxation of alcohol instead of adopting minimum pricing, the AHA argues that this is less effective in reducing health harms. Recent research in Finland, for example, found that when taxes on alcohol were reduced by an average of 33%, researchers estimated a 10% increase in consumption and recorded a rise in alcohol-related mortality for both men and women.4

4. What disadvantages can be discerned from introducing a minimum sales price?

It has been suggested that implementing a minimum price policy would adversely affect moderate drinkers. This is a misconception. Currently, responsible drinkers are actually subsidising the harmful drinking habits of 25% of the population who are drinking at hazardous levels. If a 50p minimum price was introduced, this would mean an increase in spending on alcohol of less than 23p a week per moderate drinker, whereas a harmful drinker would pay an extra £3.13 per week.

This increase only bears significance for the heavy drinking group, whose weekly alcohol bill would typically increase from £23 to £105.

5. Is the proposed minimum price level justified?

We are supportive of the introduction of minimum unit pricing proposed by the Scottish Parliament, and associated work with the University of Sheffield. A responsible unit pricing policy would not only have a positive impact on healthcare, it would help cut crime costs and workplace absenteeism associated with alcohol misuse.

Gemma Cantelo
Policy Manager
Alcohol Health Alliance UK
12 December 2011

4 BMJ 2008; 337:a1504
Alcohol (Minimum Pricing) (Scotland) Bill

Angus Alcohol and Drugs Partnership’s (AADP)

Alcohol continues to cause problems across Angus and elsewhere in Scotland. The Angus Alcohol and Drugs Partnership (AADP) has established the Focus on Alcohol Angus project that aims to challenge the cultural acceptance of heavy drinking in Angus. Despite the positive impact of this project, a problematic relationship with alcohol still exists in sections of the community. This approach to addressing the misuse of alcohol within our community has been embraced by the Angus Community Planning Partnership and the content of this Bill has relevance for all key partners.

Research conducted by Sheffield University shows clearly that the introduction of minimum pricing can reduce harm in the areas of health, employment and crime. Research also suggests that moderate drinkers are only minimally affected by price increases. There is also compelling evidence that shows that alcohol consumption has increased as prices have decreased. Instances of cirrhosis of the liver have increased in Scotland as the price of alcohol has reduced. It is the opinion of the AADP that a clear advantage of the Bill would be to reduce alcohol consumption across the Scottish population.

Opposition to the Alcohol Bill from the retail and drinks industry must be balanced with the need for action on alcohol issues across Scotland as it is clear alcohol causes significant problems in our communities. Studies conducted by Aberdeen University show that the introduction of minimum pricing might lead to a drop in sales, but that this would be off-set by the increase in price.

The explanatory notes accompanying the Bill suggest a minimum price of forty pence per unit of alcohol. It is the view of the AADP that a minimum price would have to be higher than forty pence per unit to see the desired decrease in consumption across the population. Alcohol Focus Scotland has suggested that the minimum price be set between forty five and fifty five pence and we would support this recommendation. The AADP strongly supports the introduction of minimum pricing and believes there are more advantages than disadvantages from introducing this legislation.

The committee also ask for views on the rationale behind the use of minimum pricing as an effective tool to address all types of problem drinking. Research suggests that in Scotland there are around 1,172,000 hazardous/harmful drinkers and roughly 200,000 dependent drinkers. It is the view of the AADP that minimum pricing will impact most upon those people reporting hazardous drinking, which is the largest group of problem drinkers. Minimum pricing will have less initial impact on those people dependent on alcohol, due to the nature of dependence, but it might positively impact upon people in recovery.
from alcohol dependence. A reduction in the availability of cheap alcohol will be helpful to some in their fight to abstain from alcohol once in recovery.

The AADP believe that there are no alternatives to minimum pricing that will so effectively address the public health issues surrounding alcohol consumption in Scotland. A report commissioned by the World Health Organisation, Alcohol No Ordinary Commodity 2003, showed clearly that the most effective measures to reduce alcohol consumption were price and availability. In addition to that, it is necessary to protect young people from the broad range of ‘under the radar’ marketing activity for alcohol. This has recently been evidenced by the Institute of Social Marketing, Stirling University, as a powerful method within which to provide a range of powerful multi-media messages around alcohol to influence the choices that young people take around alcohol.

The AADP are supportive of the Bill empowering licensing boards to raise the legal purchase age for off sales in their area. It is recognised that this section of the Bill has been controversial, the argument being that we should not only target young people but the whole population. However, we foresee several benefits to the inclusion of this section of the Bill. Eighteen to twenty-one year olds would be encouraged to drink in licensed premises, where there are a mix of age groups and trained staff making it a more controlled and safer environment. Hopefully the effects of pre-loading, where young people drink cheap alcohol from off sale premises prior to entering licensed premises, will be reduced. It is possible that the number of 18-21 year olds acting as agents (buying alcohol for those under age) will be reduced.

On the issue of social responsibility fees, the AADP are supportive of this section of the Bill but believe any such fee must be introduced fairly and recognise and reward responsible licensees. It seems fair that those who produce and sell alcohol and profit as a result should contribute to the huge financial costs of clearing up our town centres as well as the cost of treatment services and A&E departments that are associated with the misuse of alcohol. However, it needs to be recognised that some licensed premises, particularly in rural areas, act as community halls and allow the use of rooms to community groups. In Angus we have some licensed premises that offer alcohol free discos for young people where safe drinking messages are promoted to those attending. A license holder who offers support to community groups and offers diversionary activities for young people on a regular basis should have their social responsibility fee reduced or possibly have no fee to pay. If the fee was to be waived there would need to be a mechanism of monitoring the use of the premises to ensure this is used frequently by community groups and not just once or twice a year. In addition to this there are ten local authority areas currently participating in the Best Bar None scheme led by the Scottish Business Crime Centre (SBCC). This good practice initiative for the trade is growing in Angus and indeed has increased three fold over the last three years. Premises accredited with the Best Bar None scheme award should also be recognised as non-fee paying premises.
In conclusion the AADP are in support of the introduction of this Bill and we believe it will have a very positive impact on the Scottish population’s relationship with alcohol.

Robert Peat
Director of Social Work and Health
Angus Alcohol and Drugs Partnership’s (AADP)
November 2011
Alcohol (Minimum Pricing) (Scotland) Bill

Association of Chief Police Officers in Scotland

Background

ACPOS were invited to present written evidence to the Scottish Government's Health and Sport Committee on the provision for minimum pricing in January 2010. A response was provided at that time that "ACPOS is supportive of this provision. Throughout the country, we see alcohol sold for as little as 50p per shot. Any mechanism which slows down the sale and consumption of alcohol should be supported." The submission further stated that "The Scottish Police Service supports any proposals to set minimum retail pricing within the civil law, in relation to the sale of alcohol for consumption both on and off licensed premises. We (ACPOS) consider that directly linking the strength of a product to its retail cost by establishing a minimum pricing for a unit of alcohol would positively assist in addressing the problems associated with reducing excess alcohol consumption and the subsequent alcohol-related harm and antisocial behaviour."

Whilst this position has been challenged both within the media and other forums, the policing position has not changed.

ACPOS presented oral evidence to the Health and Sports Committee at the Scottish Parliament on Wednesday 17 March 2010 during which the ACPOS position was re-affirmed that the Chief Officers supported the proposals to introduce a minimum sales price for a unit of alcohol.

Response to Consultation

The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol

The Alcohol (Minimum Pricing)(Scotland) Bill (as introduced) provides the framework by which minimum pricing will be introduced and calculated. However, the supporting documentation, namely

- Delegated Powers Memorandum
- Explanatory Notes (and other accompanying documents), and
- Policy memorandum

set out very clearly a reasoned argument behind the introduction of such a measure.

Without re-iterating the information provided ACPOS recognises the social consequences and costs associated with excessive alcohol consumption that leads to crime and disorder. The annual cost to Scotland in alcohol related crime of £727 million is alarming. As is the fact that nearly a quarter of those under 15 years of age who have drunk alcohol reported getting into trouble with the police. Also of concern is that half of Scottish prisoners (including
77% of young offenders) said they were drunk at the time of their offence, with almost three-quarters of persons in prison admitted to having had an alcohol disorder, with over a third alcohol dependent. Before reaching the prison population all of these individuals would have had police involvement.

There is sound argument that minimum pricing can assist in reducing levels of criminality and as such ACPOS supports this approach.

It is acknowledged that minimum pricing is not a 'stand-alone' answer, and that it has to incorporate measures such as a ban on quantity discounts. Whilst the Scottish Government has endeavoured to address this through a quantity discount ban within the Alcohol (Etc)(Scotland) Act 2010, it was recognised that with such a ban, without minimum pricing, retailers would reduce the price of alcohol products undermining the quantity discount. This is in fact what has happened with the price of alcohol in larger retail outlets falling. If either measure is to achieve any success both have to be introduced.

A consequence of any increase in price may be an increase in illegal alcohol trading. In 2010 ACPOS stated that across the whole of Scotland there was no evidence that illegal sales were an issue nor that they considered that it was likely to become one. ACPOS indicated that if it did become an attractive option for criminal activity they would, along with HMRC, focus upon it. Equally it could be argued that the additional cost of transporting alcohol coupled with the actual availability of alcohol will have no significant impact on the overall sales. Ultimately this is only one of a number of measures aimed at reducing alcohol consumption.

The level at which such a proposed minimum price should be set and the justification for that level

ACPOS has no strong opinion on how a minimum price should be set. However, the minimum price per unit should be sufficiently high to have the desired impact on alcohol related harm, without impacting too significantly on the majority of moderate drinkers and the alcohol industry in Scotland.

They acknowledge the view of the Scottish Government that the minimum price per unit should be set and subsequently varied by Scottish Ministers subject to the control of the Scottish Parliament through an order as this provides the necessary flexibility during periods where the external influences are unknown.

ACPOS also supports the view that minimum pricing should not be self-regulated through the alcohol industry.

Any other aspects of the Bill

ACPOS are of the opinion that measures such as minimum pricing cannot have the desired impact in isolation. It has already been stated that minimum pricing must go alongside bans on quantity discounts.
In addition to these two measures all other approaches that may impact positively on responsible drinking, removing alcohol as a 'normal' commodity should be considered. There are already a number of publications that provide evidence and support for such measures and ACPOS would support any measure that was intended to have a positive effect on reducing alcohol related harm, crime and disorder.

Such measure may include:

- Dedicated tills or dedicated areas for sale of alcohol in larger off-sale retailers.
- Self-service tills should not be utilised for the sale of alcohol.
- Removing the ability to sell alcohol in small grocer retailers, with a possible move to dedicated alcohol shops.
- Reduction in the hours available for the sale of alcohol.
- Re-affirm the 'Duty to Trade', as at present premises apply for and are granted the maximum hours available according to local Licensing Policies, but may elect to remain open for only a small part of this time, making it extremely difficult to determine when premises should be open or closed.
- Requirement for a Personal Licence Holder (not necessarily the Designated Premises Manager) to be on the premises at all times when alcohol is sold.
- Introducing training for Premises Licence Holders.
- Increasing the training requirement and frequency of training for all staff and in particular that applicable to Personal Licence Holders.
- Mandatory Licensing Board sanctions where training can be evidenced as failing.
- Consideration of mandatory continuous professional development training for Board members.
- Further regulation of members clubs to bring them in line with full premises licence holders. i.e. requirement to have Designated Premises Manager, with a requirement to include the club constitution as part of the Operating Plan.

Tom Ewing
T/Assistant Chief Constable
Secretary Licensing Sub Group
Alcohol (Minimum Pricing) (Scotland) Bill

Association of Directors of Social Work

The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol

ADSW supports the proposal to introduce a minimum alcohol sales price based on a unit of alcohol.

Research from Europe and worldwide is accumulating and shows a clear, direct relationship between the price and consumption of alcohol. ADSW believes that minimum pricing will have a positive effect in reducing the effects of alcohol related harm in the areas of health, criminal and anti-social behaviour and employment.

Minimum pricing will have minimal effect on moderate drinkers. Its greatest effect on actual price will be seen in the high volume/high alcohol products, which are often the choice of young, inexperienced drinkers.

There is compelling evidence which shows that when prices rise, consumption falls. Alongside recent legislative changes concerning multi-pack purchase and bargain basement offers, these proposals offer a real opportunity to effect culture change to Scottish drinking habits.

ADSW believes that the minimum sales price based on a unit of alcohol will, over time, reduce the population mean alcohol consumption and produce its greatest effects on those groups in the population who are currently most at risk of alcohol related harm and thus, of most concern.

On a more cautionary note, the ADP is concerned that the proposed changes may produce unwanted consequences such as increased trafficking of cheap alcohol from the European mainland, increased cross-border purchasing from England or online sources and possible loss of employment in the cheap-end alcohol production industry.

The level at which such a proposed minimum price should be set and the justification for that level

The ADSW believes that a minimum price of at least fifty pence per unit of alcohol should be set.

Using the pricing formula described in the Bill and applying to concrete examples shows that a unit price of fifty pence will result in a pricing structure which minimises the financial effects on moderate drinkers but will have significant effects on the high alcohol/high volume end of the market. The effects on the on-trade should also be minimal.
Once a minimum price is set it can, of course, be reviewed and varied in light of effect and circumstances. The Scottish Government should enshrine in law the authority to review and vary the minimum price set as evidence of its effectiveness accumulates over time.

**Any other aspects of the Bill**

ADSW welcomes sight of the formula that will be used to calculate the minimum price and would suggest that this be more widely publicised with examples of its application to help address the arguments being put up by those who oppose the introduction of minimum pricing.

Association of Directors of Social Work
9 December 2011
We welcome this opportunity to provide evidence to the Committee in relation to the above Bill and related Policy Memorandum.

Many Baptist Churches in Scotland affiliated to the Baptist Union of Scotland are directly involved in efforts to address the destructive impact of alcohol abuse on our society. As a result of dealing with the negative impact on families, communities and society in general, they are highly aware of the extent to which these undermine relationships and result in a range of consequences where children are particularly vulnerable to the consequences of abuse by parents who do not exercise due care and responsibility in their use of alcohol.

The Baptist Union of Scotland is therefore fully supportive of efforts to address the abuse of alcohol within Scotland. We recognise that this problem is not unique to Scotland but that it is clear that consumption in Scotland is higher and is continuing to increase at a higher rate than in other parts of the UK and so there is clear justification for taking action in Scotland distinctively ahead of any consideration of broader action across the UK.

The exposure of our churches to the adverse consequences of alcohol abuse lead us to be fully aligned with the need, as expressed in the Policy Memorandum to “reduce alcohol consumption in Scotland, in particular reducing the consumption of alcohol by harmful drinkers, and reduce the impact that alcohol misuse and overconsumption has on public health, crime, public services, productivity, and the economy as a whole.” We agree that a wide strategic approach to tackling alcohol misuse is needed and that action to set minimum pricing structure is a valuable component of such an approach based on the evidence which has been compiled to demonstrate the success of such efforts elsewhere in reducing the levels of consumption of those who would be regarded as “harmful drinkers”.

We believe it is important to underpin legislative action of this nature with support for those in the community who have suffered from the effects of alcohol abuse, whether on their own part or by others with whom they come into contact. To this end, Baptist churches in Scotland will continue to engage with those in their community in direct action of both a preventative nature (seeking to provide care and support which avoids people suffering from the adverse effects of alcohol abuse) and of a responsive nature to assist those who are victims of this.

Baptist Union of Scotland
Barnardo’s Scotland works with more than 10,000 children, young people and their families in 98 specialised projects in communities across the country. Every Barnardo’s project is different but each believes in the potential in every child and young person, no matter who they are, what they have done or what they have been through.

Barnardo’s Scotland strongly welcomes the Scottish Government’s commitment to tackle alcohol misuse and stated policy aim of reducing alcohol consumption.

Barnardo’s Scotland has specialist services that deal with alcohol misuse specifically and substance misuse more generally. The majority of all our services have to deal with the impact of alcohol misuse on children/families. This is an area in which we have considerable experience of and an area where we have specialised expertise and services. It is from this perspective that this response is made.

The Bill

Barnardo's Scotland fully supports the Scottish Government’s plans to introduce a minimum price regime for alcohol as set out in the draft Bill.

There is now significant evidence to show that price directly affects consumption.

However, we also believe that a minimum price alone will not solve Scotland’s alcohol problem.

Barnardo's Scotland would like to see action beyond the Bill to ensure that Scotland’s alcohol problem is successfully tackled.

Beyond the Bill

Barnardo's Scotland would like to see a robust implementation of Changing Scotland’s Relationship with Alcohol: A Framework for Action.

It has been nearly three years since the framework has been published and Barnardo's Scotland would like the Scottish Government report back on the progress made on all actions listed in Annex C of the Framework.

The Scottish Government needs to ensure that the framework is incorporated into all of the Government’s current and upcoming strategies relating to children and young people for example, the Mental Health Strategy and the National Parenting Strategy.
Barnardos Scotland would also like to see:

- An early intervention/ preventative approach to tackling Scotland’s alcohol problems and the needs of children and young people always put at the heart of alcohol policy.
- Adequate, appropriate and accessible services have to be made available to all children and families affected by alcohol misuse. Provision of these services is currently patchy and it is crucial that all those affected by alcohol misuse have access to support.
- The Scottish Government rigorously enforce the provisions of 2005 and 2010 Licensing Acts relating to the supply of alcohol to children and young people and ensure maximum penalties are issued to those that break the law.
- Restrictions on the marketing of alcohol products in places and times where they can be readily seen by children and young people. Barnardo’s recently supported Sarah Wollaston MP’s Private Member’s Bill at Westminster on alcohol marketing and would like to see a similar policy brought to Scotland. However, the responsibility for alcohol marketing is currently reserved.
- Restrictions on alcohol sponsorship of events and activities that target and include children and young people, such as T-in-the Park.
- A sustained and integrated approach to tackling parental alcohol misuse including a Scottish Government led social marketing campaign. This should include a sustained programme of health education, for example on Foetal Alcohol Syndrome.
- Specific guidance provided to all social and healthcare professionals on how to address and support families with alcohol misuse problems more adequately.
- The Scottish Government should implement the Social Responsibility Levy (SRL) passed under the 2010 Act to ensure that additional revenue generated by a minimum pricing regime is recuperated by the Government. We believe that revenue raised by a SRL should go towards services needed for children and families affected by alcohol misuse.
- Barnardos Scotland would like to see some of the revenue generated by the Scottish Government’s proposed Public Health Levy earmarked for an ongoing public health campaign to tackle parental alcohol misuse and parenting when drunk. This would include a focus on early intervention and education work with all age groups.

Supporting Information

Alcohol was 66% more affordable in 2009 than in 1987 (ISD, 2011). There is now overwhelming academic research, as well as international examples, which proves that minimum pricing regimes have a direct effect on the consumption of alcohol by quantity and type. Barnardo's welcomes the Government's plans to introduce a minimum price regime.

A significant percentage of children throughout Scotland are harmed in various ways and to varying degrees by alcohol. Sometimes the negative effects are caused by alcohol consumption among children and young people...
themselves. In addition, there is abuse and/or neglect of children resulting from alcohol abuse of parents or the other adults in their lives.

Latest ISD statistics found that when asked 11% of thirteen year olds and 31% of fifteen year olds reported having a drink in the last week. Each year in Scotland there are on average around 350 alcohol-related hospital admissions amongst people under 15 years (Alcohol Focus Scotland). It is estimated that at least 65,000 children in Scotland are affected by a parent with a drink problem. Each problematic drinker is likely to negatively affect the lives of at least two other family members. (Alcohol Focus Scotland)

In the 2011 ISD survey a range of negative effects of drinking alcohol were reported by children, including having tried drugs, having been in trouble with the police and vomiting. Fifty five percent of fifteen year olds reported experiencing at least one effect compared with 39% of thirteen year olds. ‘Vomiting’ and ‘having an argument’ were the most common negative effects of alcohol to be reported.

**Interventions that work**

A WHO review of 32 alcohol policy measures found that the most effective alcohol policies are controls on price and availability, drink driving laws and brief interventions for hazardous and harmful drinkers. Alcohol policies found to be least effective include education, public service announcements and voluntary regulation by the alcohol industry (Alcohol policy in the WHO European region: current status and the way forward, 2005).

**Advertising and Marketing**

Barnardo’s Scotland recently supported Sarah Wollaston MP’s Private Member’s Bill on Alcohol Marketing and would like to see a similar policy introduced in Scotland. The responsibility for marketing is currently reserved to Westminster.

There is a significant link between alcohol marketing and consumption among adolescents which has been shown in a number of academic studies. A systematic review of those studies concluded that increasing exposure to alcohol marketing encourages children to start drinking younger and to drink more when they do. The Academy of Medical Sciences report, *Calling Time*, showed a consistent correlation between consumption levels by 11-15 year-olds and the amount spent on marketing.

The sponsorship of sporting events and teams, as well as youth events, such as T in the Park by alcohol products is not acceptable. Nor is the production by alcohol industry of ‘advergames’ on the internet and for use on mobile phones, which promote alcohol products.

Barnardo’s Scotland supports legislation that would only permit the promotion of alcohol in media that adults use. This would include the print media (90% of readers are adults rather than children), radio and TV after 9pm and films with
an 18 rated certificate. It would allow advertising at the point of sale in licensed premises and at traditional producer events. Every advert would also be required to carry an advisory message about responsible drinking and health. Any other marketing or promotion not specifically permitted would therefore be banned, and this would include pre-watershed television, social media and youth-certified films.

There should be heavy penalties for those that break these rules.

The estimated spend on alcohol marketing is around £800million compared with the Drinkaware Trust’s funding by the industry of just £2.6million.

Parental Alcohol Misuse

In *Untold Damage*, published by SHAAP and ChildLine in 2009, the report found that a disproportionately large number of calls received by ChildLine from children concerned about a significant other’s drinking come from Scotland. It found that parental drinking problems contributed to their own problems and unhappiness. In calls the vast majority of children relate the violence as happening when the parent is drunk or has been drinking. Children also described how family relationships are affected by harmful parental drinking resulting in verbal aggression and conflict. They provide accounts of their own isolation within the home and a general lack of parental attention and care. Parental drinking has a significant impact on their mental health and wellbeing.

Barnardo's Scotland would like to see a sustained and integrated approach to tackling parental alcohol misuse including a Scottish Government led social marketing campaign.

Enforce existing laws

ISD Scotland statistics have found that the three most common sources of buying alcohol for school children were friends/relatives, shops and off licences. Among both 13 and 15 year olds the most common way to have bought alcohol was from a friend or relative. Of those pupils who had ever drunk alcohol, one in ten 13 year olds and 17% of 15 year olds had made an attempt to purchase alcohol from a supermarket/shop/off-licence (irrespective of success) in the previous four weeks of being asked by ISD researchers. In both age groups, if an attempt was made, it was more likely to result in a purchase than a refusal. Attempts to purchase alcohol at a pub, bar or club were rarer as 4% of 13 year olds and 12% of 15 year olds who had ever drunk alcohol reported that this had occurred in the last four weeks. Since 1998 the proportion of 13 year olds and 15 year olds, who had ever drunk alcohol, who bought alcohol from friends and relatives more than doubled. Although there has been a small decline in 15 year olds buying alcohol from pubs and clubs between 1996 and 2008, there has been an increase in the percentage that have bought from supermarkets.
Barnardo’s Scotland would like to see the Government focusing on prosecuting those that sell alcohol to underage drinkers with the rigorous enforcement of the of 2005 Licensing Act relating to the sale of alcohol to those under the age of 18.

Richard Meade
Public Affairs Officer
Barnardo's Scotland
12 December 2011
Alcohol (Minimum Pricing) (Scotland) Bill

Dave Bremner

I will take each of your main points requiring response in turn, and I will refer only to off-sales, as this requires to be treated differently to on-sales, where price isn’t the major driver of problems. On-sales has problems unique and separate from that of off-sales, and in many ways each, although they are both dealing with the same commodity, are now so diverse in their issues that you cannot easily tackle both together.

The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol

As a licensee who regularly exports duty paid product to overseas customers as well as throughout the rest of the UK, I have a natural concern that the perception of products being despatched from Scotland will be that they are expensive, or worse, that they actually are more expensive than identical products available elsewhere in the UK.

That said, I do agree that something needs to be done to tackle the availability of low priced alcohol, but the proposal to impose a simplistic minimum price per unit, is flawed, and is probably not the correct way to go about this, certainly not as a measure on its own.

It is my opinion that it is the easy availability of alcohol that is the largest issue, rather than the price itself.

In recent years, a radical and wholesale change has occurred in off-sales of alcohol, away from specialist, and often independent, retailers, to widescale, blanket, availability through multinational supermarkets. Marketing of alcohol has also changed as a result, with the position now where shoppers are used to having alcohol readily on display as per any other grocery item. This has been a deliberate move to de-sensitise, or de-stigmatise, the purchase of alcohol, and combining this with a below cost loss-leading pricing policy has resulted in the purchase of alcohol being a non-event in most shoppers minds.

So much so in fact that even now after a supposed more rigorous Act, and limits on display throughout stores, there is still nothing to distinguish alcohol aisles from any other.

The below cost policy is also an area which should be challenged and eliminated. It is my understanding, that although sales are made below cost, there is an ability to reclaim lost Vat or Duty, perhaps both, which actually results in no loss being made. I am ready to be corrected on that, but the point remains that below cost selling is major factor in increasing alcohol sales, in a manner that was never an option to specialist high street shops.

Levels of UK duty, (reserved I know), also have a defining impact, in that different alcohols attract duty in varying ways and rates. This results in, for
example, cider attracting duty at approximately 25% of the value of spirits, when expressed on a per unit basis for standard bottles. This is clearly an anomaly that needs rectified.

It may be open to legal challenge, but I would far prefer to see a retracing of licensing, to a point where multinationals & day to day supermarkets weren’t allowed to sell alcohol in any form. Or, if this is impractical, remove the alcohol from their main stores altogether to separate units. This already happens in some instances in Europe, where a separate purchase has to be made in an adjoining, or specialist, building.

This simple act of removing alcohol from day to day grocery shopping would I believe help hugely.

Another factor which should be borne in mind on a minimum unit pricing strategy, is where the extra revenue will end up. Absolutely the worst case scenario would be to put extra cash into the pockets of the multinationals and their shareholders, the very enterprises who have manipulated the sale of alcohol and got us to this position.

The level at which such a proposed minimum price should be set and the justification for that level

If a minimum price must be set, I would suggest setting it at the current highest UK level for all alcohol products. Spirits currently attract duty at the rate of £25.52/litre of alcohol. This equates very roughly to 28p/unit.

Applying this to all products including ‘problem’ products such as cider, would increase the price of these considerably, levelling out the duty on products so that none were being viewed as discriminated against, and avoiding the inevitable political backlash of penalising sectors of the population who don’t actually cause anybody any problem whatsoever through consumption of alcohol, and who will view a high minimum price as a draconian knee jerk reaction to provide an instant fix.

As a nation we have been led blindfold into current drinking attitudes, and a quick fix isn’t what’s required. What’s required is a gradual, planned, and measured solution, and this is where the on-trade has an essential part to play if supported correctly.

Dave Bremner

7 November 2011
December 9, 2011
Duncan McNeil MSP, Convener
Health and Sport Committee
Scottish Parliament (T3.60)
Edinburgh, SCOTLAND
EH99 1SP

Dear Mr. McNeil,

The Health and Sport Committee of the Scottish Parliament has requested a written response from the Brewers Association of Canada (BAC) with respect to draft legislation which calls for the introduction of alcohol “minimum price” in Scotland ("Alcohol Minimum Pricing, Scotland Bill"). The BAC had responded to a similar Committee request in January 2010, and we welcome the opportunity to participate in this latest consultation.

The BAC is the national association representing brewers licensed to operate in Canada. Membership is comprised of 22 companies which account for more than 97% of domestic beer enjoyed in Canada and abroad.

Brewers have been operating businesses in Canada for over 350 years. Each year the Canadian brewing industry generates more than 1.2% of national gross domestic product (GDP), and directly employs 13,000 Canadians, with an additional 152,000 jobs created indirectly in retail, hospitality, and other sectors. In 2010, the volume of sales in the Canadian beer market was 23.1 million hectolitres, 15% of which was imported and 85% domestic. Average annual per capita beer consumption is 69.1 litres based on total population.

Social Reference Pricing

Social reference pricing (SRP) as “minimum pricing” is commonly called in Canada, is established sub-nationally through regulation or through liquor authority pricing policies (mark-up structure), and exists at retail in most provinces. In the case of beverage alcohol consumed on premise (on trade), a number of sub-jurisdictions also have in place minimum drink prices, calculated to prevent sales to consumers below cost.

SRP generally varies based on product type, category, and size of product, and is set with regard to diverse factors such as: the alcohol content of the product, the intended consumer and purchase price for a single unit (or most commonly purchased package size), ease of consumption and the history of types of products in the marketplace.
Rationale

In Canada, SRP has both a public policy and a government revenue rationale. From the public policy perspective, SRP is seen as being an important measure to prevent discount pricing practices that would drive problematic levels of consumption and fuel youth drinking. It is generally regarded that SRP has more effect on price than tax increases alone, the latter which can be absorbed along the supply chain.

At the same time, SRP also drives government tax revenues when taxes are ad valorem (% of price). On this basis, government can indirectly increase tax revenue through action on an effective social policy instrument.

The Canadian Model

SRP does not exist in isolation but rather is in synergistic arrangement with other policy measures, together forming the Canadian Model of alcohol control. The other components of this model include:

- the government licensing of retailers and manufacturers;
- a minimum purchase age that is strongly enforced by liquor licensees (on- and off-trade);
- a federal legal blood alcohol limit of .08 (supplemented through provincial administrative sanctions at lower blood alcohol levels);
- federal and provincial advertising laws supported and complemented by a voluntary pre-clearance system for broadcast advertising (and in some provinces print) administered Advertising Standards Canada, an independent advertising self-regulatory body; and,
- control and regulation of beverage alcohol through provincial liquor authorities and licensing agencies.

This policy framework is complemented through voluntary and cooperative initiatives between the brewing industry, governments, interested non-governmental organizations (NGOs) and experts in the research field. While industry provides funding, responsibility for program development, content and implementation rest with non-industry partners.

The 2007 National Alcohol Strategy (NAS), “Reducing Alcohol Related Harm in Canada: Toward a Culture of Moderation”, best illustrates the spirit of cooperation and multi-stakeholder participation inherent in the Canadian Model. The goal of the NAS is to encourage the development and maintenance of a culture of moderation, with sensible consumption of alcohol as an alternative to misuse.

A recommendation of the NAS in achieving this goal is the introduction of indexed social reference pricing. A detailed description of the NAS and other initiatives involving industry is contained in Annex 1.
NGO Support

NGOs concerned with alcohol-related harm see SRPs as performing a social responsibility function, and being especially protective of the most vulnerable in the community. Key NGOs that endorse SRPs include: the Canadian Centre on Substance Abuse (CCSA), the Centre for Addiction and Mental Health (CAMH), the Addictions Foundation of Manitoba (AFM), Mothers Against Drunk Driving (MADD), the Ontario Public Health Association (OPHA) and the Centre for Addictions Research of British Columbia (CARBC).

Ontario Strong Beer Case Study

An Ontario beer industry review of the impact of SRP as applied to strong beer is especially instructive. In 2004, high alcohol single serve containers of beer were growing in popularity with homeless and economically marginalized citizens, with resulting problems of intoxication and disruptions in local communities.

While a SRP already existed, the top tier applied to all products 5% alcohol by volume and above. What this meant was that 10% alcohol by volume beer could be sold at the same SRP as a 5% abv beer, despite having twice the alcohol. The end result is that many of the higher alcohol products became the cheapest source of alcohol on the market.

The solution to the problem was to adopt a new category of SRP better geared to alcohol content, amending the SRP structure so that all beer 5.6% and above was set at CDN $55 per litre of absolute alcohol (currently $58.870). This change resulted in a dramatic decline of sales of higher alcohol beer categories. As an outcome, many higher alcohol brands were removed from the market, or their alcohol content was subsequently reduced.

Summary

According to Health Canada, most Canadians drink in moderation and without harm, and most do not have problems with alcohol. That situation we believe speaks to the value of the Canadian Model, and of which SRP is a key component or feature, in ensuring that the benefits of moderate consumption are maximized and the harms minimized,

We thank you for allowing us an opportunity to contribute to the Committee review, and gladly offer any further assistance.

Sincerely,

Ian Faris

President & CEO

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Annex 1: Programs, Partnerships and Initiatives

- **Alcohol Issues Panel** - More than 13 years ago, the Brewers Association of Canada (BAC) created an Alcohol Issues Panel (AIP), comprised of independent experts and leading NGOs concerned with alcohol and addiction issues in Canada. The AIP continues to meet and provide valuable, content-laden advice to the BAC and its Members on how best to address alcohol misuse in Canada and on effective programming and initiatives.

- **National Alcohol Strategy** - In 2006 and early 2007, the BAC, along with participants drawn from the distilling and wine industries, provincial liquor boards, federal and provincial/territorial governments, NGO’s, and academia-research, met to develop a National Alcohol Strategy (NAS). This working group produced: “Reducing Alcohol Related Harm in Canada: Toward a Culture of Moderation, Recommendations for a National Alcohol Strategy”. The NAS is a landmark initiative which has as its objective the development and maintenance of a culture of moderation.

- **Screening, Brief Intervention and Referral** – The BAC, Spirits Canada and the Canadian Vintners Association (CVA) are all contributing financial support to the SBIR initiative with the College of Family Physicians of Canada (CFPC) and the Canadian Centre on Substance Abuse (CCSA). SBIR will assist health professionals in advice and referral, based on their professional assessment, to patients at risk or who may already have alcohol-related problems, including advice concerning fetal alcohol spectrum disorder (FASD). This program is a derivative of the original BAC’s ARAI program (Alcohol Risk Assessment and Intervention) launched in the early 1990’s. Research from the U.S. government, the National Institute on Drug Abuse and the Substance Abuse and Mental Health Services Administration (SAMHSA), concludes that SBIR programs reduced heavy alcohol consumption rates by 38.6% among patients.2

- **Low Risk Drinking Guidelines** - Illustrating the spirit of cooperation that is the basis for the Canadian Model, the BAC, Spirits Canada and the Canadian Vintners Association, and other members of the National Alcohol Advisory Committee (NASAC) participated in the development of Canada’s first national low risk drinking guidelines (LRDG). These guidelines, intended for Canadians of legal drinking age who choose to drink alcohol, are informed by the most recent and best available scientific research and evidence. They are intended to provide consistent information across the country to help Canadians moderate their alcohol consumption and reduce their immediate and long-term alcohol-related harm.

- **Centre for Responsible Drinking** - In Fall 2009, BAC launched the Centre for Responsible Drinking (CRD), a web-based presence for brewing industry programs and initiatives and repository for alcohol research and policy information. With the help of interested stakeholders and partners, the CRD is committed to leading the discussion with respect to alcohol use and educate all Canadians from all walks of life about the implications of alcohol consumption.

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• **Canadian Foundation on Fetal Alcohol Research (CFFAR)** – In September 2007, CFFAR, an independent non-profit foundation, was created to support research related to Fetal Alcohol Spectrum Disorder (FASD) with a $1 million contribution over five years from the BAC and its member companies. To date CFFAR has announced nine peer reviewed grants which will examine how prenatal exposure and stress interact to increase vulnerability to addiction; detection methods for FASD in children, and memory changes that occur in FASD children.

• **Fetal Alcohol Canadian Expertise (FACE) Research Roundtable** – Since 1999, the BAC has contributed to the support of the FACE conference which brings together over 200 Canadian FASD researchers on an annual basis – presenting scientific findings for peer review and identifying the next steps in the fight against FASD.

• **Motherisk Program** – The BAC finances the Motherisk national toll-free Alcohol and Substance Use Helpline. This confidential and bilingual toll-free service connects callers, primarily new and expectant mothers, with trained medical personnel who can answer questions, provide information, or point them towards treatment and support options.

• **Traffic Injury Research Foundation (TIRF)** – A national independent road safety institute, TIRF’s mission is to reduce traffic related deaths and injuries. With ongoing funding from the BAC, TIRF has conducted research on effective public policy and technological measures aimed at reducing impaired driving, and addressing the problem of the hard core drinking driver or repeat offender.

• **Change the Conversation** - TIRF, Arrive Alive DRIVESOBER and the Student Life Education Company (SLEC) have developed, with the exclusive financial participation of the Brewers Association of Canada the Change the Conversation Education Program. Change the Conversation is a fact-based and research driven education campaign currently airing on radio across Canada. As part of its education and outreach efforts, Change the Conversation is also on Facebook and Twitter.

• **ABMRF/The Foundation for Alcohol Research** – ABMRF is a non-profit independent research organization established in 1982 that provides support for scientific studies on alcohol consumption and prevention of misuse of alcohol beverages. Since its inception, the BAC and the brewers in the U.S. have funded the ABMRF, which is associated with Johns Hopkins University in Baltimore, Maryland, and is internationally recognized as a leading research institution on alcohol issues.

• **Responsible Consumption Messaging** - In addition to these efforts, since 1981, the Canadian brewing industry has strived to effect changes in the social conscience of Canadians when it comes to alcohol consumption and misuse, utilizing all available media and collateral materials, including public service advertisements.

• **International Activities** – Social responsibility initiatives are also supported by the brewing sector at the international level. The Worldwide Brewing Alliance (WBA) publishes a “Global Social Responsibility Initiatives” report which details activities by brewing companies and their associations at the global level in addressing alcohol misuse. The WBA also produces a global report on drinking and driving which, on a country by country basis, describes the legislation governing drinking and driving, legislative changes, statistical trends and industry programs.
Alcohol (Minimum Pricing) (Scotland) Bill

British Medical Association Scotland

The British Medical Association represents doctors from all branches of medicine throughout the UK. It is a registered trade union and professional association with around 70% of practising doctors in membership. The BMA in Scotland represents more than 15,000 doctors and is considered the voice of the medical profession.

BMA Scotland welcomes the opportunity to provide the Health and Sport Committee with written evidence outlining its reasons for supporting the Alcohol (Minimum Pricing) (Scotland) Bill. Alcohol is the third leading cause of disease burden in Europe and this burden weighs heavy on the NHS in Scotland. A study by the University of York\(^1\) has found that the cost of premature deaths and healthcare related costs to Scotland are £1.46 billion and £268.8 million respectively.

Alcohol misuse is consistently highlighted as an area of public health concern by the BMA membership and has frequently been debated at our Annual Representatives Meeting, the policy making body of the Association. At the 2011 meeting, doctors once again called on the UK governments to introduce minimum pricing\(^2\). The BMA therefore wholeheartedly supports the Alcohol (Minimum Pricing) (Scotland) Bill and would urge members of the Committee to support this legislation. The BMA believes that the introduction of minimum pricing, as part of a wider strategy to tackle alcohol misuse, is essential in order to help change Scotland’s drinking culture.

Background

The BMA’s views on tackling alcohol misuse have been widely publicised and are detailed in a range of policy documents, most recently *The human cost of alcohol – doctors speak out* (2009); *Under the Influence* (2009); *Alcohol Misuse: tackling the UK epidemic* (2008). Many of the key policy recommendations highlighted in these publications are reflected in the Scottish Government’s strategic approach to tackling alcohol misuse, some of which do not require primary legislation.

Although alcohol is widely consumed and enjoyed by many, the effects of excessive alcohol consumption on health and the related social and economic impacts are significant. Alcohol misuse transcends age and social groups. It is a population-wide problem that requires a population-wide solution.

\(^{1}\) York Health Economics Consortium *The societal costs of alcohol misuse for Scotland for 2007*, University of York, 2010

\(^{2}\) That this Meeting calls on the UK governments to acknowledge the seriousness of the risks posed to the health of the nation by alcohol and the unsustainable burden this places on public services, including the NHS, by acting as a matter of urgency to introduce wide-ranging measures including:-

i) restricting licensing hours;

ii) banning alcohol advertising except at point of sale;

iii) introducing a realistic minimum price per unit.
Decades of health promotion campaigns have tried to inform people of sensible drinking limits, with some limited success. However, awareness on its own does not alter behaviour and more direct action is required to make a difference to drinking patterns.

One of the most effective and cost-effective ways for society to minimise the damage caused by alcohol consumption is by regulating the price of alcohol. There is clear evidence that rising consumption is linked to the increased affordability of alcohol products. The more affordable alcohol has become, the more consumption has gone up. The more consumption has gone up, the more alcohol related harm and mortality has risen.

Alcohol Misuse: the facts

Alcohol is related to more than 60 types of disease, disability and injury. The daily recommended guidelines for sensible drinking set out by the UK Government state that men should drink no more than 3-4 units a day and no more than 21 units a week. Women should drink no more than 2-3 units a day and no more than 14 units a week. In addition it is recommended that everyone should have at least two alcohol free days a week. However evidence suggests that drinking as little as one unit a day can increase risk of cancers such as breast and oesophageal cancers.

Despite these well publicised guidelines, many Scots continue to regularly drink far more. According to the most recent Scottish Health Survey 27% of men and 19% of women reported drinking more than the recommended weekly limits. However, alcohol consumption in Scotland is likely to be significantly higher than the Scottish Health Survey suggests as people are known to under-report the amount of alcohol they drink when questioned in surveys.

According to recent statistics, there was a fall in the number of alcohol-related discharges from general acute hospitals in Scotland between 2008/09 and 2009/10. This is in line with the previous year’s data which also showed a slight reduction. However, alcohol-related discharges remain high at 39,278. 92% of these discharges were the result of emergency admissions.

Despite this recent improvement, there is no room for complacency. Scotland still has one of the highest cirrhosis mortality rates in Western Europe. Over the last 30 years, UK liver cirrhosis mortality has risen by more than 450%.

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3 Academy of Medical Sciences, *Calling Time: the nation’s drinking as a major health issue*, 2004
4 WHO *Public health problems caused by harmful use of alcohol*, 2004
across the population\textsuperscript{7}, with a 52\% increase in alcoholic liver disease between 1998 and 2002\textsuperscript{8}.

One of the reasons for the reduction in alcohol-related hospital admissions and alcohol-related deaths is likely to be a result of a recent stabilising of the affordability of alcohol since 2008. For example the off-sales price of a unit of spirits has risen from 39p in 2000 to 41p in 2009. However, ciders remain far cheaper with 38\% of all ciders being sold at less than 25p per unit\textsuperscript{9}. Given the significant health gains that result from changes to pricing practices in the off trade, the need for regulation is clear.

A snapshot survey carried out by BMA Scotland suggested that on one day in April 2011, alcohol was a factor in more than 5,500 consultations in general practice. This equates to around 1.4 million consultations per year, costing the NHS in excess of £38 million and accounts for 6\% of all GP consultations\textsuperscript{10}.

The misuse of alcohol is recognised as a contributory factor in a wide range of health and social problems such as long term health conditions, accidental injury and violence, and mental illness. Problems associated with alcohol misuse do not just affect the individual drinker they have a significant impact on friends and family members, wider communities and society at large. Alcohol misuse in Scotland costs £3.5 billion every year in both direct and indirect costs\textsuperscript{11}.

**Price and Consumption**

Analysing trends in alcohol price and consumption in the UK shows that as the real price of alcohol has fallen over the past 50 years, consumption has risen. The increase in affordability of alcohol is linked to changes in the alcohol market with the gap between prices of the on and off trade widening considerably in recent years, most significantly in the supermarket sector. Supermarkets admit to selling alcoholic drinks below cost price as a marketing tool to encourage greater ‘footfall’ in their stores.

The pricing practices of alcohol producers and retailers have resulted in the profit margins on the unit price of an alcoholic drink being squeezed. This means that in order for producers and retailers to maintain their total profits, they have to sell more; and in order for producers and retailers to sell more, consumers have to drink more.

The availability of cheap alcohol is not the sole reason for problem alcohol use in Scotland. It is however, a factor in rising consumption levels and

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\textsuperscript{7} Academy of Medical Sciences, *Calling Time: the nation's drinking as a major health issue*, 2004

\textsuperscript{8} Leon D, & McCambridge J *Liver cirrhosis mortality rates in Britain from 1950 – 2002 ONS 2001*

\textsuperscript{9} NHS Scotland, *Alcohol Statistics Scotland 2011*, ISD publications, Feb 2011

\textsuperscript{10} Based on a sample of 3\% of all GP practices in Scotland.

\textsuperscript{11} York Health Economics Consortium *The societal costs of alcohol misuse for Scotland for 2007*, University of York, 2010
associated harm. It is a policy area in which government regulatory action will make a difference in reducing the level of alcohol related harm.

**Why does the BMA support minimum pricing?**

Establishing a minimum price per unit of alcohol would be an innovative measure and economic research suggests that it will have most impact on the cheapest forms of alcohol and alcohol sold below cost. A minimum price for alcohol is important in tackling problem alcohol consumption because:

- Alcohol is available for sale at very low cost. The cost of the manufacturing and retailing of cheap alcohol does not reflect the high cost to society associated with its use.
- Some retailers sell alcohol at a loss in order to attract more customers\(^\text{12}\). This practice means that alcohol taxation by itself is not sufficient to ensure that alcohol is priced responsibly. A minimum price, or floor price, stops alcohol being sold below cost.
- Harmful drinkers are known to favour cheaper forms/brands of alcohol. If the price of cheap alcohol is increased then the consumption of harmful drinkers will fall and so will levels of alcohol harm.

Minimum pricing will primarily target high strength drinks, sold at the cheapest prices and is likely to have a greater effect on the heaviest drinkers.

A minimum price per unit of alcohol would prevent the sale of alcohol at a level below a certain price per unit. This will prevent the loss leading practices of supermarkets and will not enable the supermarkets to absorb price increases as they currently do with increases in duty via taxation. The pricing practices of supermarkets are an important factor in addressing overall alcohol consumption because of their dominance in the off-trade alcohol market, selling more than 70% of the volume of alcohol sold\(^\text{13}\).

There is strong evidence that alcohol consumption is closely linked to price; as alcohol becomes more affordable, consumption increases\(^\text{14} \text{ 15}\). A meta-analysis by Wagenaar et al\(^\text{16}\) identified 112 studies worldwide and concluded that a 10% increase in price leads to a 4.4% decrease in consumption.

One example of this link between price and consumption comes from Finland\(^\text{16}\). Cross border trading accounted for a high percentage of unrecorded alcohol consumption in Finland. In 2004, in an attempt to

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\(^{14}\) Wagenaar A.C et al, Effects of beverage alcohol taxes and prices on consumption: a systematic review and meta-analysis of 1003 estimates from 112 studies, *Addiction*: 2009, 104

\(^{15}\) Rabinovich e al (2009) *The affordability of alcoholic beverages in the European Union: understanding the link between alcohol affordability, consumption and harms.*

compete with low-cost alcohol from neighbouring EU countries, and to reduce cross-border trading, Finland lowered its excise taxes on alcohol. The policy has since been acknowledged as a mistake. Research found that Finnish alcohol price reduction had a significant effect on alcohol related mortality. Liver cirrhosis deaths rose by 30% in one year as alcohol consumption increased by 10%. Subsequently, excise taxes were increased twice in 2009.

More recently Professor Tim Stockwell, from the University of Victoria in Canada, has presented interim findings from his research on the impact of minimum pricing systems operating in the Canadian Provinces and its effects on consumption and alcohol-related hospital admissions\textsuperscript{17}. This research shows that in British Columbia, the introduction of a minimum price model led to a reduction in consumption of 3.4% and the model in Saskatchewan led to a reduction of more than 5%.

This research bears out the modelling work undertaken by researchers at Sheffield University\textsuperscript{18} which indicated that increasing the price of alcohol under the minimum pricing model can bring significant health and social benefits and lead to considerable financial savings in the health service. The research also noted that minimum pricing targeted products with high alcohol content sold cheaply. Cheaper alcohol is often the drink of choice for harmful drinkers and is popular amongst younger drinkers. Minimum pricing will have a greater cost impact on those individuals who drink more. However, these drinkers are more price sensitive and the subsequent rise in price of the cheapest alcohol will have an impact in reducing consumption for this group.

For those moderate drinkers, the Sheffield Study estimated a small annual increase in cost of around £10 per annum.

The BMA has not seen any compelling evidence to suggest that an alternative mechanism is available (e.g. banning below cost selling, banning the sale of alcohol below the amount of duty and VAT payable) that would have as significant an impact on consumption and health when compared to the evidence that exists on minimum pricing. In fact a ban on selling below duty and VAT could see prices remain the same or even decrease further\textsuperscript{19}. It is also evident that the implementation and enforcement of a minimum price for alcohol would be straightforward as the calculations can be made on the spot.

**The level at which a minimum price should be set**

The Sheffield University modelling work states that “as the minimum price threshold increases, healthcare costs are reduced”. The BMA does not have a view on the appropriate minimum price per unit of alcohol, but as a general principle we believe it should be set at the point at which a minimum price has

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\textsuperscript{17} Presentation to MSPs in the Scottish Parliament, September 27\textsuperscript{th} 2011

\textsuperscript{18} Sheffield University A model based appraisal of alcohol minimum pricing and off-licensed trade discount bans in Scotland, using the Sheffield Alcohol Policy model (v2): an update based on newly available data, 2010

\textsuperscript{19} Scottish Health Action on Alcohol Problems Limiting the damage of cheap alcohol: what are the options 2009
significant and positive impact on health outcomes (i.e. reduced hospital admissions and decreased death rates).

The BMA is pleased that the minimum price will be set via regulations subject to an affirmative parliamentary process. This will allow the minimum price to be regularly reviewed in line with changing market conditions, without the requirement to amend primary legislation.

Other issues relating to the Alcohol (Minimum Pricing) (Scotland) Bill

Supermarket reward schemes
It is clear from the industry’s reaction to the introduction of the quantity discount ban earlier this year that supermarkets will seek to undermine licensing laws and continue to attempt to sell alcohol cheaply in order to maintain market share. In the first week when the Alcohol Act was implemented, supermarkets encouraged customers to buy alcohol online from distribution centres located outwith Scotland to ensure that they could still take advantage of quantity discounts. To get around the ban, some supermarkets have simply slashed the prices of individual units of alcohol diluting the impact of the Act. It is therefore essential that minimum pricing is implemented as a matter of urgency. The supermarket industry has described itself as a responsible retailer, but their behaviour indicates otherwise.

With this in mind, the BMA remains concerned that supermarkets will seek to undermine any minimum pricing legislation by using supermarket reward points and vouchers to reduce the price of alcohol. During the passage of the Alcohol Act in 2009/10, the BMA called for a ban on the use of supermarket loyalty card schemes, reward points or vouchers for alcohol to avoid supermarkets being able to offer further discounts to alcohol which could take the price below the established minimum price per unit. While we accept that there was little political support for such a measure, we would welcome, at the very least, a commitment from the Cabinet Secretary that this is an issue that will be monitored closely to ensure that supermarkets adhere to the legislation.

Public health levy
The BMA understands that with the introduction of the ‘Public Health Levy’, as announced by the Cabinet Secretary for Finance, during the Comprehensive Spending Review in October this year, there is no intention to introduce the Social Responsibility Levy as set out in the Alcohol Act. However the BMA is concerned that this Public Health Levy will be used to fund ‘preventative spending measures’ set out by the Scottish Government. The BMA would argue that as this money is raised through the taxation of some large retailers based on alcohol and tobacco sales, any money raised through this levy should be ring-fenced and used for purely public health prevention measures focusing in particular on alcohol and tobacco services.

Gail Grant, Senior Public Affairs Officer
BMA Scotland, December 2011
Alcohol (Minimum Pricing) (Scotland) Bill

British Psychological Society in Scotland

The British Psychological Society in Scotland thanks the Health and Sport Committee of the Scottish Parliament for the opportunity to submit evidence to the Stage 1 consideration of the Bill.

About the British Psychological Society

The British Psychological Society, incorporated by Royal Charter, is the learned and professional body for psychologists in the United Kingdom. We are a registered charity with a total membership of almost 50,000.

Under its Royal Charter, the objective of the British Psychological Society is "to promote the advancement and diffusion of the knowledge of psychology pure and applied and especially to promote the efficiency and usefulness of members by setting up a high standard of professional education and knowledge".

We are committed to providing and disseminating evidence-based expertise and advice, engaging with policy and decision makers, and promoting the highest standards in learning and teaching, professional practice and research.

The British Psychological Society is an examining body granting certificates and diplomas in specialist areas of professional applied psychology.

About this Response

This response was prepared on behalf of the Society by:

Professor Charles Abraham, Professor of Behaviour Change, University of Exeter; Dr John Chaplin CPsychol, University of Gothenburg; Dr Richard Cooke, CPsychol, Health Psychologist, Aston University; Dr Alasdair Forsyth, Senior Research Fellow, Glasgow Caledonian University; Professor Martin Hagger, Professor of Psychology, Curtin University, Perth, Australia; Dr Fraser Morrison, Chair of the Faculty of Addictions Scotland of the British Psychological Society; Dr Vivien Swanson Senior Lecturer, Psychology University of Stirling and Chair of the Division of Health Psychology Scotland of the British Psychological Society.

David J Murphy CPsychol
Chair, Professional Practice Board Psychology, Scotland

Vivien Swanson
Chair, Division of Health
The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol

The British Psychological Society believes there is irrefutable evidence that misuse of alcohol is related to harms and negative health outcomes. It is associated with more social and individual harms, crime, violence, aggression, workplace problems and impact on family functioning etc. This Bill represents a genuine opportunity to reduce alcohol consumption in Scotland, which is higher than in England and Wales. The research cited in the documents is of a high standard and strongly supports the idea that having a minimum price per unit (MPU) will reduce alcohol consumption in Scotland.

The experience of practitioner psychologists is that problem drinkers tend to choose cheaper products (high ethanol per unit), and different types of problem drinker will respond differently to different pricing options (higher taxation, cost threshold pricing, minimum unit pricing).

The impact on people’s decisions of raising prices is likely to be different depending on potential mediating factors – socio-economic, demographic and the type of alcohol. There are likely to be different impacts from different pricing options: taxation, minimum unit pricing and cost threshold pricing.

There are studies that show increased pricing leads to a greater drop in alcohol consumption in people from lower socioeconomic groups (Sutton et al, 1995), as spend is higher proportion of their income (Sutton and Godfrey, 2006). Minimum pricing for alcohol is concluded to be a highly cost-effective strategy to reduce alcohol related harm across areas such as alcohol related health conditions, incidence of drink-driving and injuries related to alcohol use (Anderson et al. 2009; Purshouse et al. 2009; Chaloupka at al. 2002). There is also useful economic modelling studies such as that undertaken by a team at the University of Sheffield (Purshouse et al 2011).

Record and Day’s (2009) modelling study suggests spending on alcohol will decrease with minimum price increases, with a greater effect on harmful and hazardous drinkers than moderate drinkers.

Evidence from a study in Alaska strongly indicates that alcohol tax increases significantly reduced the number and rates of alcohol-related deaths (Wagenaar et al, 2009). This also showed a dose-response effect: harms such as cirrhosis and violence go down as consumption goes down. This relationship maintains but is slightly different for different alcohol types – beer, wine, spirits. Minimum pricing has been used in Canada but no reliable evaluation of impact is available. In Sweden there have been a number of restrictive measures employed to reduce alcohol consumption but these have been slowly relaxed over the years. Sweden has now started to place more focus on intensified efforts to disseminate information and change public opinion. Until 1995 Sweden adjusted the tax on beverages in relation to the alcohol content within a given beverage category but this ended in accordance with EU membership when Sweden had to adapt its alcohol taxation system to EU regulations.
The Committee will also be aware of the Rand Report for the UK Home Office (Hunt et al. 2011) which undertook a broad review of the relationship between price and consumption and concluded that: “On balance the evidence shows that increases in alcohol prices are linked to decreases in harms related to alcohol consumption. However, alcohol price is only one factor affecting levels of alcohol consumption with individual, cultural, situational and social factors also influential.”

The Rand study concludes: “[minimum pricing] ...specifically targets young, harmful and hazardous drinkers who tend to choose the cheapest drinks. The existing research also shows that minimum pricing would lead to increases in retailers’ revenues. Research on minimum pricing, however, has not yet considered alcohol producers’ and retailers’ responses in greater detail, the policy’s impact on employment, or its effect on the consumption of other goods (most notably tobacco and cannabis, which have been shown to be closely associated with alcohol use).”

The UK evidence base around the impact of minimum pricing is likely to grow in the coming year. Professor Chick at Queen Margaret University is building on work he and colleagues have done on the impact of pricing on choices by patients with alcohol problems to evaluate the impact of legislation on heavy drinking. Hagger et al (2011) found a high level of misunderstanding amongst those questioned leading to scepticism about minimum pricing as a means of achieving behaviour change. Acceptance of the principle of introducing a minimum unit price increased when it was as part of a broader package of government policies to address excessive alcohol consumption, and where revenue generated would be used to fund other interventions.

We would also point the Committee to the work being undertaken at the moment by Dr Alasdair Forsyth at Glasgow Caledonian University (unpublished). His early findings from interviews and surveys of off-sales staff (including proprietors and counter servers) show a difference between the attitude of those working in affluent post codes, whose support for minimum pricing appears to be related to ‘levelling the playing field’ between their own business and supermarkets, and those in deprived postcodes whose support for minimum pricing appears to be as a means of reducing the daily harm they witness caused by alcohol in their communities. However some off-sales staff were less supportive, fearing that raising the price of alcohol would lead to an increase in shop crime, or that the supermarkets would find a way around it.

The actual minimum price set will dictate the effectiveness of pricing as a means of reducing consumption. If set too low, there could be no effect at a population level. The ability to vary the unit minimum price set, through secondary legislation, would allow the unit price to be revisited following evaluation of impact.

In summary, The British Psychological Society supports moves to establish a minimum price for alcohol as a means to reduce alcohol consumption. However we believe it must be implemented alongside a range of measures
that can challenge the culture of alcohol use within Scotland. That might include restrictions on alcohol advertising – where there is clear evidence to support limiting alcohol advertising, especially that aimed at young people – a review of the legal concentrations of alcohol in the blood for drivers, and increased resources to deliver treatment for harmful and dependent drinkers.

The Society would further suggest that the Committee encourage more research into the attitudes of people of particular ages and socioeconomic backgrounds, which might show that price does not, on its own, affect consumption amongst particular groups such as the more affluent (price does not affect their choice currently) and among young people (who might view more expensive drinks as more exclusive and, therefore, more desirable).

John Macgill  
Policy Officer for Scotland  
British Psychological Society

References


Alcohol (Minimum Pricing) (Scotland) Bill

Campaign for Real Ale (CAMRA)

1. Introduction

1.1. The Campaign for Real Ale (CAMRA) is an independent consumer organisation which campaigns for real ale, pubs and consumers rights with over 130,000 members across the UK. CAMRA was established in 1971.

1.2. CAMRA believes that the best place for alcohol to be consumed is in the pub where not only the sale but also the consumption of alcohol is supervised. However, CAMRA is concerned that supermarket alcohol loss leaders are driving consumption away from well-run community pubs and towards drinking at home or on the street, contributing to the closure of many Scottish community pubs.

1.3. We therefore support the introduction of a minimum price for alcohol, set at a level to prevent below-cost alcohol sales in the off-trade.

2. Why introduce a minimum unit price for alcohol?

2.1. Alcohol prices in the off-trade can be as much as 4 times cheaper than in the on-trade. A survey of Scottish supermarket prices on 15th September 2011 conducted by CAMRA found that the unit price for a 4% lager was between 34p and 47p. A recent report from the University of Sheffield\(^1\) has also revealed that 59% of off-license alcohol was purchased at a price of less than 40p per unit.

2.2. In comparison CAMRA’s Annual Prices Survey 2011 found that the average price of a standard lager in Scotland was £2.91 – or around £1.32 a unit. Additional alcohol pricing promotions by supermarkets can engender an even greater price disparity.

2.3. These low supermarket alcohol prices have helped cause a shift in the sale of alcohol from the on-trade to the off-trade. In real terms the price of beer and cider in the off-trade has fallen by 30% since 1990 whilst in the on-trade there has been a 30% rise\(^2\). This growing disparity in price has contributed to a significant fall in the proportion of beer consumed in pubs. In 1990, 79.6% of all beer sales were through the on-trade (i.e. the pub) compared to 2010 when this figure had shrunk to 50.9\%\(^3\).

2.4. CAMRA’s polling has demonstrated that consumers are turning to low-cost supermarket alcohol: 65\% of people agree that “high pub beer prices mean I buy cheaper alcohol from the supermarkets or the off-trade”\(^4\). For those who had visited the pub less than in previous years

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\(^1\) Booth P et al (2008) Independent Review of the effects of Alcohol Pricing and Promotion, ScHARR University of Sheffield

\(^2\) Institute for Fiscal Studies Observation "A minimum price for alcohol?"

\(^3\) BBPA Statistical Handbook 2011

\(^4\) CAMRA Tracking Omnibus Survey: June 2009. Sample of 730 alcohol drinkers
this figure was even higher at 71%. It is clear that a significant majority of consumers feel that low cost beer sold by supermarkets means that there is an increased incentive to buy beer in the supermarket.

2.5. The introduction of a minimum unit price for alcohol would begin to address the wide disparity of price between the on and off trade, and encourage consumers to drink in the regulated, safe and sociable environments of their local community pubs.

2.6. Minimum pricing or bans on below cost sales of alcohol and other products have been effective where they have been introduced in parts of Canada, the USA, Poland, Spain, Greece, Belgium, France and Luxembourg.

3. The level at which a minimum price should be set

3.1. CAMRA believes that the minimum unit price for alcohol should be set at a level which takes into account the excise duty, VAT and typical production costs for alcohol, and so prevents supermarkets selling alcohol at below cost.

3.2. CAMRA has established that the production costs per unit for a 4% beer are 14.5p. On top of this, excise duty and VAT would lead to an average unit price for beer of about 41.3p at present, which is likely to rise in future as malted barley and hops prices rise.

3.3. Using data from the British Beer & Pub Association, we have established that the average excise duty, VAT and production cost for a unit of spirits is around 37.6p.

3.4. CAMRA therefore believes that any minimum alcohol unit price should be set at around 45p per unit, which would have a significant impact on the cheapest supermarket alcohol but would have no effect on the price of alcohol in the pub.

3.5. CAMRA notes that it is proposed that the level of the minimum alcohol price should be set and subsequently varied by Scottish Ministers subject to the control of the Scottish Parliament. Whilst we appreciate that this gives Ministers flexibility to vary the minimum price per unit we are concerned that the minimum price could be raised to levels where they impacted unnecessarily heavily on the sensible and moderate drinker in both the on and off-trade. We would therefore urge that any proposals to raise the minimum unit price should be based on true production costs.

4. Conclusion

4.1. CAMRA fully supports a minimum alcohol unit pricing system in Scotland and hopes that the system can be introduced as speedily as

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5 CAMRA Tracking Omnibus Survey: June 2009.
7 Time to give beer a break and to back the pub. British Beer and Pub Association Budget Submission 2010.
possible. We would recommend that a minimum unit price of 45p is adopted.

4.2. We believe that the introduction of a minimum alcohol unit pricing will help to support struggling Scottish community pubs.

Mike Benner
Chief Executive
Campaign for Real Ale (CAMRA)
12 December 2011
Alcohol (Minimum Pricing) (Scotland) Bill

Central Aberdeenshire Licensing Board

The Board are broadly supportive of the principal contained in the bill although they do have some queries which are detailed below.

The Board would be keen to receive more information on the question of implementation and in particular, whether the minimum pricing would be in the form of a tax (in which the additional revenue would be collected by the authorities) or whether it would simply be a minimum price imposed, with any additional revenue retained by individual retailers. Following on from this, in the event that implementation is by way of taxation, the Board would be keen to see any such revenue raised ringfenced for programs designed to tackle the health issues mentioned in the consultation papers.

The Board also feel that they would require more information in order to provide an informed opinion on the level at which a minimum price should be set but would be keen to ensure that larger retailers be unable to sell alcohol at heavily discounted rates whilst at the same time ensuring that the on-sales trade and smaller retailers are not affected to a prohibitive degree.

Depute Clerk to the Licensing Board
Central Aberdeenshire Licensing Board
6 December 2011
Alcohol (Minimum Pricing) (Scotland) Bill

Chest Heart & Stroke Scotland

Chest Heart & Stroke Scotland (CHSS) aims to improve the quality of life for people in Scotland affected by chest, heart and stroke illness through medical research, influencing public policy, advice and information, and support in the community. We operate in every parliamentary constituency, NHS Board and Local Authority area in Scotland, and provide services directly to more than 15,000 people.

CHSS recognises the Scottish Government’s commitment to reducing the damage done by alcohol misuse in Scotland, and welcomes the opportunity to comment on the provisions of the Alcohol (Minimum Pricing) (Scotland) Bill. The Charity’s response covers three issues:

- The scale of the problem of alcohol misuse in Scotland
- The impact of alcohol on cardiovascular disease
- The potential impact of minimum pricing

Summary of CHSS response

1. In order to respond to the Bill we have focussed on the impact of alcohol on cardiovascular health, which is much more complex than, for example, that of tobacco, with the undoubted harmful effects of heavy drinking partially offset by the apparent protective effect of mild-to-moderate alcohol consumption.
2. Scotland has an undoubted problem of alcohol misuse, particularly in more deprived communities and amongst younger people.
3. The health damage caused by alcohol is related primarily not to cardiovascular disease (CVD), and not at all to respiratory conditions, but more to mental health, liver disease and some forms of cancer, and to the social and economic consequences of alcohol misuse.
4. In terms of CVD, there are differential effects on different conditions and with different patterns of drinking, with ‘binge’ drinking particularly problematic.
5. Alcohol tends to have a more detrimental impact on the types of conditions which particularly affect younger people (eg haemorrhagic stroke), whilst the apparent protective effects are concentrated on those conditions affecting mainly older people (eg coronary heart disease).
6. The introduction of minimum pricing is likely to have a significant impact on excessive alcohol use, and the consequent health and social damage caused.
7. The impact is likely to be greatest on sales of the cheapest forms of alcohol, and the benefit concentrated most on the heaviest, most problematic drinkers.
8. CHSS therefore supports the introduction of minimum pricing, but considers it vital that the Scottish Government introduce a robust,
independent evaluation to measure the impact of the legislation once enacted

The scale of the problem of alcohol misuse in Scotland

Scotland has a serious problem of alcohol misuse. 15 of the 20 localities in the UK with the worst alcohol-related mortality are in Scotland\(^{(1)}\). Particularly in the west of Scotland, we have rates of alcohol-related liver disease and alcohol-fuelled violent crime which are amongst the highest in Europe.

The Scottish Health Survey (2009)\(^{(2)}\) revealed that 27% of men and 19% of women drink more than the recommended limits (21 and 14 units per week respectively). However, rates of excess drinking finally appear to be reducing – the comparable figures for the 2003 survey were 34% for men and 23% for women. This is also reflected in the mean weekly consumption of alcohol, which declined between 2003 and 2009 from 20.3 to 17.5 units for men, and from 9.1 to 7.8 units for women.

Unfortunately, this is still higher than the comparable figure for England & Wales\(^{(3)}\), and Scottish men, and young people of both sexes, have high rates of binge drinking, which has particularly detrimental effects on cardiovascular health. 26% of men who drink consume more than 8 units on at least one night per week.

A significant number of Scots, particularly men, are defined as hazardous or harmful drinkers. More than 1 in 5 Scottish males (22%) drink between 21 and 50 units per week (defined as ‘hazardous’) and another 7% drink more than 50 units (‘harmful’). 17% and 3% respectively of Scottish women come into these categories. Problem drinking is also disproportionately concentrated amongst people in the lowest income groups, adding to the impact on health inequalities.

Across the developed world, alcohol is the third highest risk factor for ill health generally (after tobacco and hypertension). Within Scotland, an estimated 42,000 hospital discharges and 100,000 GP visits per year are alcohol-related, together with 11% of all Accident and Emergency admissions\(^{(4)}\). Alcohol contributes to 1 in 20 deaths in Scotland – double the comparable rate in England and Wales.

Impact of alcohol on cardiovascular disease

The 2007 SIGN Guideline 97 (Risk estimation and the prevention of cardiovascular disease)\(^{(5)}\) provides a comprehensive summary of the evidence linking alcohol usage to heart disease and stroke. The main points to emerge are:

- Systematic reviews of the evidence indicate a ‘J’ shaped relationship between alcohol consumption and both morbidity and mortality from cardiovascular disease; as a corollary, light-to-moderate alcohol consumption may have a protective effect.
• The maximum benefit for men appears to correspond to approximately 3 units per day and for women approximately one unit, although there is evidence of some protective effect at higher levels.
• The benefit is small but statistically significant, and is supported by evidence of improved lipid profiles with regular light-to-moderate alcohol consumption.
• There is no evidence of any differential impact associated with consumption of different types of alcohol.
• There is however a clear detrimental impact of ‘binge’ drinking, which is associated with poorer lipid profiles, higher systolic blood pressure, and greater risk of coronary heart disease and stroke.

The Guideline also points out that its review of evidence is restricted to the impact of alcohol consumption on cardiovascular disease, and notes that excess consumption also has detrimental effects on mental health, liver disease and some forms of cancer, as well as serious social and economic consequences.

More recent reviews of evidence tend to confirm the position as reported in SIGN 97. Patra et al (2010)\(^6\), in a systematic review and meta-analysis of alcohol consumption and morbidity and mortality from stroke, conclude that:

• Heavy alcoholic consumption increases the relative risk of all types of stroke, particularly the risk of mortality.
• Light-to-moderate drinking may be protective against ischaemic stroke.
• There appears to be a straightforward linear relationship between alcohol consumption and haemorrhagic stroke.
• The relative risks are greater for women than for men.

Rehm and Roerecke (2011)\(^7\) explore some of the apparent anomalies in the evidence base – for example, the contradictory impacts of reduced alcohol consumption in Russia, associated with a reduction in CHD mortality\(^8\), contrasting with a similar reduction in Finland associated with increased consumption\(^9\). Their conclusions emphasise the significance of patterns of drinking. Regular low-to-medium volume drinking appears to have the most beneficial effect, whilst irregular heavy drinking confers no benefit in terms of risk reduction for coronary heart disease, and, as noted above, increases the risk of stroke.

Their study also indicates differential effects on different forms of cardiovascular disease. The apparent beneficial impact of mild-to-moderate alcohol consumption is on risks of coronary heart disease and ischaemic stroke. On the other hand, increasing alcohol consumption increases the risk of haemorrhagic stroke, hypertension, atrial fibrillation and cardiomyopathy – each of which is an important component of cardiovascular disease, especially in younger and middle-aged people.

Finally, there appears to be no firm epidemiological evidence linking alcohol consumption to risks of chronic obstructive pulmonary disease (COPD). The largest such study identified increased risk of exacerbations of COPD with
alcohol consumption, but all of the excess risk can be explained by the impact of increased tobacco use in association with consumption of alcohol\(^{(10)}\).

**The potential impact of minimum pricing**

The main evidence base for the Scottish Government’s proposals was work undertaken by the University of Sheffield, first for the UK Department of Health and subsequently adapted for the Scottish Government\(^{(11)}\).

The model demonstrates, as would be expected, that the higher the minimum price the greater the impact on consumption, and that the combination of a reasonably high minimum price (over 40p per unit) and a total ban on cut-price promotions generates the most beneficial effect. A minimum price of 45p combined with a promotional ban is projected to reduce consumption by 7.0%. Alcohol-related hospital admissions and deaths are estimated to reduce to a greater degree as the minimum price increases.

The model also estimates the financial impact of the predicted reductions in alcohol consumption. Savings in health and social care costs due to reduced illness and hospital admissions are estimated at £60 million for a 40p minimum price, rising to £160 million for a 50p threshold. In terms of health spending, the savings are accounted for mainly in the costs of treating heavy drinkers – for example, 62% of the reductions in hospital admissions arise from the 7% classed as ‘harmful’ drinkers (ie drinking over 50 units per week).

It must be emphasised that these conclusions are based on an academic model rather than on real-world evidence, since there is little experience of the actual impact of minimum alcohol pricing. Evidence from Canada would support the contention that the impact of minimum pricing is concentrated on the most harmful forms of alcohol misuse\(^{(12)}\), and very early evidence from the introduction of the ban on cut-price promotions in Scotland is also encouraging\(^{(13)}\).

However, CHSS would urge strongly that the Scottish Government introduces a robust, independent evaluation of the impact of the introduction of minimum pricing, commencing with a baseline survey to be undertaken before implementation. This is vital not only to judge the effectiveness of the policy within Scotland, but also as a guide to the other jurisdictions which are monitoring the Scottish experience with interest. As with the 2005 legislation on tobacco control, the Scottish Government has an opportunity to lead and influence policy in the remainder of the UK and elsewhere on this issue.

Chest Heart & Stroke Scotland  
12 December 2011

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ChildLine in Scotland

ChildLine is the free 24 hour helpline and online service for any child or young person with any problem. Volunteer counsellors work with individual children and young people on the telephone and online, offering them support, advice, comfort and protection. ChildLine is a service provided and funded by the National Society for the Prevention of Cruelty to Children (NSPCC). CHILDREN 1ST (RSSPCC) delivers the ChildLine service in Scotland on behalf of the NSPCC.

ChildLine in Scotland have followed closely, and contributed to the public debate on alcohol policy since the Scottish Government published its discussion paper in 2008. We have consistently supported proposals by the Scottish Government to tackle Scotland’s problematic relationship with alcohol across the whole population, as opposed to targeting specific social groups and anti social behaviour. We would encourage a similar approach as has been taken to reducing smoking, namely persuading adults to consider the impact of their own drinking on their children.

We have taken this stance because we have a responsibility to represent what children and young people tell us, to those who can bring about improvements in their lives. When this debate was first ignited, young people tended to be mentioned by politicians and the media only as part of the problem. Excessive alcohol consumption was seen mainly as the preserve of under 25s and the term “binge drinking” more often than not was preceded by the word “teenage”. Since 2008, these perceptions has been challenged and eroded, largely as a result of campaigning efforts by the children’s sector, not least ChildLine in Scotland. We are gratified that there now seems to be fairly wide agreement in Scotland that this is a societal problem that it is not confined to any particular age group or social class, and also that many children and young people are victims rather than perpetrators of the problem of harmful drinking.

ChildLine hears from some of these children. Hundreds of young people across the UK talk to the helpline every year about living with harmful parental drinking; calls from children in Scotland are disproportionately high. Children talk about violence and conflict in the home, isolation, lack of parental attention and care, damage to friendships, trouble at school. Worst of all can be the chronic fear and worry that they are living with – at home, at school, at play. Around a third of ParentLine Scotland’s Child Protection calls involve alcohol and 39% of those are a result of abuse of alcohol by adults.

Since the inception of ChildLine in 1986 we have heard from many thousands of children whose lives have been blighted by harmful parental drinking. ChildLine published the ‘Beyond the Limit’ report in 1996 which detailed the

1 UNTOLD DAMAGE: Children’s accounts of living with harmful parental drinking Childline in Scotland / SHAAP, 2009
2 Beyond the Limit: children who live with parental alcohol misuse ChildLine, 1996
suffering, misery and despair experienced by large numbers of children throughout the UK as a result of their parents’ or carers’ drinking. In 2005, a collaborative study with the Centre for Research into Families and Relationships (CRFR) into the concerns of children and young people about the health and wellbeing of their carers highlighted that the most frequent concern by far that children and young people presented was parental alcohol misuse3. In a high proportion of the calls, on which the study was based, physical abuse was either the main or an additional problem4 (over 40%). In 2009 this finding was investigated in more depth by a qualitative study by ChildLine in collaboration with Scottish Health Action on Alcohol Problems (SHAAP)5. Again the study sample showed that the vast majority who talked to ChildLine about harmful drinking had called to talk about violence in the home.

ChildLine in Scotland have no doubt that parental alcohol misuse is a significant factor in many cases of abuse, neglect and emotional harm suffered by children in Scotland. Whilst relatively few children contact us to raise the problem of parental drinking as a primary concern, it is abundantly clear from the database that it is a significant factor in thousands of contacts every year where the primary concern is physical abuse, family relationship problems, partner relationship problems, domestic violence and sexual abuse. It is also mentioned in relation to emotional harm, problems with friends, problems at school, depression, self-harm and suicide. UNTOLD DAMAGE highlighted not only that many children and young people were adversely affected, but also that in many cases, the child or young person understood their parents’ drinking to be a reaction to stress and life events such as bereavement, separation, loss of employment.

The public health arguments for reducing consumption across the whole population have been well made and are, we feel, unarguable. ChildLine in Scotland strongly support any measure likely to lead to an overall reduction in consumption as we are of the view that any reduction is likely to lead to better outcomes in the long run for children and young people. Whilst there has been some disagreement over whether minimum pricing is the best way to achieve a reduction in consumption and the social harm caused by excessive drinking, research has shown that public education campaigns are of little effect on this subject, if not backed up by controls on price and availability. Only time will tell what the effects of this legislation will have on excessive levels of consumption in Scotland, and the accompanying social ills. ChildLine in Scotland are under no illusion that the Alcohol (Minimum Pricing) Bill is the complete answer to the problems caused in Scotland by harmful drinking. Not only are many children and young people living with harmful parental drinking and multiple negative impacts on their lives; they are also

3 Children’s concerns about the health and wellbeing of their parents and significant others CRFR / ChildLine Scotland, 2005
4 Every time a trained volunteer responds to a contact by a child, they note the main problem presented by the child (primary concern), any additional concerns raised, any details revealed on family and the living circumstances of the child, and a narrative of the discussion
5 UNTOLD DAMAGE: Children’s accounts of living with harmful parental drinking Childline in Scotland / SHAAP, 2009
learning from the behaviour of adults that using a mind altering substance is the only, or at least an acceptable, way to deal with stress, sadness, and loss. The normalisation and ubiquity of alcohol compared to illegal drugs makes it all the more difficult for children and young people to get help and support when dealing with family problems caused by alcohol. We believe the Bill is an important first step in alleviating alcohol related social harms, and we would urge the Scottish Government to back up this legislation with a range of measures to support children and families experiencing difficulties, such as:

- alternative models of support for people experiencing loss, bereavement and other major life events
- improved data collection on the contribution of alcohol to family break up, child neglect etc
- improved access for children and young people to support services without the need for formal referral including self referral services and in-school counselling
- alcohol education in schools sensitive to the needs of children and young people affected by harmful drinking being expanded to provide information about alcohol as a social as well as a health problem
- training for school staff and other professionals in identifying and supporting children and young people affected by harmful parental drinking and introduction of peer support schemes in schools

ChildLine in Scotland welcome the opportunity to comment on this proposed legislation, and would be happy to contribute further, for example, by providing case studies.

Fiona Robertson
Policy & Information Officer
ChildLine in Scotland
12 December 2011
Alcohol (Minimum Pricing) (Scotland) Bill

Children in Scotland

Children in Scotland is pleased to submit Stage 1 evidence on the Alcohol (Minimum Pricing) Bill. We are glad that the Scottish Government has decided to reintroduce legislation aimed at addressing one of Scotland’s core alcohol-related problems – excessive consumption – and would encourage all MSPs to support enactment of the Bill.

Minimum Pricing

Scotland’s children’s sector is broadly supportive of minimum unit pricing for alcohol, but it is only part of the solution to Scotland’s unhealthy relationship with alcohol. *Any minimum price set for alcohol must be set high enough to demonstrably and significantly discourage/reduce consumption.*

The price of alcohol should also be high enough that large quantities cannot be purchased for ‘pocket money prices’ – for children, young people and adults alike. Recent research by Alcohol Focus Scotland and Scottish Health Action on Alcohol Problems shows that alcohol is currently being sold for as little as 14p a unit in Scotland; and that “a young person receiving the average pocket money of £5.89 could buy 8 litres of cider containing 33 units of alcohol – enough alcohol to kill them”.

As has been seen with recent restrictions on price promotions in Scotland, retailers have been able circumvent rules by dispatching online alcohol purchases from depots in England. Although such sales only account for a small portion of alcohol sales, it seems possible that similar tactics would be used in the event of minimum pricing. Therefore, minimum pricing (with demonstrable impact, rather than merely symbolic) can only be a first step.

Beyond Minimum Pricing

- Provisions should be added to this Bill that ban or significantly restrict alcohol sponsorship of sporting events and cultural events – especially those primarily targeted at children and young people. There could be legislation restricting alcohol marketing, particularly to under 18s through social marketing, such as Facebook. (as well as conventional means). This, however, is currently an issue reserved to the Westminster Parliament.

- Ensure that income from a public health levy on large retailers of alcohol is spent on effective preventative health measures and alcohol-related educational initiatives (e.g. peer education), which protect and

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1 *The four steps to alcohol misuse* - Alcohol Focus Scotland; Scotland Health Action on Alcohol Problems; Balance, the North East Alcohol Office and engagement and empowerment specialists Our Life (2011)
improve public health in Scotland, or on campaigns targeted at reducing alcohol consumption and its negative impacts.

- Legislation, policies, programmes and resources are all needed to prevent and reduce the prevalence of fetal alcohol harm across Scotland.\textsuperscript{2} This should be a top priority given the larger emphasis in the Scottish Parliament on preventative spending. This should also be supplemented by a robust effort to support and identify those living with this life-long condition.

Fetal alcohol harm, also known as fetal alcohol syndrome (FAS) and fetal alcohol spectrum disorder (FASD) needs to become a core issue within Scotland alcohol and public health policies. These terms describe a range of birth defects that can result from prenatal exposure to alcohol causing permanent brain and nervous system damage affecting learning, behavior and life chances. Scotland cannot afford the human, social and financial costs of fetal alcohol harm.

- Preventing and solving other problems that ‘drive people to drink’ should play a prominent role in Scotland’s alcohol agenda. For many, excessive consumption of alcohol or binge drinking is a means of self medicating and coping with events or experiences earlier in life. This may include their own parents’ harmful relationship with alcohol. Reducing and preventing such damage in the first place should reduce dangerous alcohol consumption later in life. Investment in effective prevention and robust early intervention is a key part of tackling Scotland’s unhealthy relationship with alcohol.

Children in Scotland

\textsuperscript{2} Early Years Briefing Paper 1: Fetal Alcohol Harm
http://www.childreninscotland.org.uk/docs/EYFbriefingsFetalAlcoholv6_000.pdf
Alcohol (Minimum Pricing) (Scotland) Bill

Chivas Brothers Ltd and Pernod Ricard UK

Chivas Brothers Limited is the Scotch whisky and Premium Gin Business of Pernod Ricard, the world’s co-leader in wine and spirits. Chivas Brothers operates a number of distilling, maturation and bottling facilities in Scotland, including 13 malt distilleries and one grain distillery. We also operate two blending facilities, three bottling halls and eight warehousing complexes across Scotland. The company directly employs around 1300 employees in Scotland and a further 200 at gin distilling sites and administrative functions in England.

Pernod Ricard UK is the UK sales and marketing company of Pernod Ricard which is responsible for our commercial activities in Scotland. PRUK employs 250 people across the UK.

In the interests of simplicity, references to the positions of these two companies will be represented as Pernod Ricard.

As a company, Pernod Ricard has a strong global corporate ethos on promoting and marketing our products in a socially responsible manner. In pursuing the friendly enjoyment of our brands, we also recognise our obligation, as a marketer of alcoholic beverages, to encourage the responsible consumption of all alcoholic drinks and our brands in particular.

This commitment is shared in our many production facilities and offices throughout Scotland, as well as in our sales and marketing teams in Pernod Ricard UK. And while we do not agree with the imposition of a minimum unit price, we remain committed to working with the Scottish Government to make the drinking of alcohol a safe and pleasurable activity.

General Comments

Changing drinking behaviours is a serious goal and will require the dedication and perseverance of all stakeholders. Where we would take issue with the general approach of the Scottish Government is in how to address the issue of alcohol-related harm.

It is clear that the cornerstone of the preferred policy is to adopt a total population approach to reduce all consumption of alcoholic beverages in Scotland. This gives us concern since such a policy, in its application, does not distinguish sensible and safe drinking from excessive and harmful drinking. In effect, the proposed policy is to demonise all alcohol consumption. As a producer of wine and spirits, we find this approach very troubling.

Pernod Ricard would have expected the Scottish Government to build on the prevalent responsible consumption of alcohol in Scotland and to target those groups which have a propensity to abuse alcohol. By pursuing a total
population approach, the presumed emphasis will be to discourage all consumption of alcohol across Scotland.

Such a policy may depress total consumption of alcohol in Scotland. Whether it will directly address and decrease the alcohol-related harm described in the Consultation Document is highly presumptive. Experience in other markets which pursue total population policies does not offer great assurance that such a policy will have the intended effects.

Further, a policy that is based on discouraging and de-normalising alcohol consumption would be a blunt instrument. It is premised on Government setting the conditions under which alcohol will be available and in what manner one can drink.

The Scottish Government appears to dismiss the importance of individual responsibility in making drinking decisions and the value of making informed drinking choices. Ultimately, it is the individual who makes the personal decision to drink responsibly or irresponsibly. This emphasis on personal responsibility is the core message of our on-going social responsibility campaign, “Accept Responsibility.”

Minimum Pricing

Pernod Ricard cannot support the Government’s proposal for the introduction of the minimum pricing formula and, thereby, Ministerial intervention in the pricing of alcoholic beverages. For Pernod Ricard, this is a matter of corporate policy and principle.

Government manipulation of market pricing is the hallmark of a Government monopoly or a controlled market economy. As one of the largest exporters of Scotch whisky, we seek to remove such market access barriers in our export markets. We could not condone the establishment of such a mechanism in our home market. The signal this would send to other markets would imperil our exports of Scotch whisky and other alcoholic beverages and this could impact on the future growth of the whisky business and its dependent suppliers in Scotland.

The Scottish Government’s own research shows that minimum pricing will fail to make a significant impact in combating abusive alcohol consumption. The Sheffield Report shows that heavy drinkers will be little affected economically (less than the cost of one pint of beer a week) and that they will be the least likely to change their drinking patterns. It is, therefore, a reasonable presumption, according to the Sheffield report, that the proportion of hazardous and harmful consumers will remain unchanged. The full effect of minimum pricing will be borne by moderate consumers reducing their purchase in Scotland.

Such a scheme would also lead to an increase in cross-border shopping and a rise in internet shopping by consumers seeking more favourable alcohol prices and, thereby, harm the retail of alcohol in Scotland while doing nothing to reduce excessive consumption.
Pernod Ricard would also point out that the Sheffield Report contains a number of flaws. To name just two: the report suggests that moderate weekly alcohol consumption is 5-6 units. Yet, under the guidelines issued by the Chief Medical Officers of Scotland, England, Ireland and Wales, men are recommended not to regularly consume more than 3-4 units a day while women have a recommended limit of 2-3 units.

We therefore believe that the Sheffield model is seriously underestimating the negative impact that the recommendations will have on moderate drinkers.

We note that the Scottish Government continues to assert that such a pricing mechanism can be created and administered under current UK and EU competition policy. Yet, the Government is not sufficiently confident of its legal basis to share it with anyone. We await this analysis before commenting further.

Pernod Ricard strongly believes that a minimum unit price of alcoholic beverages will not tackle problems of alcohol abuse. We are also convinced that the concept will not pass EU trade legislation on the free movement of goods and services and that it could severely damage our ability to export to growing markets.

Minimum unit pricing is an untested model based upon questionable research which makes predicting outcomes of price rises very difficult. It is also being implemented before the impact of this year’s Alcohol (Scotland) Act has been properly evaluated.

It is difficult to predict the impact of price fixing other than to note that an average bottle of wine would be priced at £5 at a 50p minimum unit price and £6 at minimum unit price of 60p. Whilst an average bottle of 70cl whisky would be priced at £14 at 50p minimum unit price and £16.80 at a minimum unit price of 60p. Price levels set above 60p per unit would begin to impact on our premium products.

However, it is not just the price level that concerns us. The very concept of a minimum unit price justified on public health grounds will set a catastrophic precedent abroad.

If our crucial overseas Scotch markets were to implement a similar public health-justified tax, our ability to compete overseas would be seriously hampered.

In terms of Scottish sales of the whole Pernod Ricard portfolio, the price a brand is sold at is in the hands of retailers. Minimum unit pricing gives retailers considerable control. It could be that with reduced shelf space due to the Licensing Act provision on display areas, retailers stock branded products exclusively, thus removing own label products and cheaper products (30% of sales) from shelves.
Alternatively, own label brands facing price increases may provide a source of incremental margin for retailers, who could lift the price of premium spirits beyond the minimum, thus maximising the return available by retaining own label. This may encourage consumers to trade down to value brands sold at the minimum price, or to switch to other categories of alcohol.

Retailers could undermine our brands premium positions by holding the price close to the minimum, thereby reducing the brand value in the eyes of the consumer who expects to pay more for premium quality products. To avoid compression or commoditization a premium brand producer would have no choice but seek to raise prices to maintain the price differential. The minimum price would therefore impact price across all products – from value to premium brands. Thus not only brands selling below the established minimum price would be hit.

These issues, along with others associated with the concept of Minimum Unit Pricing, have been more fully addressed in the Institute of Fiscal Studies Report “Alcohol Pricing and Taxation Policies” published in November 2011.

Conclusion

Adopting a Minimum Unit Price will not help to restore balance to Scotland’s relationship with alcohol but it will distort the domestic market and hamper our efforts to export to developing markets.

Rick Connor
Director of Public Affairs
Chivas Brothers Limited and Pernod Ricard UK
12 December 2011
Alcohol (Minimum Pricing) (Scotland) Bill

Church and Society Council of the Church of Scotland

Establishing a minimum alcohol sales price based on a unit of alcohol

The Church and Society Council of the Church of Scotland strongly supports the introduction of a minimum price per unit of alcohol. The General Assembly of the Church of Scotland discussed and supported the principle of minimum pricing in 1983, 1986 and 1987 and reaffirmed this position in 2009. Over this 28 year period the basic arguments have remained the same: there is a consistent body of evidence from medical and academic sources that indicates that there is a direct relationship between the availability of cheap alcohol and excessive, and therefore harmful, drinking. The Church of Scotland submitted evidence to the Health and Sport Committee in January 2010 in relation to minimum pricing proposals contained with the Alcohol (Etc.) (Scotland) Bill, and our position remains unchanged.

The social costs of increased health problems requiring NHS resources, increased violence in our towns and cities and damage to family relationships are borne by us all. If an increase in the minimum price of alcohol will reduce consumption of alcohol and reduce the resulting problems for individuals and our society then it is not a case of penalising the majority in order to discourage the minority. This is a choice that we, as a society, could make in order to improve our collective health and wellbeing. Taking an approach to excessive drinking that focuses purely on individual behaviour fails to acknowledge that we live in a society in which the consequences of excessive drinking are shared by us all. It is up to us, as a society, to say that an individual does not have a right to unlimited access to cheap alcohol when such access is detrimental to the common good.

When the proposal to introduce a minimum price per unit of alcohol was originally proposed as part of the Alcohol (Etc.) (Scotland) Bill in 2009, the Church and Society Council of the Church of Scotland ran a campaign to raise awareness of the evidence in support of minimum pricing and encouraged church members to lobby alcohol producers and MSPs in support of the proposed policy. We continue to believe that it is not appropriate for the alcohol industry to be driving health policy as there is clearly a conflict of interest between their business and the needs of society.

Setting the level of minimum pricing

On the matter of the exact price to be determined, we acknowledge that this is a matter for experts to decide. However, it is important that the minimum price set is high enough to have an impact on purchasing.

It is acknowledged that the introduction of minimum pricing will not, in isolation, resolve the current alcohol related problems in Scotland. We continue to call on the Government to invest in social programmes to support
families, generate attitudinal change which will enable positive choices about the role of alcohol in our lives and improve support and treatment for those who need it. However, we welcome the introduction of minimum pricing as a significant step in the right direction.

Church and Society Council of the Church of Scotland
7 December 2011
The City of Edinburgh Licensing Board ("the Board") welcomes the opportunity to comment on the Alcohol (Minimum Pricing) (Scotland) Bill as follows:

The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol

The Board was generally of the view that a minimum alcohol sales price based on a unit of alcohol was the appropriate way forward, provided it was accepted as only one initiative amongst many aimed at reducing alcohol consumption. The Board asks the Committee to note that there is additional income generated. The Committee should continue pressure on the Government to address inequitable alcohol duty arrangements. In particular the Board would welcome an indication that additional revenue generated might be applied to health and alcohol awareness education.

The level at which such a proposed minimum price should be set and the justification for that level

The Board had no concluded view on this issue, but felt that a minimum price per unit set at 40p produced minimum prices that were still too low to act as a deterrent to consumption. It was recognised that a Government could find setting a higher level per unit a difficult decision to make in the face of trade opposition.

Any other aspects of the Bill

The Board also wished to suggest that the Bill provides an excellent opportunity to address ongoing difficulties in the operation of the Licensing (Scotland) Act 2005. It will correspond further with the Government in this connection.

The Clerk
City of Edinburgh Licensing Board
12 December 2011
Alcohol (Minimum Pricing) (Scotland) Bill

City of Glasgow Licensing Board

The City of Glasgow Licensing Board welcomes the opportunity to comment on the general principles of the Alcohol (Minimum Pricing) (Scotland) Bill. The Licensing Board recognises that alcohol misuse is a serious and widespread problem throughout Scotland and is committed to working with other interested stakeholders in order to try and tackle the social, cultural and health problems associated with alcohol misuse, particularly with regard to the Licensing Objective of Protecting and Improving Public Health.

The Licensing Board considers that in order to deliver long term sustainable change in relation to alcohol, key areas such as reducing alcohol consumption, supporting families and communities and improving support and treatment for those affected by alcohol require to be targeted. The Licensing Board considers that direct and effective action is required in order to tackle the cultural attitudes to alcohol across the country.

As the public body responsible for administering and regulating the liquor licensing system in Scotland’s largest local authority area, the City of Glasgow Licensing Board would wish for the following issues to be taken into account in considering the Bill.

Alternative Models - Taxation

While the Licensing Board is generally supportive of any measures which are effective in reducing harmful alcohol consumption, it questions whether the minimum pricing model proposed in the Bill would actually target those most affected by alcohol misuse or simply constitute an increased revenue stream for large supermarkets and discount retailers. The Licensing Board would suggest that consideration is given to the concept of increased taxation in relation to alcohol as an alternative to introducing minimum pricing as a mandatory condition of a licence.

Raising the price of alcohol via taxation would allow for the money raised by the increase in price to be recovered by the Government rather than into the hands of large supermarkets and discount retailers. The additional funds raised could be used to further tackle the problems caused by alcohol misuse. Consideration should be given to the findings of the Institute for Fiscal Studies in their report entitled “Alcohol Pricing and Taxation Policies” which provides that:

“These findings, together with the transfers from consumers to industry that would result, lead us to prefer higher and restructured alcohol taxes as an alternative to minimum pricing. At least with taxation the revenues flow to the Government rather than to the industry. Taxes that were more closely focussed on the alcohol content of different products could also allow
something closer to a minimum price to be introduced through the tax system, perhaps in tandem with a ban on below-tax sales.”

Legality of Minimum Pricing

The Licensing Board remains concerned that the introduction of minimum pricing could be contrary to European Union law. The Licensing Board is aware that debate on this issue centres upon whether such proposals would have an impact on competition in the market but that such measures may be permitted if it is proportionate for a legitimate objective such as the promotion and protection of public health. The Licensing Board is also aware that the Law Society of Scotland has expressed its concerns regarding the legality of the proposal and that the legality issue could only be determined by the European Court of Justice, who has rejected minimum pricing in the past. Attempting to defend such a challenge is likely to be a costly process for the Scottish tax paying public.

Difficulties with Enforcement

The Licensing Board considers that the complexity of the proposed formula for minimum pricing could lead to difficulties in effective monitoring and enforcement of the provision, particularly given the divergence in the strength and volume of alcoholic products now available. The Licensing Board is particularly concerned with regard to the ability of smaller independent retailers to use this formula to accurately calculate the minimum price of alcohol. This is likely to mean that additional resources for Licensing Standards Officers will be required.

The Licensing Board also notes that the provisions relating to minimum pricing are to be extended to occasional licenses. While the Licensing Board agrees with this in principle, it is concerned as to whether the complexity of the formula will be readily understood by voluntary organisations applying for occasional licences under section 56 of the Licensing (Scotland) Act 2005.

Irresponsible Pricing in On-Sales Licensed Premises

The Licensing Board is aware through its local knowledge that many pubs and nightclubs within Glasgow have attempted to introduce socially responsible pricing on a voluntary basis, but due to other premises continuing to sell alcohol at irresponsibly low prices, they were forced to lower their prices in order to remain competitive. This has meant that drinks such as a vodka and mix continue to be sold at £1 or less. However, in terms of the proposals contained within the Bill, minimum pricing would have little or no effect in relation to the sale of spirits in on-sales premises, particularly those aimed at younger drinkers.

Using a typical measure of 25mls, if a spirit is below 40% ABV, the price at which that spirit could be sold would be below the likely minimum price per unit of alcohol when using the proposed formula.
Example

A measure of vodka (25ml) at 37.5% ABV would be 47 pence if the minimum price was set at 50 pence per unit of alcohol ($0.50 \times 37.5/100 \times 0.025 \times 100 = £0.469$)

A measure of rum (25ml) at 37.5% ABV would be 42 pence if the minimum price was set at 45 pence per unit of alcohol ($0.45 \times 37.5/100 \times 0.025 \times 100 = £0.422$)

It is only where the spirit is 40% ABV or above that the formula would calculate the minimum price for the spirit at or above the likely minimum price per unit. As a result the Licensing Board is concerned that minimum pricing would have little or no effect in relation to on-sales selling spirits and the problems associated with binge drinking within on-sales licensed premises.

The Licensing Board is also concerned about the formula's effectiveness in relation to other forms of alcohol e.g. alcopops. Using the proposed formula a 275ml bottle of a mixed vodka drink at 5% ABV could be sold at 68 pence if the minimum price per unit of alcohol was set at 50p ($0.50 \times 5/100 \times 0.275 \times 100 = £0.687$).

Wider Debate Required

The Licensing Board therefore calls upon the Scottish Government to open up the debate on pricing to explore alternative/additional methods of targeting alcohol related harm.

City of Glasgow Licensing Board
12 December 2011
Alcohol (Minimum Pricing) (Scotland) Bill

Forrester Cockburn

Further to my previous submission to The Committee in December 2009 entitled “Children and a Civilized Scottish Society” I should be pleased if you would consider my further views expressed in the attached letters which were published in The Herald in December 2009 and September 2010.

Thank you for your consideration.

Forrester Cockburn.
Emeritus Professor Child Health
University of Glasgow

Alcohol carries significant risk of damage to unborn children

Who are the “sensible drinkers” that Gordon Brown and opposition parties in the Scottish Parliament “do not wish to penalise by creating a minimum price per unit of alcohol”? Do they include young parents, particularly young women of child-bearing age?

When women drink alcohol in pregnancy there is a significant risk of permanent damage to the developing baby’s organs, including the heart and brain. Infants born damaged by alcohol have the fetal alcohol spectrum disorder (FASD). They remain small throughout life, may require major surgery for their heart and other defects, and frequently have poor coordination, learning and behavioural difficulties, attention deficit/hyperactive disorder (ADHD) and a range of life-long educational, social and other problems.

Each year in Scotland, there are more children born with FASD than the total number of children with Thalidomide damage ever born in Scotland ("Thalidomide victims to get £20m payout", The Herald, December 21). There is irony in the fact that Thalidomide was distributed in Scotland by the Distillers Company. Alcohol is a more damaging teratogen than Thalidomide but is still marketed by distillers and brewers without obvious public concern.

Former Deloitte director Tim Wilson says: “We are yet to be persuaded that minimum pricing would actually work as intended” (The Herald, December 22). Having observed the marketing strategies of the drinks industry over the past 30 years, to increase the alcohol intakes of young women, I would rather accept the unbiased opinion of Scotland’s Chief Medical Officer who strongly supports minimum pricing. I would also propose that warnings about the damage to the unborn child should be on the labels of alcohol-containing drinks. This should pose no problem for the drinks industry which is already obliged to print such warnings on alcohol exported to other countries.
The UK Government has entered into a commitment to implement the articles of the UN Convention on the Rights of the Child. That declaration states: “The child, by reason of his physical and mental immaturity, needs special safeguards and care, including legal protection, before as well as after birth.” The Scottish Government is trying to introduce measures to counteract our problems with alcohol. It is surely time that we, in Scotland, begin to understand and meet our commitments in respect of our problems with alcohol. After all, we are a civilised society and children are our most precious resource.

Forrester Cockburn, Emeritus Professor of Child Health, University of Glasgow.
Letter to The Herald December 2009.

Letter to the Herald 22nd September, 2010

Ethanol (ethyl alcohol) commonly known as alcohol is a fluid produced from sugars in industrial quantities throughout the world. Most is used for industrial purposes as a solvent and in Brazil it is used for its combustive properties to power motor vehicles.

In Scotland our important brewing and distilling companies produce ethanol to which they add water and a variety of flavours, colours and other chemicals and gases to sell for human consumption. The number of units of alcohol in each bottle of proprietary drink is based on the volume of ethanol each contains.

Advice on sensible drinking suggests a limited number of units intake per day and per week. This will prevent the average man and woman from drinking quantities of ethanol known to overcome the body’s defence mechanisms and cause permanent damage to brain, liver and other organs.

Shame on the three “Scottish” political parties which have prevented the sensible attempt by the SNP to emphasise, through a minimum pricing system based on units of alcohol, the dangers (particularly to young Scots) of drinking ethanol in industrial quantities.

Forrester Cockburn
Community Pharmacy Scotland

Who are we?

Community Pharmacy Scotland is the organisation which represents community pharmacy contractor owners in almost every aspect of their working lives, and is the voice of these vital healthcare professionals as they deliver pharmaceutical care to the people of Scotland.

It is empowered to represent the owners of Scotland’s 1232 community pharmacies and negotiates on their behalf with the Scottish Government. This covers all matters of terms of service and contractors’ NHS service activity including remuneration and reimbursement for the provision of NHS pharmaceutical services.

What do we do?

Community Pharmacy Scotland works with the Scottish Government on the development of new pharmaceutical care services and works to ensure that the framework exists to allow the owners of Scotland’s community pharmacies to deliver these services.

The Scottish community pharmacy contract puts the care of the individual right at its centre and with its focus on pharmaceutical care and improving clinical outcomes, community pharmacy contractors and their employee pharmacists are playing an increasingly important role in maximising therapeutic outcomes and improving medicine safety. Community pharmacy is at the heart of every community and plays an important part in the drive to ensure that the health professions provide the services and care the people of Scotland require and deserve.

Community Pharmacy Scotland is happy to provide further information to the Health and Sport committee as required in support of this submission.

Our Response to the Call for Evidence

Community Pharmacy Scotland broadly supports the proposed legislation around alcohol minimum pricing. As an organisation we recognise the scourge that alcohol misuse presents on society today and are keen to support any action that may help change Scotland’s relationship with alcohol.

Scotland’s levels of harmful drinking are significantly worse than the rest of the UK and there is some evidence that price can influence consumption (1). Alcohol is now 69% more affordable than in 1980 and consumption has increased by over 19% over the same period (2). The impact of this excessive consumption is estimated to cost Scots £3.56 billion each year, or £900 for every adult in Scotland (3).
It is for the reasons above that Community Pharmacy Scotland believes that action has to be taken to address the issue of alcohol misuse.

**The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol**

Community Pharmacy Scotland has looked at the peer review study by the University of Sheffield and while the evidence is purely based on modelling we believe the indication would be that minimum pricing could make an impact.

Community Pharmacy Scotland understands that minimum pricing of alcohol would be the first of its kind in Europe. The evidence gathering upon implementation is therefore key to determining the effectiveness (or otherwise) of the minimum pricing policy to be determined (i.e. it should be evidenced clearly from the outset). The lack of concrete evidence is a disadvantage to the introduction of the legislation. There is the possibility that the legislation could alienate public opinion and it may then be harder to change hearts and minds if the policy flounders.

Community Pharmacy Scotland also recognises that if the policy is evidenced correctly and is found to be a success this would be a positive achievement and place Scotland as an exemplar around this flagship policy. This could then be seen as an advantage.

**The level at which such a proposed minimum price should be set and the justification for that level**

Community Pharmacy Scotland believes that a minimum alcohol sales price based on a unit of alcohol of around 45p would be around the correct level. The effect of this level of minimum price is illustrated in the peer reviewed study. Together with an off-trade discount ban (4) it is estimated that implementation of a minimum pricing policy would lead to a 6.7% reduction in consumption. We believe this will have enough of an impact to positively dissuade many individuals from misusing alcohol due to the price differential. This would also have a positive impact on Scotland’s health and the public purse. The minimum price per unit would have to be reviewed depending on the impact and on an on-going basis. Minimum pricing will primarily target high strength drinks, sold at the cheapest prices and may have a greater effect on the heaviest drinkers.

Community Pharmacy Scotland would like to emphasise the point that we believe this is only one strand of the approach to tackling alcohol misuse in Scotland - although we do recognise that this fact has been stated by the current administration on many occasions. A minimum pricing policy should be implemented in Scotland as part of a comprehensive alcohol strategy. We note the steps already taken.

Community Pharmacy Scotland would welcome the opportunity to discuss further how community pharmacies could contribute to the national alcohol strategy.
What Pharmacy Can Offer

Community Pharmacy Scotland believes that staff working within community pharmacies have an important role to play with the public in terms of education around safe levels of alcohol consumption.

Community pharmacies are at the heart of local communities, already delivering public health services as part of the national pharmacy contract. Smoking cessation and sexual health services have been successfully rolled out and delivered nationally; the increased accessibility that the community pharmacy network provides now means that the Scottish public can tap into these NHS services in over 1200 premises throughout the country.

Alcohol Brief Interventions (ABIs) have been provided through GP practices since 2008. Due to the access that community pharmacies offer, Community Pharmacy Scotland feels that our network of pharmacies would be a natural extension for the provision of this service. Indeed some Health Boards have recognised this and have set up local schemes for pharmacy led ABIs. We feel a service set up nationally, additional to the public health services already within our national contract framework, would give added recognition and impetus to such initiatives.

Pharmacy led ABIs can be provided in an informal manner using innovative tools such as alcohol scratch cards which give a quick, simple illustration of an individual’s alcohol intake. This visual tool can then be used as an inroad to conducting a full ABI should the patient be receptive to this.

Community Pharmacy Scotland also believes that an NHS service delivered from pharmacies should go hand in hand with a formalisation of pharmacy’s place within care pathways for individuals with alcohol issues. Greater involvement with service delivery should be complemented by greater understanding of the roles and skills that other healthcare professionals and organisations have to bring to the benefit of individual patient care. Community pharmacists should be able to refer to a GP or directly into local drugs and alcohol teams for any individual requiring specialised advice.

Conclusion

Modelling evidence would tend to indicate that increasing price will have an effect on people’s drinking behaviour and reduce their consumption. We believe that it is time now to test this approach.

Support for minimum pricing alone will not address alcohol misuse but if used as part of a comprehensive alcohol strategy, alongside some of the other measures introduced through the Alcohol etc. (Scotland) Act 2010 we believe it could have significant impact on reducing alcohol-related harm and therefore Community Pharmacy Scotland supports the introduction of this legislation.

1. Changing Scotland’s Relationship with Alcohol: Discussion Paper on our Strategic Approach
3. The Societal Cost of Alcohol Misuse in Scotland for 2007 SG
4. Alcohol (Minimum Pricing)(Scotland) Bill 2011

Community Pharmacy Scotland
12 December 2011
Alcohol (Minimum Pricing) (Scotland) Bill

Co-operative Group

1. Executive Summary

1.1. The Co-operative Group shares the Scottish Government’s concern about the impact of alcohol misuse on individuals and on Scottish society as a whole. We welcome the commitment shown by all political parties in Scotland, and more broadly in the UK, to tackle to problem of alcohol misuse and the harm that can result.

1.2. The Co-operative is concerned that the proposals put forward in this Bill will not achieve the Scottish Government’s desired effect of reducing alcohol consumption in Scotland. Furthermore, it is not clear from the case put forward by the Scottish Government what the unintended consequences will be, and also, what the impact of such proposals may be in other business areas.

1.3. Supply-side measures are only one way to tackle alcohol abuse; a more rounded approach using public education and awareness initiatives and working in partnership with all stakeholders is more likely to be successful than the approach embodied in this Bill.

1.4. We, along with other retailers in Scotland, have spent considerable time and resource over the course of the last year preparing for, and subsequently implementing, the requirements of the Alcohol etc (Scotland) Act 2010. As implementation of this Act only took place in October 2010 it is our belief that it is premature for the Scottish Government to undertaken a further fundamental reform of alcohol policy in Scotland at this time.

2. Introduction and Background: The Co-operative Group and the Scottish Co-operative

2.1. The Co-operative welcomes the opportunity to provide evidence to the Health and Sport Committee on the general principles of the Alcohol (Minimum Pricing) (Scotland) Bill.

2.2. The Scottish Co-operative has proudly served Scotland for over 140 years. The Co-operative Group stands apart from other major retailers in the UK as a business which is owned, not by a small group of shareholders, but by more than five million consumers.

2.3. With core interests in food, financial services, travel, pharmacy and funerals, it has an annual turnover of more than £14 billion, employs 103,000 staff and operates over 5,000 retail trading outlets handling more than 20 million weekly transactions; this includes over 390 shops in Scotland. Following the acquisition of the Somerfield supermarket chain in March 2009, The Co-operative Food is the UK’s fifth largest food retailer.

2.4. Food retailing is core to our activities providing around half of the group’s turnover. Part of the retail mix is the sale of alcohol products that are sold in all of our Scottish food outlets.
2.5. As a convenience store and small supermarket chain, we operate within all Scottish communities, including some of the remotest areas of the Highlands and Islands. Our stores provide a lifeline to some of the most isolated and vulnerable people in our society. Our stores help ensure the long-term viability and vitality of our high streets and neighbourhood centres which are under increasing threat from out-of-town developments.

3. The Co-operative: A responsible retailer of alcohol

3.1. We are responsible retailers of alcohol and are committed to selling alcohol in a responsible manner, underpinned by our long-standing co-operative values and principles. We are members of the Scottish Grocers Federation, the Association of Convenience Stores and both the British and Scottish Retail Consortiums.

3.2. We are currently engaged in a wide range of initiatives and projects to promote responsible drinking. We implemented ‘Challenge 25’ throughout our stores well before it became a regulatory requirement under the Alcohol etc (Scotland) Act 2010. We are also a supporter of the Drinkaware Trust and have provided both financial and in-kind support for the ‘Campaign for Smarter Drinking’ in 2010 and 2011. We intend to roll-out a Drinkaware supported ‘unit awareness’ campaign throughout our stores in early 2012.

4. The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol

4.1. This Bill seeks to introduce a minimum price per unit of alcohol and introduces enabling legislation as a means to achieve this. We do not support the introduction of minimum pricing for alcohol products as we are unconvinced that it will have the impact desired by the Scottish Government, i.e. to reduce the harm caused by irresponsible consumption of alcohol. Furthermore, the proposal would restrict consumer choice and is an insufficiently targeted approach to a complex problem.

An ill-targeted approach in a challenging economic times for consumers

4.2. It is ill-targeted to use such a blunt policy instrument that impacts upon all consumers of alcoholic drinks regardless of whether or not the groups concerned have anything to do with alcohol misuse. We believe that the most effective public policy interventions on alcohol misuse will be targeted at those who have a problematic relationship with alcohol, not the majority of the population who do not. Fundamentally we disagree with the approach of the Scottish Government’s Framework on Alcohol; this is stated as “to adopt a whole population approach”.

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1 Changing Scotland’s Relationship with Alcohol, February 2009, para. 11
4.3. Current economic conditions in the UK and Scotland are amongst the most challenging seen by retailers in over 40 years. Consumers have had to tighten their belts and tighten them again. Consumer confidence is low - fuelled by rising living costs and the real possibility that the UK will slip back into recession. At a time when consumers throughout Scotland are finding it difficult to make ends meet it seems grossly unfair to inflate the price of alcohol for the vast majority of the Scottish population who enjoy alcohol responsibly. We have particular concerns that the policy will have a disproportionate impact on the lowest income groups. The Institute for Fiscal Studies [IFS] recently published research which found that a minimum price per alcohol unit would have “...a particularly large impact on low income alcohol consumers.”

Insufficient evidence to support the policy intervention
4.4. We are not convinced by the evidence presented to date that there is a link between price and harm resulting from alcohol consumption. Evidence from around Europe suggests that the link is far from clear-cut. The UK currently has some of the highest duty rates in Europe but other countries with significantly lower rates of duty exhibit lower rates of consumption than the UK. Within the UK, evidence presented by the Scottish Government itself suggests that the average alcohol unit price in Scotland is almost identical to that in England and Wales but alcohol-related harm in Scotland is higher than in England. It should be noted that as a UK wide retailer The Co-operative operates a national pricing policy which does not differentiate between stores in Scotland and the other UK nations. We conclude, therefore, that there are cultural factors specific to Scotland which will need to be addressed if an effective public policy intervention is to be made.

Legality of the policy intervention
4.5. We are concerned that there may be EU and UK competition law issues that will determine whether the Scottish Government can introduce a minimum price per unit of alcohol. We understand from the Business and Regulatory Impact Assessment of the Bill, that the Scottish Government has already briefed both the European Commission and the Office of Fair Trading about these proposals. In the interests of transparency and to enable effective scrutiny of the Bill, we urge the Scottish Government to publish as much information as possible at the earliest opportunity regarding these discussions, including any legal advice which has been sought.
4.6. We understand that it is the view of the UK Government that the proposal will prove to be illegal under European Law. This position was made public by the UK Public Health Minister, Anne Milton MP, when she gave evidence to the House of Commons Science and technology Committee in October 2011 and stated “Our advice is that, in itself, it is probably illegal as it contravenes European free trade legislation...I know Scotland is thinking about introducing it, and they

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2 Institute for Fiscal Studies: Alcohol pricing and taxation policies – IFS Briefing Note BN124 – pg 40
will be challenged, and that will clarify the law. But our advice is that it is illegal.  

4.7. A full discussion about the legality of the proposal can only take place once the proposed price per unit is known. The European Commission stated in 2009 that minimum pricing had the potential to target heavy drinkers but in order for the measure to be legal it would be necessary to show that it was in proportion to the problems caused by alcohol, without unduly restricting competition. This assessment cannot be made until the price is known. We question, therefore, the approach undertaken by the Scottish Government in publishing the Bill and commencing the legislative process before a decision has been reached on the proposed price per unit.

Unintended consequences

4.8. Different pricing regimes operating in Scotland and England are likely to promote the development of a cross-border trade in alcohol. The availability of ‘cheap’ alcohol across the border in England will impact upon the off-trade in the Borders and South regions and, potentially as far as the Central region. The promotional restrictions introduced by the Alcohol etc (Scotland) Act 2010 have already resulted in certain retailers marketing ‘cheaper’ alcohol on promotion in England to consumers in Scotland when their internet order is fulfilled in England; a number of MSPs have already indicated their concern about this activity. Whilst such activity is compliant with the current regulatory regime, the Scottish Government should be mindful that the introduction of a minimum price is likely to result in additional activity of this kind.

4.9. We note that the intention is to impact on low priced high alcohol drinks. However, if a minimum pricing scheme were introduced on the basis proposed relating to a cost per unit, this does not take account of the quality of products and other factors governing price e.g. with regard to wine. If the price of the lowest quality product is increased as a result of minimum pricing, this could cascade across the whole range to maintain a price differentiation for consumers to ascertain quality.

4.10. Minimum pricing would also lead to wastage in stores as it would affect our reduce to clear policies that apply to all grocery products as it may not be possible to reduce the price of alcohol for quick sale if it then went below a minimum price.

If a price intervention is desired, minimum pricing is the least desirable public policy option

4.11. Whilst The Co-operative is not convinced by the evidence presented to date that there is a link between the price at which alcohol is sold and harm resulting from alcohol consumption, it is our belief that if the Scottish Government wishes to influence the price at which alcohol is

3 Anne Milton MP, Parliamentary Under Secretary of State for Health at the House of Commons Science & Technology Committee, 26 October 2011
4 http://www.eurocare.org/library/latest_news/european_commission_responds_to_question_on_minimum_alcohol_retail_prices
sold in Scotland it would be preferable to achieve it using a ban on sales below cost (defined as VAT plus excise duty).

4.12. A ban on sales below cost would be preferable as being in line with the proposal of Westminster it would avoid the problems described above associated with differential pricing regimes in Scotland and England.

5. Other comments

5.1. We are concerned that the Bill appears to assume that it is both desirable and necessary to attempt to close the gap in pricing between the on-trade and the off-trade, particularly larger supermarkets. We would make the general point here that prices in shops will always be lower than in pubs/clubs because of the cost structures of the business and buying arrangements and the different nature of the service element in the latter. This equally applies to food where you would not expect to pay the same for food bought in a shop to cook at home as you would in a pub or restaurant.

5.2. Given our concerns about the potential effectiveness of this policy intervention we believe that the Scottish Government should make provisions within this Bill to assess the efficacy of the policy if it is introduced and, if necessary, to withdraw the policy. This could be achieved by including provisions within the Bill for a statutory post-implementation review and a ‘sunset clause’ – as was provided for when the policy was discussed in the context of the Alcohol etc (Scotland) Act 2010.

6. Conclusion

6.1. We acknowledge that action needs to be taken to tackle the problems highlighted in relation to Scotland’s relationship with alcohol, and, as a responsible retailer, we are committed to playing our part in tackling alcohol misuse. We are willing to work with the Scottish Government to achieve its aims. Clearly the change in culture being sought in Scotland, can only be achieved with a holistic approach involving a broad spectrum of stakeholders, bearing in mind that key to a change in culture does require some individual responsibility.

6.2. It also needs to be recognised that different approaches and solutions are required depending on whether age related sales and binge drinking and the associated anti-social behaviour problems are being targeted or the health implications. This immense programme of action cannot be achieved in a short period and will require a measured well thought through long-term approach to bring this about without resorting to what appear to be easy and quick measures that will not serve to achieve the objective.

John McNeill
Regional Operations Director – Scotland, Northern Ireland and Manx Co-operative Group
12 December 2011
The Dumfries and Galloway Alcohol and Drugs Partnership (ADP) has recently considered the Bill and our comments are below for your information.

The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol

Dumfries and Galloway ADP supports the proposal to introduce a minimum alcohol sales price based on a unit of alcohol. Research from Europe and elsewhere shows a clear, direct relationship between the price and consumption of alcohol. The ADP believes that minimum pricing will reduce the effects of alcohol related harm in the areas of health, crime and employment.

Minimum pricing will have minimal effect on moderate drinkers. Its greatest effects on actual price will be seen in the high volume/high alcohol products, often the choice of young, inexperienced drinkers. There is compelling evidence which shows that when prices rise, consumption falls. Alongside recent legislative changes concerning multi-pack purchase and bargain basement offers, this offers a real opportunity to effect culture change to Scottish drinking habits.

Dumfries and Galloway ADP believes that the introduction of a minimum sales price based on a unit of alcohol will, over time, reduce the population mean alcohol consumption and may produce its greatest effects on those groups within the population who are currently of most concern.

On a more cautionary note, the ADP is concerned that this proposed change may produce unwanted consequences such as increased trafficking of cheap alcohol from the European mainland, increased cross-border purchasing from England and possible loss of employment in the cheap-end alcohol production industry.

The level at which such a proposed minimum price should be set and the justification for that level

The ADP believes that a minimum price of at least fifty pence per unit of alcohol should be set.

Using the formula described in the Bill and working on concrete examples, we believe a unit price of fifty pence will result in a pricing structure which minimises the financial effects on moderate drinkers but will have significant effects on the high alcohol/high volume end of the market. The effects on the on-trade should also be minimal. Once a minimum price is set it can, of course, be reviewed and varied in light of effect and circumstances. The
Scottish Government should enshrine in law the authority to review and vary the minimum price set as evidence of its effectiveness accumulates over time.

Any other aspects of the Bill

The ADP welcome sight of the formula that will be used to calculate the minimum price and would suggest that this be more widely publicised with examples of its application to help combat the arguments being put up by those who oppose the introduction of minimum pricing.

Patrick Shearer
Chief Constable, Dumfries and Galloway
Chair, Dumfries & Galloway ADP
Dundee City Licensing Board ("the Board"), welcomes the provisions of the Alcohol (Minimum Pricing) (Scotland) Bill ("the Bill"). The proposals for minimum pricing are needed to deal with issues which have been a continuing problem for a number of years caused by the cut-price sale of alcohol in both on- and off-licensed premises.

Advantages/Disadvantages of a Minimum Price

The Board, in common with some other areas, had its own minimum pricing policy, but this required to be discontinued following the decision of the Court of Session in the judicial review by Mitchells and Butlers Retail Limited -v- Aberdeen City Licensing Board in 2005 which ruled that such schemes were ultra vires under the provisions of the Licensing (Scotland) Act 1976 ("the 1976 Act"). This was based upon the quantity and type of drink, rather than upon alcohol content and was attached as a condition to regular extensions for on-sales premises only. This was the only condition-making power available to the Board under the 1976 Act and, therefore, it did not apply to off-sales or to any on-premises before 11.00 pm.

The Board was, of course, disappointed at the outcome of the Aberdeen case. It, therefore, is supportive of any provisions which would give the necessary legislative backing for minimum pricing previously lacking under the 1976 Act. The Board's own local scheme had been introduced as a direct result of a number of cases being reported to the Board involving the sale of alcohol at ridiculously low prices, e.g. "10p a nip", "29p a nip", etc.

In its response to the consultation on the Alcohol etc (Scotland) Bill, the Board suggested that consideration be given to some form of levy on the producers/suppliers of alcohol to offset the increased revenues they would likely receive from the introduction of minimum pricing. The Board thinks it is unfair if such producers/suppliers end up with a boost to their profits as a result. The proceeds of any such levy could perhaps be put towards further measures to tackle alcohol misuse, possibly as part of the proposed "social responsibility levy" provisions in the Alcohol etc (Scotland) Act 2010 or to contribute to the NHS budget to offset the costs of alcohol misuse.

The Level at which the minimum price should be fixed

The Board would support a level of 40 - 45p per unit of alcohol, at least. This is based upon the evidence contained in the ScHARR Report. The Board was of the view that to set the minimum price at 25p, 30p or 35p would be of so little effect (again based upon the ScHARR data) as not to be worthwhile. The Board does not think that the rate should be much above 50p per unit since the ScHARR data indicated that this begins to have an increasingly
disproportionate effect upon those identified as "moderate drinkers" and it seems unfair to punish that group for the wrongs of others.

Dundee City Licensing Board
Alcohol (Minimum Pricing) (Scotland) Bill

Dundee Licensing Forum

I am writing on behalf of the Dundee Licensing forum, which is made up of representatives of the Licensed Trade, the Community, Health, Education, Social Work, the Police and Young People, and is strongly committed to the Licensing Objectives of the Licensing (Scotland) Act.

The Forum considered the principles of the Bill at a meeting on 6th December and confirmed its view that the implementation of minimum pricing is essential, particularly for the protection and improvement of public health, but impacts on all of the licensing objectives.

The Forum is strongly concerned about the high level of alcohol-related health harm in Scotland, where alcohol-related mortality has nearly tripled over the past 30 years and with death rates highest in the most deprived communities in the country, it is also aware of the impact that rising levels of alcohol-related health harm are having on the NHS and to communicate as a whole.

There is clear evidence that as alcohol has become much more affordable, particularly with the increased availability of cheap alcohol sold in supermarkets; many more people are choosing to drink more at home because it is cheaper, or to 'pre-load' with cheap supermarket alcohol before going out for an evening. The consequences of these practices is an increase in overall alcohol consumption and an increase in burden of harm due to alcohol use.

Setting a minimum price for alcohol would reduce the price gap between the off-licence and on-licence trade and have the effect of lowering overall consumption with significant health benefits for the Scottish population. The Forum unanimously supported the introduction of a minimum price of 50p per unit.

Please do not hesitate to contact me if you require any further information or clarification.

Anne Singleton
Secretary to the Licensing Forum
Dundee Licensing Forum
9 December 2011
Alcohol (Minimum Pricing) (Scotland) Bill

Joint response from East Ayrshire Licensing Board and East Ayrshire Local Licensing Forum

Both East Ayrshire Licensing Board and East Ayrshire Licensing Forum strongly support the concept of minimum pricing and have determined that any minimum price should be set no lower than £0.45 per unit of alcohol.

We are of the view that the introduction of a minimum alcohol sales price based on a unit of alcohol would address some of the issues that currently exist in relation to Scotland’s relationship with alcohol. A minimum price of £0.45 would increase the price of cheap alcohol relative to its strength, which tends to be more attractive to harmful drinkers and young people, which will in turn lead to a reduction in the consumption of alcohol, thereby reducing alcohol related harm.

£0.45 per unit of alcohol is a good starting point with Scottish Ministers having the ability to modify the price at a later date if deemed necessary.

Carolyn McEwan
Licensing Standards Officer
East Ayrshire Licensing Board and East Ayrshire Local Licensing Forum
5 December 2011
Alcohol (Minimum Pricing) (Scotland) Bill

East Renfrewshire Alcohol and Drug Partnership

1. Introduction

The East Renfrewshire Alcohol and Drug Partnership welcomes the opportunity to respond to the call for written evidence on the alcohol (minimum pricing) (Scotland) Bill. The Alcohol and Drug Partnership fully supports the introduction of the alcohol minimum pricing bill and concur that a minimum price should be set according to the strength of the alcohol, the volume of the alcohol and the minimum price per unit.

It is clear that current consumption patterns of alcohol are significantly damaging the health of the Scottish population and pose a significant threat to the future well being of the nation. It is well established that alcohol can cause serious harm to health and well being 1. International research clearly shows that the average consumption of alcohol in a population is directly linked to the amount of harm 2 – the more we consume, the greater the risk of harm 3, 4. As overall consumption has increased in Scotland over recent decades so have the resultant harms. Alcohol is a contributory factor in fifty different causes of illness and death ranging from stomach cancer and strokes to assaults and road deaths 5. Alcohol-related hospital discharges have more than quadrupled since the early 1980s while mortality has doubled 6. The harms are not just limited to health and not just experienced solely by the individual – damage can occur to family and friends, communities, employers, and Scotland as a whole. It is estimated that around 65,000 Scottish children may be affected by parental alcohol misuse7. Alcohol misuse in Scotland costs an estimated £3.56 billion each year, £900 for every adult; this includes £866 million in lost productivity, a cost of £269 million to the NHS and £727 million in crime costs 8.

2. Advantages of Establishing a Minimum Alcohol Sales Price Based on a Unit of Alcohol

There is an extensive and robust evidence base that clearly demonstrates that increasing the price of alcohol decreases alcohol consumption and alcohol-related harms 9,10,11,12,13. The economic modelling completed by the School of Health and Related Research (ScHARR) at the University of Sheffield demonstrates that increases in the minimum unit price of alcohol would reduce hazardous and harmful alcohol consumption, alcohol dependence and harm. Furthermore a reduction in overall consumption can be expected to have a positive effect in the whole population in addition to reducing harm in high risk groups. Cheaper alcohol tends to be bought more by harmful drinkers than moderate drinkers, and is shown to be attractive to young people under the legal age. A minimum price policy is beneficial in that it targets the drinkers causing the most harm to both themselves and society whilst having little effect on the spending of adult moderate drinkers.
The level of alcohol-related damage in deprived communities is substantial. In addition to high rates of alcohol-related mortality, people living in the most deprived areas in Scotland are 7.5 times more likely to be hospitalised for an alcohol-related condition. 14

Minimum pricing for alcohol can have a potentially greater protective effect against alcohol-related harm for people in low income households. Research from Finland shows the potential of higher alcohol prices to protect the most disadvantaged members of society against alcohol-related problems15. Further analysis on the impact of price increases in alcohol on households in the lowest income decile notes that minimum pricing could have a larger effect in reducing both consumption and expenditure16.

Traditionally, taxation has been the favoured pricing policy lever used by governments to control the price of alcohol. The World Health Organisation (WHO) 17; the UK Health Select Committee 18; the four Chief Medical Officers of the UK; and the National Institute for Clinical Excellence (NICE) 19 have all advocated the introduction of minimum unit pricing. Utilising taxation as a price lever has not been successful in the past, tax increases can be offset by retailers by cross subsidising against the price of other products 3.

The results of the (ScHARR) modelling clearly show that as the minimum price threshold increases more deaths are avoided, hospital admissions fall, the number of crimes reduce, absenteeism from work reduces, unemployment due to alcohol problems reduces, the financial value of harm reductions increases, healthcare costs reduce, crime costs reduce.

The decreased quantity of alcohol sold will impact on the alcohol industry but this effect will be offset by the increased price of cheaper alcohol brands. Alcohol products sold at higher than the minimum price are unlikely to be affected, so the greatest effect is likely to be experienced in the off sales market. Premium brands and on-sales products are unlikely to be affected.

Further the introduction of minimum pricing has the potential to show benefits within a very short time. As an example the ScHAAR study estimates that a minimum price of 45p per unit would reduce deaths by 50 in the first year of implementation and upon achieving full impact would save approximately 225 lives per year. At a minimum price of 50p per year, this figures increases to 520 lives per year.1

3. Disadvantages of Establishing a Minimum Alcohol Sales Price Based on a Unit of Alcohol

Excessive alcohol consumption is now one of the biggest public health challenges facing Scotland. The Bill provides an opportunity to put in place a policy measure that many leading health organisations including the World Health Organisation, the National Institute for Health and Clinical Excellence and the Medical Royal Colleges believe will be effective in saving lives and reducing harm. We are of the view that there are no disadvantages for the
health and wellbeing of the people of Scotland from the introduction of this measure.

4. The level at which such a proposed Minimum Price should be set and the justification for that level

As detailed in the ScHAAR report minimum pricing is estimated to lead to reductions in health, crime and employment harms. The higher the minimum price per unit, the greater estimated reduction in alcohol related harms. The greatest benefits accrued from minimum pricing are seen amongst hazardous and harmful drinkers. The ScHAAR work modelled 21 separate scenarios, including minimum pricing on its own and minimum pricing together with an off-trade discount ban. It is notable that when minimum pricing is modelled with an off-trade discount ban the main effect below a price of 40 pence is mainly due to a total discount ban. At higher minimum price thresholds, the marginal increased effectiveness of an off-trade discount ban is reduced. Low minimum price thresholds will have little impact at reducing harmful outcomes. We strongly support the principle of minimum pricing, set at a level that would have a significant impact on reducing consumption and therefore minimising harm. As noted in the table below the ScHAAR research clearly indicates increasing the levels of minimum pricing show steep increases in effectiveness and impact on consumption.

Minimum Unit Price % change in consumption

<table>
<thead>
<tr>
<th>Minimum Price (only)</th>
<th>Minimum Unit Price plus Discount Ban</th>
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<tbody>
<tr>
<td>25p</td>
<td>-0.1%</td>
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<tr>
<td>30p</td>
<td>-0.3%</td>
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<tr>
<td>35p</td>
<td>-1.0%</td>
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<tr>
<td>40p</td>
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<td>45p</td>
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<td>50p</td>
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<td>55p</td>
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<td>60p</td>
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<td>70p</td>
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<td>-13.7%</td>
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<td></td>
<td>-16.5%</td>
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<td>-19.5%</td>
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</tbody>
</table>

Setting the minimum price (only) at 40 pence per unit has a small effect on consumption (-2.3 per cent), while at 50 pence and 60 pence, this will effect a change in consumption of -6.7 per cent and 12.3 per cent respectively. The impact of setting a minimum price in conjunction with an off-trade discount ban on consumption is detailed; this shows that a minimum price of 40 pence would reduce consumption by 5.1 per cent rising to 8.7% and 13.7 per cent for a minimum price of 50 and 60 pence respectively.

With the reduced consumption, the researchers modelled changes in indicators such as hospital admissions, alcohol related crimes, work absenteeism and chronic disease resulting from alcohol. As the minimum
price threshold increases, alcohol-related hospital admissions and deaths, crime and employment harms are reduced.

For example at 40p, 50p and 60p the threshold is estimated to reduce annual admissions by 2,200, 6,500 and 12,000 respectively based on full year effect and minimum price only. As the minimum price threshold increases, alcohol-related crimes are estimated to reduce; for example a 40p, 50p and 60p threshold will reduce offences by 1,400, 4,000 and 7,400 respectively. As the minimum price threshold increases, absenteeism from work is estimated to reduce; a minimum price of 40p, 50 and 60p is estimated to reduce days absent from work by approximately 11,800, 36,900 and 70,500 per annum respectively. As the minimum price threshold increases, unemployment due to alcohol problems are estimated to reduce for a 40p, 50p and 60p threshold, 700, 1,700 and 2,700 avoided cases of unemployment are estimated per annum respectively. The effects in relation to the impact on health, crime and workplace outcomes are increased when estimating the effect of both minimum price and a total off trade discount ban.

Consumer spending is estimated to increase under all policies and retailer revenue from the sale of alcoholic beverages is estimated to increase under all policies: the model predicts increases in both off-trade and on-trade sectors (excluding duty and VAT).

As the minimum price threshold increases, the financial value of harm reductions increases; for example the overall cumulative discounted financial value of harm reduction over ten years is estimated at £721m for a 45p minimum price and £1,103 at a level of 50p. Including discount ban policy; this valuation nearly doubles for a 50p threshold (£1.4bn). The valuation continues to increase steeply as the threshold is incremented.

As the minimum price threshold increases, crime costs are reduced (both for minimum price only and including a discount ban); for example, direct costs of crime reduce by approximately £18m over ten years for a 45p minimum price compared to £29m and £53m for a 50p and 60p threshold respectively. Similarly the value of the loss of victim quality of life changes from around £13m, £21m to £39m at a 45p, 50p and 60p threshold respectively.

Those who buy the most alcohol are the most affected in both absolute and relative terms. For all minimum price scenarios, with or without the presence of an off-trade discount ban, the majority of the health and healthcare benefits come from the harmful drinking group.

To conclude we believe the minimum price should be set at a level that would have a significant impact on reducing consumption and therefore minimising harm. This should be based on the best available evidence and would need to be informed by the updated modelling work currently being conducted by the University of Sheffield. Previous estimates as detailed by ScHAAR have suggested that at a base of 45p there are positive impacts to health and wellbeing. However, as noted the gains rise substantially as the minimum price threshold increases. We would advocate based on the current evidence
that a higher minimum price of 60 to 70 pence is justified to significantly reduce alcohol consumption and related harm in Scotland. Furthermore the legislation needs to be underpinned by a provision to enable the Scottish Government to vary the minimum unit price as required to allow consideration of the impact in relation to changes in consumption or levels of harm.

Safaa Baxter
Chair East Renfrewshire Alcohol and Drug Partnership
Chief Social Work Officer (Head of Children’s Services, Addiction & Criminal Justice), East Renfrewshire Community Health and Care Partnership

References

20. Alcohol-use disorders: preventing the development of hazardous and harmful drinking, NICE (draft guidance), 2009.

Alcohol (Minimum Pricing) (Scotland) Bill

Edinburgh Alcohol and Drug Partnership

1. Introduction

1.1. For the purpose of this response Edinburgh Alcohol and Drug Partnership (EADP) will contain its comments to those aspects of alcohol policy which specifically relate to the Edinburgh Alcohol and Drug Strategy 2011-2014 and its three high level objectives:

- Children, young people and adults’ health and wellbeing is not damaged by alcohol and drugs.

- Individuals and communities affected by alcohol and drugs are safer.

- More people achieve a sustained recovery from problem alcohol and drug use.

1.2. EADP’s response to the three aspects of the consultation on the Alcohol (Minimum Pricing) (Scotland) Bill (the Bill) is detailed in paragraphs 2 – 4 below.

2. The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol

2.1. Research has shown that as the price of alcohol has decreased, there has been a resultant increase in consumption. There is also abundance of evidence to suggest that the introduction of a minimum price per unit of alcohol will make alcohol less affordable which reduces consumption over the whole population and thereby reduces alcohol related harm.

2.2. EADP supports the Bill’s intention to introduce a pricing mechanism for the sale of alcohol based on a minimum price per unit and in particular to address the sale of alcohol in the off-trade as a loss leader and at one third of the cost of the average price per unit in the on-trade sector. It is imperative however, that a minimum pricing policy is only one element of a comprehensive alcohol strategy.

2.3. It is clear in the explanatory notes supporting the Bill, that minimum pricing targets those alcoholic drinks which are inexpensive in relation to their strength, such as white cider and cheap spirits; these drinks are more likely to be consumed by harmful than moderate drinkers. It is widely recognised that some homeless street drinkers and young people use white ciders as a fast way to get drunk.

3. Whist evidence suggests that even for these drinkers there would be an overall reduction in consumption with a minimum pricing regime, EADP is concerned of the risks to those individuals who will look to
alternatives such as denatured alcohol or alcohol-based hand sanitizers. In the event of enactment, EADP encourages the Scottish Government to be proactive in ensuring an intelligence framework to:

- rapidly identify changes in the alcohol taking behaviour of at risk populations and
- monitor whether or not changes in alcohol pricing has any impact on other trends in substance misuse.

3.1. More broadly, in relation to young people and alcohol, EADP would commend the Scottish Government to promote risk taking behaviour approaches and encourage targeted work with at-risk populations.

4. The level at which such a proposed minimum price should be set and the justification for that level.

4.1. In line with research evidence, EADP endorses a minimum pricing system. It is clearly indicated in Table 6 of the explanatory notes to the Bill, that the greater the price, the larger the health and employment benefits and the greater the reduction in alcohol related crime.

4.2. EADP would not wish to comment on the exact level at which a minimum price was set. Nonetheless, having considered the available evidence, EADP notes the projected impact of benefits to health, employment and crime rates and the financial value of harm reduction over a ten year period are particularly marked at or above a price of 45 per unit.

5. Any other aspects to the Bill

5.1. It is noted that the increase in revenue from minimum pricing benefits the alcohol industry and is not directed into prevention or treatment aspects of alcohol policy.

5.2. EADP would draw the Committee’s attention to the findings of Hagger et al in their report “The Cost of Alcohol: A Minimum Price per Unit of Alcohol”\(^1\), which found that, as well as a range of government policies to address excessive alcohol consumption, when asked for how the introduction of a minimum price might be made more acceptable, respondents felt that revenue generated by higher alcohol prices should be used to fund other interventions.

5.3. Given the increased revenue benefits to the alcohol industry from a minimum pricing regime, EADP is hopeful that the deliberations of the Scottish Government Alcohol Industry Partnership means that some of these increased revenues can be used to support the roll-out

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\(^1\) Martin S. Hagger, Adam J. Lonsdale, Rob Baggott, Gillian Penny, & Matthew Bowen. (2009) The Cost of Alcohol: The Advocacy for a Minimum Price per Unit in the UK, Alcohol Research UK
of a range of interventions in support of culture change activities in relation to Scotland’s relationship with alcohol.

5.4. Furthermore, as identified in paragraph 2.3 above, white cider is closely identified with street drinkers because of its relatively cheapness and high ABV, yet taxation on cider is significantly lower than on other alcoholic drinks. Research by Alcohol Concern\(^2\) has shown that in a comparison of the difference between total tax paid and the cost to the customer, relatively high margins can be maintained for white cider sales. This situation will mean even higher profits for the manufacturers and retailers should minimum pricing be introduced. EADP would commend further discussion with the Westminster parliament to ensure change in taxation levels for white cider products, to ensure that additional monies can be channeled to support the wider arena of alcohol policy.

Nick Smith
Joint Programme Manager
Edinburgh Alcohol and Drug Partnership
12 December 2011

\(^2\) Goodall Tony (2011) White cider and street drinkers, Alcohol Concern UK
Alcohol (Minimum Pricing)(Scotland) Bill
Response to the Health and Sport Committee’s call for Written Evidence from
The Edrington Group

Introduction

The Edrington Group owns some of the leading Scotch whisky and golden rum brands in the
world, including The Famous Grouse, The Macallan, Brugal, Cutty Sark and Highland Park.
Edrington is headquartered in Scotland and is an international business employing over 2,300
worldwide, with over 60 per cent employed overseas.

The Group is owned by a charitable trust, The Robertson Trust, which donated £11.4m to a
variety of charitable causes last year. We welcome the opportunity to make this submission to
the Committee.

1. The Edrington Group agrees that attitudes in Scotland to alcohol misuse must change and
alcohol-related harm must be reduced. The Group actively promotes responsible
consumption of alcohol. Edrington successfully operates its Code of Practice on responsible
marketing and is a signatory to the Portman Group Code of Practice. The Group is also a
member of Drinkaware and participates in “Why let good times go bad?”, the all-industry
responsible consumption campaign. Edrington has taken alcohol awareness into the
workplace through the company alcohol policy and its support for the Scottish
Government’s Alcohol Awareness Week.

2. The Group has made several pledges in support of the UK Government’s Health
Responsibility Deal.

The advantages and disadvantages of establishing a minimum alcohol sales price based
on a unit of alcohol

3. The Scottish Government has in place a comprehensive strategy to reduce alcohol-related
harm, the key pillars of which are the ‘Framework for Action’, the Licensing (Scotland)
Act 2005 and the Alcohol Etc (Scotland) Act 2010, the latter only coming into force on
1 October 2010.

4. We note the Scottish Government wishes to proceed with minimum pricing at a time when
alcohol consumption in Scotland has been stable for 6 years and indicators of health harm
show a decline:
   a. Alcohol-related deaths have declined 15% in the last 5 years and deaths in 2010
      were the second lowest the last decade.
   b. Deaths from alcoholic liver disease have also declined since 2006.
   c. Alcohol-related hospital discharges have declined over the past two years (2007/08
      -2009/10) from 43,054 to 39,278, a reduction of 8.8%

5. This would indicate the measures already put in place are having a positive impact. More
importantly these measures have only been in place for a relatively short period of time
and have not yet been fully assessed, with the measures under the Alcohol etc (Scotland)
Act 2010 only recently introduced. It appears therefore premature to introduce yet
further measures and restrictions.

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1 MESAS: An update of alcohol sales and price band analyses. August 2011
2 Alcohol-Related Deaths, GROS 5 August 2011
3 MESAS Setting the Scene. Theory of change and baseline picture. March 2011
6. The Edrington Group remains committed to working to tackle alcohol misuse but is opposed to minimum pricing. We believe that minimum pricing will have little effect on harmful consumption. There is no trustworthy evidence that misuse can be positively impacted through pricing measures.

7. We believe minimum pricing is likely to be illegal.

8. We believe that minimum pricing will damage the Scotch Whisky industry at home and abroad with negative consequences for the wider economy.

Overall, minimum pricing will cause a number of negative unintended consequences.

**Effectiveness**

9. There is no strong evidence as to the effectiveness of minimum pricing as a policy to reduce alcohol-related harm. It is often portrayed as a targeted measure having greatest impact on problem drinkers with limited impact on moderate drinkers. A recent report from the Institute for Fiscal Studies\(^6\) rejected these assertions finding that MUP will hit responsible drinkers and, in particular, those on lower incomes at a time when household budgets are already under extreme pressure.

10. The case for minimum pricing relies heavily on the Government commissioned ‘Sheffield’ modelling. The updated Sheffield report commissioned by the Scottish Government showed those drinking most heavily will have to spend less than the price of one pint of beer a week more and will be the least likely to change their drinking patterns and behaviour.

11. The Sheffield report has three categories of drinker - moderate, hazardous and harmful. All drinkers within a category are assumed to hold the same characteristics. No assessment is made for age, gender, ethnicity, social grouping or different drinking patterns. For example, it is assumed that all hazardous and harmful drinkers buy on price alone, which is clearly not the case.

12. The Scottish Government’s strategy is very much based on a total population approach; the theory being that by reducing per capita consumption the proportion of problem drinkers in the population will be reduced. Although the Sheffield modelling work shows precise numbers on a range of potential impacts, nowhere does it state the reduction in the actual number of hazardous and harmful drinkers that would be achieved. In fact the proportion of hazardous and harmful drinkers remains unchanged.

13. Tackling alcohol misuse will take concerted effort over many years. It should be based on a multi-component approach, involving all relevant stakeholders targeting those drinking heavily and inappropriately. *It is estimated 80% of alcohol is consumed by 30% of the population, therefore targeting hazardous and harmful drinkers offers the greatest opportunity to reduce harm.* Reducing the number of hazardous and harmful drinkers will reduce per capita consumption; we have no issue with that outcome. Reducing consumption without significantly reducing the number of heavy drinkers, while

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6 Alcohol Pricing and taxation polices, IFS Briefing Note NB 124, 2011
7 University of Sheffield, Model-Based Appraisal of Alcohol Minimum Pricing and Off-Licensed Trade Discount Bans in Scotland Using the Sheffield Alcohol Policy Model (v2): An Update Based on Newly Available Data. April 2010
undermining a major Scottish industry and its contribution to the economy, is not a policy that is in the national interest.

**Legality**

14. Concerns over the legality of introducing a Scottish minimum pricing regime have never been addressed by the Government. In all European Court of Justice cases involving minimum pricing, of which we are aware, the Court has never found in favour of such a measure, even when there is a claimed health objective.

15. The Scottish Government believes a case can be made for Minimum Unit Pricing (MUP). However, evidence from Anne Milton, the UK Public Health Minister, to the Commons Science and Technology Committee stated that the UK Government has contrary legal advice which indicates that MUP is probably illegal.

16. The Swiss Government has also obtained a legal opinion on minimum pricing. It clearly states that minimum pricing would breach EU obligations and that a health exemption would not be likely to succeed.

17. That minimum pricing is illegal is consistent with papers published by campaigners for minimum pricing who while supporting the principle are not convinced of the legality.

18. To address this legal uncertainty, the industry believes the Scottish Government should notify the Bill to the European Commission through the technical notification procedure (Directive 98/34). The Government has refused to do so to date claiming the Bill does not require a change to the product. We believe this is incorrect and that the Bill is a *de facto* technical measure. Some EU producers exporting to Scotland whose current price point may increase under MUP will be able to minimise the impact by reducing the strength of their product and the number of units of alcohol it contains.

19. Even if the Scottish Government does not consider that it must notify the Bill this does not preclude them from doing so. Notification of the Bill would allow for full scrutiny by EU Member States and by the Commission itself. If the Scottish Government is confident in their legal advice, it is surprising they are reluctant to open up the Bill to this scrutiny when they have said they want MSPs to be allowed full scrutiny of the principle and price.

20. Minimum pricing is recognised as a barrier to the free movement of goods. We believe it is likely to be found illegal under the EU Treaty (Article 34), and likely to be in breach of World Trade Organisation rules (GATT Art.III). These rules have allowed Scotch Whisky exports to grow and underpin future industry success. Scotch Whisky accounts for around 90% of Scottish food and drink exports. If Government action in Scotland undermined EU and WTO rules, the knock on effect would be hugely damaging for Scotch Whisky and the wider Scottish economy, reducing exports by as much as a half a billion pounds a year.

21. A Scottish system might attempt to overcome EU and WTO trade law by seeking a public health exemption, but no such exemption has ever been secured for any product. If Scotland were to secure an exemption, this would establish a precedent that would give other countries the opportunity to introduce spurious ‘public health’ justifications for keeping Scotch Whisky out of vital export markets, undermining the industry, employment in Scotland and the Scottish economy.

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8 Prof Dr A. Epiney er al, On the Compatibility of a Legal Minimum Price for Alcohol with the Free Trade Agreement Switzerland-EU and Economic Freedom. Legal Opinion on Behalf of the Swiss Alcohol Board, October 2009

22. Exports of premium brands would be adversely affected overseas by a Scottish initiated trade barrier. Attempts to open up new markets would be stalled. Econometric analysis suggests that 14.5% of Scotch Whisky exports could be put at risk. At home, value brands and supermarket own label products favoured by those on lower incomes would see immediate price rises. Companies specialising in this sector, which represent 26% of Scotch Whisky sales in Scotland, fear a significant loss of business, leading to job losses and closures. At a 50p a unit price, an average priced bottle of Scotch would increase by 18.6%.

**Unintended consequences**

23. All price fixing measures distort the market. MUP is no different in that respect and will significantly distort the Scottish market. Any additional profits that may result from any increase in prices due to MUP will be retained by retailers, and not passed back to producers. The suggestion that retailers can be levied to return these windfall profits to Government is noble but fails to understand the dynamics of the multiple off-trade. Retailers will offset any levy by passing this request on to producers in the form of demands for incremental profit margin.

24. There is no consideration of the impact of minimum pricing on cross border sales, illicit supply, organised crime and fraud in the Sheffield Report.

25. Our experience in the Nordics shows those markets which deploy over stringent control policies see a greater incidence of cross border “alcohol tourism” and illegal production of alcohol. We would expect greater cross-border shopping with England where consumers will be able to source their preferred brands not only cheaper, but will also have access to quantity discounts.

26. Internet shopping is increasing for all types of goods. Internet sales for alcohol products sourced from outwith Scotland are not subject to the licensing provisions and therefore MUP, we expect to see increased alcohol Internet sales.

27. A key objective of the Government’s alcohol strategy is reduced consumption. An increase in cross border purchases, Internet and illegal sales of alcohol as a result of the introduction of MUP could see the Government’s goal being significantly undermined.

**The level at which such a proposed minimum price should be set and the justification for that level**

28. The Edrington Group is opposed to the introduction of MUP, but as a matter of principle any decisions over the appropriate minimum unit price and the administration of the scheme should be transparent, made free of bias or undue influence by any stakeholder, whether industry, Government or NGO. The scheme’s effectiveness should be subject to annual review, against clearly understood, transparent and objectively evidenced criteria, and the scheme should be discontinued should the review demonstrate its ineffectiveness or its introduction leading to undesirable consequences, viz illegal activity/illicit market.

**Any other aspect of the Bill**

29. The scope of the Bill is very tightly drawn. We believe the ‘sunset clause’ which clause 2 of the Bill will remove should be retained.
I am pleased to have the opportunity to provide written evidence on this Bill. on behalf of consultant colleagues in the speciality of liaison psychiatry across Scotland. I am happy to give oral evidence if so invited, as well as supplementary evidence regarding relevant patient numbers from the Royal Infirmary of Edinburgh service in which I work.

Most general hospitals in Scotland, and all the large city centre teaching hospitals, have departments of liaison psychiatry. This is the sub-speciality of psychiatry which sees patients in general hospital A&E units, medical and surgical wards, and out patient clinics, who have any combination of psychiatric and medical problems.

Necessarily this means taking referrals in relation to patients with medical and mental problems arising from hazardous or harmful drinking, or outright alcohol dependence.

Most hospital clinicians see a narrow spectrum of alcohol-related harm arising in their own specialities. (For example: liver specialists will see people with alcoholic liver disease, A&E specialists will see people injured in alcohol induced fights or other trauma; abdominal surgeons will see patients with pancreatitis due to alcohol, etc)

By its nature, liaison psychiatry is the hospital speciality with the widest ranging view about the impacts of alcohol misuse upon health (insofar as it impacts on hospital practice, as opposed to primary care)

We are therefore well placed to attest to the very wide-ranging damage done by alcohol in Scotland's current pattern of drinking, across all ages, both genders, all social groups, and all medical and surgical specialties.

In the context of minimum pricing proposals, we have particular concerns about two groups most at risk from the current ready availability of very cheap alcohol:

1. Younger patients (ie teenagers)

Although alcohol-related medical problems are becoming more prevalent in the young, it remains the case that self-harm (including overdose) and injuries arising from behaviour when intoxicated are their main modes of presentation.

2. Those with (or at risk of) alcohol-related brain damage

Hitherto regarded as a relatively rare problem in older male drinkers, this is becoming more prevalent and increasingly affects younger patients and
women. Such patients commonly have extended in-patient stays, long after their initial medical needs are met, and some require life-long residential care, places for which are scarce and expensive.

All measures intended to curb excess drinking deserve serious consideration, but we welcome minimal pricing proposals as particularly likely to reduce alcohol consumption in the young, and in those very heavy drinkers at risk of alcohol-related brain damage.

At the most recent annual meeting (Nov 8 2011) of the Faculty of Liaison Psychiatry of the Royal College of Psychiatrists in Scotland, the minimum pricing bill was discussed, and the provisions within it were endorsed unanimously and emphatically.

Dr S. G. Potts FRCPsych
Consultant in Liaison Psychiatry
Faculty of Liaison Psychiatry, Royal College of Psychiatrists in Scotland
November 2011
Health and Sport Committee: Alcohol (Minimum Pricing) (Scotland) Bill

December 2011

Introduction

The FSB is Scotland’s largest direct-member business organisation, representing over 20,000 members. The FSB campaigns for an economic and social environment which allows small businesses to grow and prosper.

The FSB represents a number of small businesses who will be affected by minimum pricing legislation. We therefore welcome the opportunity to submit comments to the committee on the Bill.

Comments

We note the committee intends to consider a number of aspects of the Bill, including the merits of the proposal to set a minimum price, the level of such a minimum price and other aspects of the Bill.

Our primary concern relates to the practical implementation of the legislation and ensuring we minimise unnecessary cost and confusion to small businesses. We have therefore limited our comments to these matters.

Context

The FSB has consistently stated that we are not best-placed to comment on the health impacts of a minimum price on alcohol. However, government intervention regarding pricing structures for products should be used sparingly and cautiously. We have previously called for the end of the use of ‘loss leaders’ as a sales tactic by larger retailers; furthermore, we do not believe that the majority of small businesses are guilty of ‘irresponsible’ pricing or promotion of alcohol.

Consideration of this Bill must, however, consider the context for this legislation - a period of frequent regulatory change for businesses involved in the alcohol licensing
system and very difficult trading conditions. It is crucial to approach this Bill using best regulatory practice to minimise the potential for additional burdens on small businesses when they can least afford it.

**Costs**
We welcome the work carried out by the Scottish Government to assess the financial cost of the legislation to different businesses and the engagement with business representative organisations, including the Scottish Grocers’ Federation. We note that an attempt has been made to quantify the cost, per retailer, of implementing the changes.

This will necessarily vary from businesses to business but the current estimate may not take full account of the time factor for the smallest businesses to find the relevant information, consider their responsibilities and take necessary action. As the Bill develops, it will be important to ensure the Business and Regulatory Impact Assessment (BRIA) is updated to reflect costs to business.

**Implementation**
Experience of recent changes to alcohol legislation in Scotland\(^1\) suggests that many problems for businesses arise as a result of implementation difficulties, often because of lack of support, lack of clarity on what is expected and enforcement issues. The smallest businesses may be unsure exactly what is expected of them and how to go about compliance, while local authorities may take different views on how to enforce new legislation (e.g. advisory approach in initial stage or rigorous enforcement). Such problems are clearly unhelpful but often occur because issues around guidance for businesses and enforcement are not fully considered until after primary legislation is passed.

We are keen to avoid such difficulties and would therefore recommend that dialogue with businesses is extended to cover implementation. Ideally, we would welcome an agreed national approach to enforcement. Such an approach requires the full involvement of local authorities in discussions and may lend itself to a short-life group to consider relevant issues, such as support and information material for businesses.

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\(^1\) Regulatory Review Group, Report on the Licensing (Scotland) Act 2005


For further information on any of the points raised in this submission, please contact Susan Love, Policy Manager e: susan.love@fsb.org.uk t: 0141 221 0775.
Fife Health and Wellbeing Alliance provides this submission on the Alcohol (Minimum Pricing) (Scotland) Bill on behalf of the Fife Partnership.

Fife has chosen to submit a single partnership response to the Scottish Parliament’s Health and Sport Committee call for written evidence on the general principles of the Alcohol (Minimum Pricing) (Scotland) Bill.

Fife Health and Wellbeing Alliance is the partnership group with strategic responsibility for reducing health inequalities and improving health and wellbeing in Fife. The Alliance is a partnership between NHS Fife, Fife Council and the voluntary sector in Fife and is accountable to Fife’s community planning partnership - the Fife Partnership. Lead partner agencies on the Fife Partnership are Fife Council, NHS Fife, Fife Constabulary, Scottish Enterprise, Skills Development Scotland, Fife Colleges, St Andrews University, CVS Fife, the Scottish Government and SEStran (South East of Scotland Transport Partnership).

The Fife Partnership has maintained its position outlined in its submission to the call for written evidence on the the Alcohol etc (Scotland) Bill in January 2010.

Following consultation with representatives from key community planning organisations, the Fife Health and Wellbeing Alliance offers these views on the Alcohol (Minimum Pricing) (Scotland) Bill on behalf of the Fife Partnership.

Supporting evidence for many of the views formed has already been highlighted in the explanatory notes and other documents published to accompany the Bill and there is no need to replicate these further at this stage.

**The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit price of alcohol**

The advantage of unit minimum pricing is that it is evidence based, relatively simple to apply and ensures that the price is passed on to customers.

**The level at which a minimum price should be set**

On health grounds it is felt that a minimum unit price needs to be at least 40 pence to have a significant impact: lower minimum prices tend to cause switching from one type of drink to another, with little effect on overall consumption. There is also support within the area of licensing standards for a higher level of 50 pence a unit in order to have an even greater impact.
The rationale behind the use of minimum pricing as an effective tool to address all types of problem drinking

The rationale is the price elasticity of alcohol: as alcohol becomes pricier, consumption falls. The model based appraisal of alcohol minimum pricing indicates that a total ban on off-trade discounting combined with a 40p minimum unit price would reduce consumption by an estimated 5.4%.

Under minimum pricing and discount removal all drinkers would spend more because percentage fall in consumption is less than percentage price increase. These policies would disproportionately affect those buying the most alcohol: a 40p minimum price combined with an off-trade discount ban moderate, hazardous and harmful drinkers would spend an average of £0.21, £1.12 and £2.63 more per week respectively.

Minimum pricing and discount removal are thus effective in reducing population consumption and resulting harm, especially for hazardous or harmful drinkers. It is also likely to affect consumption disproportionately in people on lower incomes and would thus help to address alcohol-related health inequalities (table 1).

<table>
<thead>
<tr>
<th>Table 6: No. of Alcohol-related(^1) or Alcoholic Liver Disease Deaths Among Fife Residents aged 15-74 years 2002-2010 by Deprivation Quintile</th>
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</thead>
<tbody>
<tr>
<td>Alcohol</td>
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<td>Q1 MDQ</td>
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<td>NHS Fife</td>
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<td>Q5 LDQ</td>
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<tr>
<td>Alcoholic Liver Disease(^4)</td>
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<tr>
<td>Q1 MDQ</td>
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<tr>
<td>NHS Fife</td>
</tr>
<tr>
<td>Q5 LDQ</td>
</tr>
</tbody>
</table>

\(^1\) Deaths where an alcohol-related condition is coded as either the underlying or contributory cause of death
\(^2\) 2010 data provisional
Source: Registrar General Scotland

Possible alternatives to the introduction of a minimum alcohol sales price as an effective means of addressing the public health issues surrounding levels of alcohol consumption in Scotland

Price restriction is the most effective means of controlling consumption at a population level. Other methods, for example education and awareness, are
far less effective in influencing behaviour. However minimum pricing needs to be implemented in conjunction with other measures, for example controlling the current extent of alcohol advertising and promotion aimed at young people which we know influences their perceptions, encourages alcohol consumption and increases the likelihood of heavy drinking.

Taxation as a means of controlling price is unlikely to have the same effect on alcohol availability and consumption. Despite alcohol taxation going up by 6% in 2008, supermarkets continued to sell heavily discounted alcohol by not passing on the tax increase to customers. The advantage of minimum pricing is that this option is not available to retailers.

Professor James McGoldrick
Chair
Fife Health and Wellbeing Alliance
Alcohol (Minimum Pricing) (Scotland) Bill

Forensic Learning Disabilities Service

We care for those who commit crimes and suffer from learning disabilities (LD).

The crimes range from Breach of Peace to serious sexual violence crimes against children and vulnerable adults. Those crimes include murder.

In an audit 80% of serious crimes committed by those referred to the forensic learning disability service in 2008 by criminal justice and courts were committed while the person was under the influence of alcohol.

Of 17 convicted paedophile Learning Disabled inpatients in long term secure hospital care, 10 committed their crimes having consumed excessive amounts of alcohol first.

Rates of alcohol dependence among learning Disabled offenders have increased exponentially in the last 10 years. Since the final closure of the institutions those with Learning Disabilities are living in the community and accessing alcohol very cheaply. The effect of the alcohol on their health and their criminal activity is greater than on those who do not suffer learning disability. This is due to the vulnerability of the already damaged brain.

Some mildly learning Disabled patients took part in a study of patients alcohol purchasing habits. They were able to find the cheapest alcohol and used their disability allowances to consume vast quantities placing themselves and others at high risk.

One convicted arsonist female with LD was found unconscious surrounded by 9 empty bottles of "White Lightening Cider". She had purchased this for 11 pence per unit. She had set fire to the corridor in a high rise block of flats before entering another flat which was the home of a convicted sex offender and completing her alcohol binge. She has an IQ (intelligence Quotient) of 60. (average is 100). She has in the past assaulted numerous NHS staff, severely damaged property and assaulted members of the public. She knows exactly how to find the cheapest alcohol.

Minimum pricing would affect the purchasing habits of those on low income and benefits which includes most of our patients. One strategy employed in our forensic day hospital is to encourage those who insist they wish to continue drinking alcohol to change their drinking to times in pubs with support and peers or to save for celebrations with family and support teams in supported housing with assistance to prepare meals and use their income for food.

The average price per unit in a pub is well above 50 pence. If the minimum price of alcohol per unit was 45 pence or above it would be more likely that Learning Disabled people would have more of their alcohol in pubs. They may also purchase alcohol which was less harmful than the cheap white ciders and
vodka they can get from the supermarkets or certain off licenses. It is our team's view that if there was a minimum price for alcohol imposed upon off licenses these three outcomes are possible:

1. Some Learning disabled people would drink less and would not become ill themselves.
2. Some vulnerable adults would not be assaulted
3. Some children would not be sexually abused or murdered.

Forensic Learning Disabilities Service
Alcohol (Minimum Pricing) (Scotland) Bill

Glasgow Caledonian University

The Institute for Society & Social Justice Research at Glasgow Caledonian University in collaboration with the Medical Research Council’s Public Health Sciences Unit at The University of Glasgow are currently conducting a study funded by the Alcohol Education Research Council (now Alcohol Research UK) entitled ‘Shop servers’ experience of alcohol-related issues and interventions in socially contrasting neighbourhoods’.

The study aims to give a voice to shop workers and small retailers (off-sales and convenience stores’ staff), serving varied localities (deprived and non-deprived), re their concerns on issues affecting their work and community. These issues range from the threat of violence in the workplace to the business threats posed by the major supermarkets. The proposed alcohol minimum pricing policy is relevant in both these regards.

The study has two components:

1. Qualitative interviews were conducted with shop workers in the most socially contrasting neighbourhoods of Glasgow city. Specifically 12 interviews were conducted in shops serving the most deprived parts of the city (according to the Scottish Index of Multiple Deprivation) and 12 in shops serving the city’s least deprived areas. A control group of staff from 12 unlicensed convenience stores was also interviewed (6 in the most deprived, 6 in the least deprived parts of the city). Data collection from this phase of the project is now complete.

2. A quantitative postal survey is currently being conducted covering all community off-trade outlets in Glasgow. At the time of writing we have delivered questionnaires to just over half such shops in the city. To date, 82 questionnaires have been returned. Once all these licensed shops have received a questionnaire, a second postal survey will recruit a control group from unlicensed convenience stores across the city. Our is aim for a minimum of 100 licensed (and 50 unlicensed) shops to comprise a final quantitative survey sample (although given the response rate so far, we anticipate the eventual number of licensed stores participating will be greater than this).

Data collection is due to end in January 2012, with a report to Alcohol Research UK to follow in the springtime. The issue of minimum pricing, and shop servers views on this policy, will be addressed in detail by our final report.

The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol

The quantitative (postal) survey phase of our research included the following question:
4.2 Are you supportive of the proposed alcohol minimum-pricing policy?

Yes  
Why do you think this? [please write in space below]  
No

To date, with 82 questionnaires returned, 45 (55.6%) respondents have said ‘yes’ – they do support the policy, while 34 (42.0%) have said ‘no’ they do not support it, with a further 2 (2.2%) stating that they did not know yet (one did not answer this question).

Thus their views are fairly evenly split at present, and it will be of interest to see if those ‘for’ or ‘against’ the policy vary in any systematic way (early indications is that there is no significant difference in supporting the policy between shops located in deprived or non-deprived parts of the city).

To date, reasons given for supporting the policy included; that it would affect the supermarkets (n=16), that it would level the business playing field between shops (n=6), that it would reduce alcohol problems in Scotland (n=6), that it will affect under-agers (n=4), that there will be less trouble from drunks in shops (n=3), and that small shops like theirs would profit from the policy (n=3).

To date, reasons given for not supporting the policy included; that it will make no difference to alcohol problems in Scotland (n=7), that it will affect responsible drinkers (n=4), that there would be more trouble from theft in shops (n=3), that supermarkets would profit from the policy (n=3), that it would not affect the supermarkets (n=3), that it will affect small shops like theirs (n=2), that it will reduce profits (n=2), or harm the economy (n=2).

From the above response pattern, it might be suggested that some small retailers did not fully grasp the reasoning behind the policy and how it might affect their job / business. This was also apparent during the qualitative interviews, where in-depth discussion of the issue tended to foster more positive considerations of alcohol minimum pricing.

The following comprises some illustrative examples of shop workers views on the policy. The quotes given below are the verbatim responses made by interviewed licensed shop staff when asked directly for an opinion on the proposed minimum pricing policy. For example, as is illustrated by the first two comments below, some interviewees felt that the policy would not affect them / their shop, because their customers were not part of the problem, and/or their clientele favoured the more expensive beverage ranges which they stocked.

“I think we have the loyalty of the customers and they like their wines and things and they come in and they buy it whether it’s a different price or not.” (non-deprived area)

“I think it would probably be good though for the younger alcohol product type things. Probably where we are based, probably not a whole lot
because it's more kind of mid-level drinks that people are buying." (non-deprived area)

Some interviewees were against the policy because they felt it could be bad for business.

“Something [I’m] against. I think fair competition is fine, eh, competition is for all products; could be a tin of beans you're selling, Drum [tobacco], alcohol. You need the competition to keep people coming into the shops and if the price is all the same everywhere then, no offence, I get people from along the road coming to me because I'm a wee bit cheaper than he is." (non-deprived area)

“I think it will have quite a big affect. I think it is mostly going to hit the ciders and stuff like that, isn’t it? The high volume stuff. I think it most definitely will hit us. I wouldn’t say really hard but I think we will feel a bit, because it’s not like we only sell a few bottles a week, we sale 15 cases of Frosty Jack a week just on 3 litres alone, which is quite a lot for a wee convenience store." (deprived area)

Others saw the advantages that the policy could have for small businesses such as theirs.

“This minimum pricing for alcohol, I agree with that but only in a business sense. It would stop them putting in the big offers and taking the business away from the convenience stores, because clearly we cannae match that." (non-deprived area)

“Can I tell you something? I would just give business a boost here, honestly. See small business like this? It would put money back into the community again." (deprived area)

In particular, those who supported the policy felt it would affect the major supermarkets to the benefit of smaller shops serving local communities, such as theirs.

“Well, if you are living here and you get same price as supermarket and same price at us the chances are you will come here. You might go for the service or find other things, but without the price difference there is less incentive." (deprived area)

“I think it is good idea because if the prices is fixed every shop selling the Tennent’s lager. If one shop is selling for £1 less, like ASDA selling for 99p, they get a fine. All shops prices the same is good because ASDA and Tesco is selling the booze cheaper than Cash and Carry! A lot of shop keepers buy from them!” (non-deprived area)

Some interviewees felt that it would not reduce alcohol problems in Scotland.
“A minimum price for alcohol? It’s like this banning happy hours, or something. If you drank 10 pints you would save 30p, or something like that, banning it, you know what I mean? It’s not what’s causing the problem; it’s the politicians just go for the same thing all the time, you know? So they look like they’re doing something.” (non-deprived area)

“See, again I read the early guidelines set for minimum pricing and they were going to actually, they weren’t going to hammer Buckfast and I think they’ve got it totally wrong, you know?” (non-deprived area)

Others believed minimum pricing would help reduce alcohol consumption in Scotland, and some were supportive, even though it may have a (small) negative impact on their business.

“Make it expensive, so expensive that it is only meant to be for special occasions rather than, ‘it’s a gorgeous day, come on lets go any buy a cheap bottle of cider’… It probably would [affect our profits], but at the same time I think people are drinking too much anyway, so anything that cuts it down is a good thing at the end of the day.” (non-deprived area)

“Maybe sell a bit less alcohol. It probably won’t affect us too much because we’re backed by a reasonable company, but the smaller independent shops might suffer.” (deprived area)

We hope that our research has given a voice to a group who may have been neglected in the debate around alcohol minimum pricing – specifically those who work in off-sales premises and will have deal with the introduction of the policy at first hand. Thus we believe it is important to bring community off-sales workers onside, as potential agents of alcohol harm reduction. Unlike the major supermarkets, our interviewees knew their individual customers and the problems of their communities.

Although still ongoing (due for completion in springtime 2012), on balance at this point, our findings to date imply that smaller off-trade outlets could be supportive of the minimum pricing policy, especially if it is seen as helping their communities. As they see it, the advantages of establishing a minimum pricing policy are that it could help small businesses to survive in the face of competition from the major supermarkets, and that it might reduce alcohol problems including the drunken abuse which they face while on duty. Against this, potential disadvantages they foresee include reduced profits, increased theft and the belief that factors other than price are primarily responsible for Scotland’s alcohol problem.

This submission was prepared by Dr Alasdair Forsyth of Glasgow Caledonian University, who is the lead investigator on the above project. Any views expressed here are his alone.

Dr Alasdair Forsyth, Senior Research Fellow, Scottish Centre for Crime & Justice Research, Institute for Society & Social Justice Research Glasgow Caledonian University, 12 December 2011
Alcohol (Minimum Pricing) (Scotland) Bill

Highland Alcohol and Drugs Partnership

Alcohol related harm

Alcohol is an integral part of Highland life with an industry that contributes to our economic development. In some remote and rural areas, a distillery or brewery may be the biggest or only employer. The whisky industry, in particular contributes not only to the economy but also helps to attract tourists to the Highland’s. However, we’ve seen over the years that the more affordable, available and acceptable alcohol has become, the more people consume resulting in increased levels of harm that impact on the quality of life across the Highlands and are estimated to cost Scotland £3.56 billion per year. This includes £866 million in lost productivity, a cost of £269 million to the NHS and £727 million in crime costs.

Like elsewhere in Scotland, alcohol causes significant detriment to the people of the Highlands through unnecessary preventable illness, death and social harm. Alcohol is not an ordinary commodity - it is a psychoactive and potentially toxic and addictive substance and is a contributory factor in fifty different causes of illness and death ranging from stomach cancer and strokes to assaults and road accidents. Unfortunately, many people in Highland are drinking above the recommended weekly limit, 35.2% of men and 21.1% of women. According to revised alcohol consumption levels reported in the Scottish Health Survey, a higher proportion of Highland men are drinking above the recommended weekly limit than the national average. More men in Highland (34 per 100,000) also die an alcohol related death than the national average (30 per 100,000).

Over the past 10 years, the rate of hospital admission as a result of harmful alcohol use has increased in the HADP area, as it has done across Scotland (Figure 1). Rates of harm are in excess of the Scottish average and the difference between the two has widened over the past 10 years. Scotland is one of the worst offenders in the UK and across Europe for alcohol related health harm; it is used in this illustration as a comparator and we do not suggest that this is an ideal standard to be aimed for. This widening gap is a clear cause for concern.

Figure 1: Patients hospitalised with alcohol related conditions in HADP area and Scotland
The highest proportion of alcohol attributable conditions among patients resulted from cardiovascular diseases (41% - hypertensive disease (29%) and cardiac arrhythmias (11%)), mental and behavioural disorders caused by alcohol (22%) and injuries (14% - falls injuries (5%)).

We are also concerned that a higher percentage of 15 year olds in Highland (88%) have drunk alcohol than the Scottish average (78%). This reflects a tendency for social attitudes in Highland to view underage drinking as a ‘right of passage’ where it is almost expected that young people will establish drinking patterns well before turning eighteen. We are concerned there is not enough awareness of the potentially detrimental effects on a young person’s mental and physical development or the increased risk of developing dependency problems later in life when drinking is established at an early age. The affordability and availability of alcohol has also resulted in it becoming increasingly acceptable for parents to model hazardous and harmful drinking to children and young people in many households across Highland.

Alcohol Concern estimates that between 80,000 – 100,000 children are likely to be living in families where one or both parents are dependent on alcohol. We do not currently have an estimate of the numbers of children affected in Highland, but are aware the numbers are likely to be substantial and that the needs of many of the children are for the most part, unmet. We are concerned that chronic alcohol dependency can result in considerable time and attention being focused on consuming alcohol as opposed to parenting. This can mean that children are left unsupervised or that their basic needs for food, warmth and shelter may all be compromised. Children within such families may also be at high risk of maltreatment, neglect or abuse. Whole population measures such as minimum pricing are therefore very welcome and indeed essential to the health and well being of Scottish people, particularly future generations. We believe it will have a protective effect on vulnerable populations whilst also reducing the overall level of alcohol problems.

Responses to the consultation questions

We now consider each of the consultation questions in turn:

1. The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol;

From a public health perspective, there are no disadvantages of setting a minimum price on alcohol. Alcohol consumption in the UK has doubled over the last 40 years. The average consumption of alcohol in a population is directly linked to the amount of harm. Consumption is strongly linked to affordability. As price has fallen, consumption has risen. Alcohol is now 69% more affordable than thirty years ago. Tackling price and availability are some of the most effective alcohol policies. A minimum price per unit of alcohol sold would have a significant impact on alcohol consumption and reduce harm, particularly in conjunction with recent licensing legislation and the national roll out of alcohol brief interventions. Establishing a minimum price also puts in place a process and embeds a principle that can be used to tailor future policy and price levels.
The price gap between on and off sales has also widened dramatically over the years and the introduction of a minimum unit price will help to address this. In reducing access to cheap high strength alcohol, we reduce health harm for the individual, with a knock on effect for communities, society and the economy. The current trends in Scotland are to drink more at home and to ‘pre-load’ (the practice of drinking large amounts of alcohol at home before going out to licensed premises to continue drinking), it is therefore necessary to apply this principle regarding minimum pricing equally across off and on-sales.

Many of the opponents to minimum pricing argue that it would not differentiate between cheaper brand alcohol more likely to be consumed in larger quantities by harmful drinkers and the more expensive drinks more likely to be consumed by moderate drinkers. However, research done in late 2009 looking at supermarket pricing of a vast array of alcoholic products showed that a minimum price of 40p would lead to little or no change on the price of most spirits and wine but would lead to a rise in the cost of strong ciders and beers. We are supportive of other continuing efforts to reduce alcohol consumption. Minimum pricing can be most effective when implemented with a series of other measures. The other measures include changes to the overall marketing of alcohol, improved screening and brief intervention programmes, improved access to treatment and support services, as well as health promotion and education.

Whilst other measures will contribute there is no effective alternative to minimum pricing. It is true to say that an increase in pricing may be achieved through increased taxation so we would be supportive of such measures as well. This would also allow additional revenue to be used for the support and treatment of problems caused through alcohol misuse. It is likely that this measure would mainly impact on those who drink heavily. However, the rate of alcohol duty is set by the UK Treasury, and so out with the scope of this bill.

Minimum pricing is supported by all seventeen Scottish Directors of Public Health and the Chief Medical Officer. Useful recommendations have also been made by the English Chief Medical Officer, Sir Liam Donaldson who pinpointed the problem of underage drinking as one of easy availability, lack of adult supervision, and cheap prices: “Alcohol consumption, including heavy and regular drinking, is positively associated with the amount of spending money young people have available to them.” In other words, minimum pricing controls would positively impact upon underage drinking. Just as with smoking, the main health benefits from minimum pricing will be achieved through effective legislation and fiscal measures. Minimum pricing will have an effect on alcohol consumption, where other measures have failed.

2. The level at which such a proposed minimum price should be set and the justification for that level;

We recommend that the minimum price per unit should be at the very least 40p. We believe that this would have a significant impact on reducing alcohol related harm in Highland not only for the individual but for families, communities and wider society. We accept pragmatically that a 40p initial
minimum price would be a major step forward but we note that increasing the price to 50p or 60p would also have a significant impact on the affordability of the current ‘cheap / strong’ alcohol choices for young people ensuring long term health benefits. This upper limit would result in a 12.3% reduction in consumption with the majority of the behaviour change seen in harmful drinkers. A change in the affordability will have a positive knock on effect on those who don’t consider themselves to be drinking to excess.

This thinking is echoed by the comprehensive research produced by the team at Sheffield University which modelled the effect of different levels of minimum pricing on alcohol consumption in Scotland. 40 pence per unit has a beneficial effect on consumption (-2.3 per cent), while at 50 pence and 60 pence, there are further significant changes in consumption (-6.7 per cent and 12.3 per cent respectively). It is noted that a minimum price of 40 pence when combined with the quantity discount ban included in the Alcohol Act reduces the impact on consumption to (-5.1 per cent), where as a minimum price of 50 pence and 60 pence will increases the impact on consumption to (-8.7 per cent and -13.7 per cent respectively). For these reasons we would prefer the introduction of minimum pricing at 60 pence per unit of alcohol as this is likely to lead to more significant reductions in alcohol related harm. At this level increases in projected annual spend for hazardous and harmful drinkers (+£96 and +£162 respectively) are likely to be experienced as significant and be more effective at encouraging behaviour change. The comparative projected increases in spend for hazardous and harmful drinkers at 40 pence (+£37 and +£85) are substantially less significant and therefore less likely to encourage behaviour change. The estimated financial value of harm reductions in health, crime and employment over ten years are far more significant at a 60 pence rather than a 40 pence level. For example the reductions in health costs (including QALYs) is projected to be (£236m at a 40 pence level and £1331m at a 60 pence level over ten years). We acknowledge that a minimum pricing policy is likely to affect the off-trade sector more than the on-trade sector due to cheaper alcohol being sold in the off-trade sector. However, as the differential between prices in the different sectors reduces, drinkers may switch from purchasing from off-trade to the on-trade where consumption can be regulated and supervised. Research also demonstrates that alongside reduced consumption, there will be reductions in alcohol related deaths, hospital admissions, alcohol related crimes, work absenteeism, unemployment, healthcare costs and incidences of chronic disease resulting from alcohol. The message is clear, the higher the price, the lower the consumption, and the lower the harm caused by drinking.

3. Any other aspects of the Bill

We acknowledge that all minimum pricing scenarios modelled result in increased revenue to the alcohol industry (excluding VAT and duty) and that the higher the minimum price the greater additional revenues. We therefore welcome the introduction of a public health levy from April 2012 so that large retailers bear some of the costs of alcohol related harm through increased business rates to fund preventative initiatives. However, we would welcome further consideration given to introducing separate entrances and payment
areas for alcohol rather than the current arrangements in existing supermarkets of alcohol being integrated with food sales and thus being treated as an ordinary commodity. We would also like to suggest that public health policy is constructed to require supermarkets at a future date to include till receipts which give alcohol as a percentage of total value. This would enable households to consider their percentage spends on alcohol and health professionals to ask for percentage spend information when discussing alcohol usage. Alcohol units purchased could also be placed at the end of till receipts in a similar manner in to order to inform the general public on the choices they make.

If required, HADP would welcome the opportunity to provide evidence to the committee in order to substantiate any of the points made in this response.

Margaret Somerville
Chair
Highland Alcohol and Drugs Partnership
12 December 2011
Alcohol (Minimum Pricing) (Scotland) Bill

Highland Council

Highland Council welcomes the opportunity to provide evidence for the Committee’s consideration of the bill. This response was debated at Council on 15th December, received support from across the Council and was approved unanimously.

Alcohol is an integral part of Highland life with an industry that contributes to our economic development. In some remote and rural areas, a distillery or brewery may be the biggest or only employer. The whisky industry in particular contributes not only to the economy but also helps to attract tourists to the Highlands. However, we’ve seen over the years that the more affordable, available and acceptable alcohol has become, the more people consume resulting in increased levels of harm that impact on the quality of life across the Highlands. Many people in Highland are drinking above the recommended weekly limit, 35.2% of men and 21.1% of women. According to revised alcohol consumption levels reported in the Scottish Health Survey, a higher proportion of Highland men are drinking above the recommended weekly limit than the national average. More men in Highland (34 per 100,000) also die an alcohol related death than the national average (30 per 100,000). Over the past 10 years, the rate of hospital admission as a result of harmful alcohol use has increased in Highland, as it has done across Scotland. Rates of harm are in excess of the Scottish average and the difference between the two has widened over the past 10 years.

We are also concerned that a higher percentage of 15 year olds in Highland (88%) have drunk alcohol than the Scottish average (78%). Our own lifestyle survey of school pupils worryingly shows 8% of primary 7 pupils as having drunk alcohol in the previous week. This reflects a tendency for social attitudes in Highland to view underage drinking as a 'right of passage' where it is almost expected that young people will establish drinking patterns well before turning eighteen. We are concerned there is not enough awareness of the potentially detrimental effects on a young person’s mental and physical development or the increased risk of developing dependency problems later in life when drinking is established at an early age. The affordability and availability of alcohol has also resulted in it becoming increasingly acceptable for parents to model hazardous and harmful drinking to children and young people in many households across Highland.

Alcohol Concern estimates that between 80,000 – 100,000 children are likely to be living in families where one or both parents are dependent on alcohol. We do not currently have an estimate of the numbers of children affected in Highland, but are aware the numbers are likely to be substantial and that the needs of many of the children are for the most part, unmet. We are concerned that chronic alcohol dependency can result in considerable time and attention being focused on consuming alcohol as opposed to parenting. This can mean that children are left unsupervised or that their basic needs for food, warmth and shelter may all be compromised. Children within such families may also
be at high risk of maltreatment, neglect or abuse. Whole population measures such as minimum pricing are therefore very welcome and indeed essential to the health and well being of Scottish people, particularly future generations. We believe it will have a protective effect on vulnerable populations whilst also reducing the overall level of alcohol problems.

The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol

Highland Council supports the principle of minimum pricing for alcohol but should be used in conjunction with other measures. We welcome the fact that the proposed legislation applies both to off-sales and on-sales premises which will help to counter the practice of drinking large amounts of alcohol at home before going out to licensed premises to continue drinking, which we find to be a common practice.

The level at which a proposed minimum price should be set

There is a risk that the increase in retail price which would result from a minimum price for alcohol would serve to encourage the introduction of an illegal market in alcohol or in counterfeiting because of the higher value of the goods. We note that senior police officers across all eight forces in Scotland have indicated that there is no evidence of an issue with illegal alcohol sales. To prevent an issue arising, we believe that the minimum price should be set at a level which would yield the greatest decrease in hazardous and harmful drinking whilst protecting against such adverse developments. Our view is that the ideal price would be 60p per unit, or 40p as a minimum.

According to the University of Sheffield’s research, a level of 40p would yield a reduction in consumption of 2.3% (5.1% in combination with the existing controls of discounting), whilst 60p would yield much higher benefits of 12.3% and 13.7% respectively. The cost impacts on hazardous and harmful drinkers of a 40p level would be £37 and £85 per year, whilst at 60p these rise to £96 and £162 which would be more likely to drive a change in behaviour. The value of health impacts over 10 years would be £236m for a 40p level and considerably higher at £1331m for 60p with similar ratios for crime and employment costs.

Other aspects of the Bill

In addition to the introduction of a minimum price, we would wish to see a continued emphasis placed on enforcement of existing legislation and on education at a whole-population level. We would also welcome measures to introduce separate access for alcohol in premises where other products are sold, to emphasise the fact that it is not just another commodity but one with very harmful consequences when misused. In our view, any additional revenue which results from the introduction of a minimum price should be used to fund measures to prevent alcohol misuse.
The proposed amendment to Schedule 3 to The Licensing (Scotland) Act 2005 forms the basis of determining the alcoholic strength of a drink supplied. We feel that some clarification is needed regarding how the quantity of any product will be determined. It may be that the quantity as declared on the bottle, can or the measure is to be used, but we feel this would benefit from being clarified in the legislation to avoid the possibility of troublesome legal arguments in any court case. These quantity declarations are in fact liable to variation, even within legally (Weights & Measures Law) permitted parameters, and from experience in relation to the sale of alcoholic drinks into open measures (e.g. pints of beer; measures of spirits) can also vary significantly outwith these parameters (e.g. Short measures).

Alcoholic drinks other than gin, rum, whisky, vodka, brandy, wine (other than fortified wine), beer and cider, or any cocktail including two or more of these drinks are not legally required to be sold by total volume or to contain any specified quantity of any constituent alcoholic or non-alcoholic drink. We feel that some consideration of the method for determining the price per unit of alcohol charged in these circumstances is needed. The sale of a single component drink in a glass could potentially be measured, but for evidential purposes this would suggest the involvement of a Trading Standards Officer. This would obviously not be possible after a mixer or ice has been added.

The Council welcomes the proposal that any additional costs involved in introducing and monitoring any new regime should not fall on Local Authorities. Any initial set up cost involving business advice to Licence Holders must be set at a realistic and meaningful level. If fees are to be increased to cover the additional workload of Licensing Standards Officers then such increases should not be “across the board” increases but be targeted at those premises which cause the increased workload. To do otherwise would be unfair on those premises which have not or should not require increased advice from LSOs.
Alcohol (Minimum Pricing) (Scotland) Bill

Highland Licensing Board

1. The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol.

The Board support minimum pricing as a tool to reduce alcohol consumption and reduce risks to health but only if used in conjunction with other measures. The Board would wish to see as great an emphasis placed on education and enforcement of existing legislation.

2. The level at which a proposed minimum price should be set.

The Board are content with the level proposed.

3. Other aspects of the Bill.

The layout and design of display areas and the question of access to such areas needs to be reviewed.

The Board welcomes the proposal that any additional costs involved in introducing and monitoring any new regime should not fall on Local Authorities. Any initial set up cost involving business advice to Licence Holders must be set at a realistic and meaningful level. If fees are to be adjusted to cover the additional workload of Licensing Standards Officers then such adjustments should not be “across the board” but be targeted at those premises which cause the increased workload. To do otherwise would be unfair on those premises which have not or should not require increased advice from LSOs.

Highland Licensing Board
Alcohol (Minimum Pricing) (Scotland) Bill

Institute of Alcohol Studies

In response to the above call for evidence, the Institute of Alcohol Studies (IAS) is writing to express support for the introduction of minimum unit pricing of alcohol in Scotland.

The World Health Organisation states: “Of all alcohol policy measures, the evidence is strongest for the impact of alcohol prices as an incentive to reduce heavy drinking occasions and regular harmful drinking. The gains are greatest for younger and heavier drinkers and for the well-being of people exposed to the heavy drinking of others.”

There is a wealth of evidence to show a direct correlation with alcohol affordability and levels of harm. Numerous studies across the world have shown public health benefits as a result of alcohol price increases and taxation policies: cirrhosis mortality rates, suicide rates, criminality hospitalisation rates, road traffic accident rates and youth fatality rates are all shown to be reduced as the price of alcohol is increased in populations or areas studied. Alcohol price increases have also been directly linked to reduced rates of homicides, rape, robbery, assaults, motor vehicle theft, domestic violence and child abuse.

The affordability of alcohol in the UK has increased significantly over the last two decades. In particular, the affordability of alcohol in the off-trade sector has increased dramatically, with price promotions and deep discounts leading to the sale of super-cheap booze. Evidence shows that it is the cheapest alcohol that is causing high levels of harm – in the UK on average, harmful drinkers buy 15 times more alcohol than moderate drinkers, yet pay 40% less per unit.

There is an increasing trend of drinking in the home which is exacerbated by easy access to low cost alcohol from the off-trade sector, which can pose a greater risk to drinkers due to lack of control over volume of alcohol consumed. This also presents a risk to children and young people who are becoming increasingly exposed to drinking in the home and have greater access to alcohol as a result of parental ‘bulk buying’. A recent report by the Joseph Rowntree Foundation showed that children have a far greater risk of developing problems with alcohol if they are exposed to parental drunkenness and excessive drinking.

There is strong evidence to justify the introduction of a minimum price per unit. Studies have shown that young people and hazardous drinkers are particularly sensitive to price and would be the most affected by the introduction of a minimum price policy, as they consume cheap alcohol. ‘Moderate’ drinkers, however, will be less affected by the price changes. On the basis of such evidence, the WHO European Action Plan 2012-2020, which was endorsed by Member States (including the UK) in September 2011, recommends establishing a minimum price per litre of pure alcohol as an option for action to reduce levels of harm caused by alcohol.
A study by the University of Sheffield in 2009\textsuperscript{vii} estimated the impact minimum unit pricing of alcohol would have in Scotland. We understand that this data is being updated concurrent to the call for evidence. However, we feel it is useful to highlight the following key findings from 2009:

- Upon achieving full impact, it is estimated that a minimum unit price of 50p would save approximately 520 lives per year
- Over a 10-year period it is estimated that a 50p minimum price per unit would reduce alcohol-related health and social care costs by £160m
- It is estimated that a 50p minimum price per unit would prevent 4,200 alcohol-related crimes each year
- Moderate drinkers would not be unfairly penalised by a minimum pricing policy - For a 50p minimum price, a harmful drinker will spend, on average, an extra £163 per year whilst the equivalent spend increase for a moderate drinker would be £12

On the basis of this data, IAS would support the introduction of a minimum unit price for alcohol set at a threshold that will maximise public health gains. We would happily review this threshold on the basis of the latest data presented by the Sheffield team.

Whilst price is often described as the most powerful policy tool at a government’s disposal in the fight against alcohol harm, on its own it cannot be seen as a ‘magic bullet’ solution. Rather, a comprehensive framework of policy interventions is required, that tackles not only the affordability of alcohol, but also availability, promotion, drink-drive laws, health service response and education. The IAS, therefore, supports a policy of minimum unit pricing of alcohol, in conjunction with other such interventions to form a cross-government alcohol strategy.

We would be happy to answer any questions relating to the above recommendations.

Derek Rutherford
Chairman
Institute of Alcohol Studies
6 December 2011

\textsuperscript{1} European Alcohol Action Plan 2012-2020: Implementing regional and global alcohol strategies, WHO Europe, 2011
\textsuperscript{5} Bremner, P; Burnett, J; Nunney, F; Ravat, M; Mistral, W: Young people, alcohol and influences - A study of young people and their relationship with alcohol, Joseph Rowntree Foundation, 2011
\textsuperscript{6} WHO Europe, 2011
\textsuperscript{7} ScHARR, University of Sheffield, Model-Based Appraisal of Alcohol Minimum Pricing and Off-Licensed Trade Discount Bans in Scotland: A Scottish adaptation of the Sheffield Alcohol Policy Model version 2, September 2009
Alcohol (Minimum Pricing) (Scotland) Bill

The Methodist Church in Scotland

Thank you for the opportunity to respond to the call for evidence for the consultation on your proposed “Alcohol Minimum Pricing (Scotland) Bill”. Traditionally, the Methodist Church has taken a strong stance against the misuse of alcohol and campaigned to reduce its adverse effect on our society and resultant persistent practical problems (Attachment 1 lays out our stated guidance to members). Therefore, we are very supportive of this initiative and welcome it as a clear indication of the Scottish Government’s serious intention to tackle not only the obvious problems associated with alcohol misuse but also the underlying culture by which the promotion of alcohol consumption is a persistent problem in our society.

In this we stand shoulder to shoulder with many other denominations in Scotland and throughout the UK. We are confident this is also in line with public opinion and with the advice and recommendations from most of the professional bodies directly involved in picking up the pieces that fall out of excessive drinking. Therefore, we welcome the proposed Bill being placed before the Scottish Parliament to help tighten up on the 2005 and 2010 legislation, and address an area of concern that failed to gain sufficient support in previous legislation. The Methodist Church continues to work closely with the Salvation Army to campaign against the misuse of alcohol. It has also recently revised its position on alcohol and together with the United Reformed Church and Baptist Union has restated its position and this can be found at:

An Overview:

http://methodism.org.uk/index.cfm?fuseaction=opentoworld.content&cmid=19 27

One Too Many - a briefing on alcohol misuse:


It is a well established fact that cheap alcohol, drunk in an unrestricted manner in the privacy of the home or on the street often leads onto increased domestic disturbances and anti-social behavior as well has having a devastating effect on the health and well being of those who drink in excess. While alcohol in moderation can add to social occasions and be pleasurable the misuse and over indulgence in alcohol damages all of us.

While we have sympathy with some critics of this proposed legislation that minimum pricing could be better exercised through setting specific duty levels across the UK we are convinced a specific minimum pricing policy is essential. Firstly we recognise that increased duty would require Westminster to legislate when they appear to be reluctant to do so. Secondly, by simply increasing duty this would not preclude the sale of below cost alcohol as an irresponsible “lost leader” by supermarkets and others. Therefore, we are
supportive of the Scottish Government’s stance in taking this forward within its own devolved powers and continue to encourage the Westminster Government to tackle the scourge of low priced alcohol that each year, relative to other products, appears to become even cheaper.

We are concerned by the comments by various political parties and elements of the drinks and related retail industries challenging the principle of a minimum price per unit of alcohol. While they clearly have their own motives for taking their stance, we see no justification in delaying such a measure. Not only will minimum pricing set out a strong message but will also force all of us especially the young and financially disadvantaged, two sectors of our community where heavy drinking are especially damaging, to reconsider our own drinking patterns and attitudes to alcohol.

As a Church with a strong desire for social cohesion we have long held the view that the measure proposed in this proposed new Bill is overdue. However, we see this as only part of a package of measures to more fully address the problem. We along with our partners in the Baptist Union of Great Britain and the United Reformed Church, are calling for a number of policy changes with regard to alcohol across Britain:

- Introduce a minimum price for alcoholic drinks, based on a similar scheme in Canada, and end loss-leading sales in supermarkets and happy hour promotions
- Make it compulsory to put unit information and recommended limits on bottles
- Review the Licensing Act 2003 (England) and 2005(Scotland) and see what further measures are required to tackle binge drinking, including allowing licensing authorities to take into account the impact on public health and the number of licensed premises already in the area.
- Provide more resources for general and targeted public education campaigns on alcohol misuse
- Introduce a mandatory code of conduct for alcohol retailers, with penalties for breaches

One key pillar of this is the need for minimum pricing a policy supported by almost all medical opinion, the courts, police and other professional directly involved in addressing the damage caused by over consumption of alcohol. As well as damaging those directly affected by its consumption, by association the misuse of alcohol can damages the reputation of businesses involved in its production and distribution. This policy will have a very marginal negative financial impact on those on lower incomes (where alcohol is consumed sensibly) and should have a minimum negative effect of most sectors of the drinks industry which avoid recklessly promoting their product. However, it should be welcomed by all as a step on the road to creating a culture where alcohol is consumed more sensibly. Until unit prices exceed 50p there is unlikely to be much of an impact other on very cheap own brand spirits, cheap
own brand beer and white cider which are often the drinks of choice of those drinking to excess from off-licence sources. Therefore we would encourage the Scottish Government to think carefully of the level per-unit price at which alcohol needs to be set to have the desired impact. We would encourage this level to be set as high as can be argued to be realistic but would not wish to be overly prescriptive and leave this to expert advice and relational considerations which will change with time.

The proposed legislation is welcomed by the Methodist Church which supported the Scottish Government’s previous overall package and saw the minimum pricing as a key element. Not only does it address the issue of access to overly affordable alcohol but it sends out a strong clear message that the dangers of alcohol to our society must be addressed if we are to reduce the damage it causes to individuals, families and society in general.

Dr William M Reid
Connexional Liaison Officer
The Methodist Church in Scotland
7 December 2011
Methodist Recommendations in Relationship to Alcohol

Recommendations as to Methodist Practice in Relation to Alcohol:

The Conference of 2000, in the context of the debate upon Alcohol on Methodist Church Premises, directed that the following recommendations as to Methodist practice from the 1987 Report of the then Division of Social Responsibility “Through a Glass Darkly” should be made more widely known throughout the Connexion.

That all Methodists:

(1) consider seriously the claims of total abstinence;

(2) make a personal commitment either to total abstinence or to responsible drinking;

(3) give support wherever possible and by appropriate means to those who suffer directly or indirectly from alcohol misuse;

(4) unite to support pressure on government and public opinion for a programme designed to control consumption and reduce harm;

(5) recognise the importance of example and education in family life;

(6) where they practise total abstinence take special care to avoid authoritarian attitudes which may be counter-productive;

(7) where they practise responsible drinking take special care to demonstrate that this also involves self-control.

That the Methodist Church

(8) actively engage in the promotion of responsible attitudes to alcohol and in the support (whether directly or indirectly) of those suffering the harmful consequences of their own alcohol misuse, or that of others.
1. Background

1.1 Developing a new relationship with alcohol through tackling its use and abuse by individuals, reducing the risk of harm caused by its misuse on families and the wider community and enabling individuals to recover and regain control of their lives are key priorities in MELDAP’s drugs and alcohol strategy 2010-13.

1.2 The harm caused by the misuse of alcohol is a considerable and increasing problem in Scotland in terms of mortality, morbidity and social harm. From 2001 to 2005, alcohol related deaths rose by 15% and general hospital admissions by 7%. Results from the Scottish Crime and Victimisation Survey (2006) indicate that people view alcohol misuse as a more serious social problem than anti-social behaviour or crime in general.

1.3 The UK government has produced sensible drinking guidelines recommending weekly amounts based on units of alcohol. The current recommended weekly limit is 21 units for men and 14 units for women. However annual sales of alcohol in Scotland since 2000 would have enabled all adults 16+ to exceed the male guidelines.

1.4 Data on alcohol consumption for the NHS Lothians area suggest that the average weekly alcohol consumption level for males (21units/week) is in line with the current recommended weekly amount and are similar to those seen in Scotland as a whole. Although the average weekly alcohol consumption levels for females (11.9units/week) in the Lothians is lower than the weekly recommended amount, it is the highest consumption level across all Health Boards.

1.5 Information provided from a MELDAP commissioned Small area estimates for health related behaviours (Ipsos MORI 2011) reported that:

The analysis of hazardous drinking in East Lothian showed significantly higher than average prevalence in 18 datazones and of these areas – as diverse as Musselburgh, Prestonpans, Tranent, Longniddry, Haddington, Gullane, East Linton, Dunbar and North Berwick – 16 are among the 20% least deprived areas of Scotland, indicating a link between excessive consumption and relative affluence.

In Midlothian, 11 datazones around the Dalkeith, Lasswade, Roslin and Penicuik areas were identified as areas of high rates of hazardous alcohol consumption and as in East Lothian these tended to be areas of relative affluence.

In both areas, datazones with significantly higher estimates of harmful alcohol consumption tended to be areas of deprivation.
1.6 The information from the Ipsos MORI report poses additional challenges for the partnership in terms of levels of hazardous drinking linked to areas of relative affluence. Such groups, because of income, are likely to be most resilient to the effects of price increases and consume premium products which may not be affected by minimum pricing. Harmful consumption is linked to areas of deprivation. Hence the need for MELDAP to adopt a whole population approach as outlined in Changing Scotland’s Relationship with Alcohol: a Framework for Action (2009). MELDAP endorses the report’s recommendations and sees the introduction of minimum pricing as a significant and bold initiative as part of a suite of measures to reduce levels of consumption.

2. **Consultation questions**

- The advantage and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol

- The level at which the proposed minimum price should be set and the justification for that level

- Any other aspect of the Bill.

3. **Response to questions**

3.1 There is clear evidence from a number of studies showing the relationship between consumption and affordability. Between 1980 and 2003 the price of alcohol increased by 24% more than prices generally. However, households’ disposable income increase by 91% in real terms over the same period, making alcohol 54% more affordable in 2003 than in 1985. By 2011 affordability was 69% underlining the trend in low cost compared to income. The Family Expenditure Survey (2006), reported average weekly expenditure on alcohol for all households was £14.80, expenditure having declined compared with highest levels in previous years.

3.2 Recent research published by the Joseph Rowntree Foundation suggests that the affordability of alcohol is a critical factor in young people’s decisions about drinking. The report, *Drinking to Belong: Understanding young people’s alcohol use within social networks* (2010) noted:

*The availability of cheap alcohol, therefore, led to greater consumption per occasion. One strategy used by young people to moderate consumption was to take only a limited amount of money on a night out. Cheap alcohol offers could undermine this strategy by increasing the amount of alcohol they could buy within their self-imposed financial limit.*

3.3 A review of evidence shows that greater affordability of alcohol leads to an increase in consumption and an increase in the price of alcohol has the opposite effect. In their 2009 meta-analysis of 112 studies, Wagenaar, Salois and Komro concluded that if the price of alcohol rises, consumption falls. Findings from international research indicate that a 10% increase in price
will usually result in a 5% decrease in consumption (Gallet et al., 2007; Wagenaar, Salois, & Komro, 2009).

3.4 Recent research studies on the impact on drinkers’ behaviours resulting from increasing, in real terms, the cost of alcohol suggest:

- when alcohol prices increase, drinkers tend to react by both reducing consumption and substituting cheaper products for more expensive ones (Gruenweld et al 2006)
- contrary to popular belief, heavy drinkers are more responsive to price changes even if slightly less so than moderate drinkers (Wagenaar, Salois and Komro 2009)
- regular heavy drinking is concentrated in the young adult population, and these drinkers tend to be more price sensitive compared to mature drinkers due to lower average incomes and lower prevalence of alcohol dependence (Adlaf et al 2005; Chaloupka et al 2002)
- policies and programs that eliminate low-cost access to alcohol are effective ways of responding to heavy and frequent alcohol use among college students (Murphy and MacKillop, 2006)

3.5 There are a number of possible ways of reducing consumption: increased taxation, reducing mark ups on low content alcohol drinks to make them more attractive (as was the approach used successfully in Australia), and increasing the price of high alcohol content drinks. However, the work undertaken by the School of Health and Related Research (ScHARR) at Sheffield University points the way toward adopting a more discerning alcohol pricing policy; the use of a minimum price per unit that targets those drinking at hazardous and harmful levels while having little impact on moderate drinkers. MELDAP endorses this ‘targeted’ approach as at the end of 2007 the average price per litre of alcohol consumed in Scotland was nearly 5% higher compared to England & Wales indicating that an across the board increase on all products may not have the desired effect as drinkers switch to cheaper alternatives.

3.6 The case for minimum pricing is strengthened not just by the data provided by ScHARR in terms of the health benefits to the lives of individuals; improved health and well being, reduction in both the short and long term of alcohol related deaths, reduced fatalities from traffic crashes but also for society as a whole by reducing the ‘hidden costs’ of alcohol abuse, fewer assaults, reduced violence related injuries, murder, domestic violence and anti-social behaviour.

3.7 MELDAP believes public opinion would support actions to address the direct fiscal costs of alcohol related harm to Scotland. The annual cost of alcohol misuse to Scottish business, the NHS, social services, police and courts is estimated to between £2.48 billion and £4.64 billion. In 2010 the total profits of Britain’s four largest supermarkets was nearly some £5 billion. The
idea that additional revenue generated through the increased cost of alcohol return to those the retailers, is for many unpalatable. The government should explore more creative and beneficial ways of using all or part of the increase revenue, for example, funding for treatment services, diversionary activities for young people, additional community police officers.

4. Minimum price

4.1 Whatever the initial price set the government should make clear as to how the price will be monitored and reviewed to ensure that alcohol does not become cheaper over time relative to other everyday commodities.

4.2 MELDAP would support the introduction of a 45p or 50p minimum price per unit for reasons outlined in section 38 of the draft bill. However, it is recognised that the introduction of minimum pricing takes place in the context of a broader economic downturn, which is likely to lead to a reduction in sales as was the case in recessions of the 80s and 90s. The government is therefore in a difficult position regarding the level at which the minimum price is set.

Table 1

<table>
<thead>
<tr>
<th>Type of Alcoholic Beverage</th>
<th>40pence</th>
<th>45pence</th>
<th>50pence</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bottle of Spirits 37.5% ABV</td>
<td>£10.50</td>
<td>£11.82</td>
<td>£13.13</td>
</tr>
<tr>
<td>Super-Strength Beer 9% ABV</td>
<td>£1.80</td>
<td>£2.03</td>
<td>£2.25</td>
</tr>
<tr>
<td>Bottle of Wine 12.5% ABV</td>
<td>£3.75</td>
<td>£4.22</td>
<td>£4.69</td>
</tr>
<tr>
<td>2 Litre Bottle Strong Cider 6% ABV</td>
<td>£4.80</td>
<td>£5.40</td>
<td>£6.00</td>
</tr>
<tr>
<td>24 x 440ml Can of Beer 4% ABV</td>
<td>£16.90</td>
<td>£19.01</td>
<td>£21.12</td>
</tr>
</tbody>
</table>

4.3 Table 1 shows the effects of 40p, 45p and 50p minimum price per unit. The cells highlighted indicate the impact of minimum pricing on high strength or high strength/high volume drinks the type preferred by harmful or ‘young’ drinkers.

4.4 Tables 2 and 3 show the current cost of a range of alcoholic beverages being advertised on three supermarket websites.
Table 2

<table>
<thead>
<tr>
<th>Branded Goods</th>
<th>Supermarket 1</th>
<th>Supermarket 2</th>
<th>Supermarket 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bottle of Spirits 37.5% ABV</td>
<td>£13.47</td>
<td>£11.00</td>
<td>£12.00</td>
</tr>
<tr>
<td>Super-Strength Beer 9% ABV</td>
<td>n/a</td>
<td>£1.49 (330ml 9.1%)</td>
<td>£2.19 (330ml 9.1%)</td>
</tr>
<tr>
<td>Bottle of Wine 12.5% ABV</td>
<td>£4.68 (12% ABV)</td>
<td>£4.68</td>
<td>£4.68</td>
</tr>
<tr>
<td>2 Litre Bottle Strong Cider 6% ABV</td>
<td>£3.22 (5.4% ABV)</td>
<td>£2.99</td>
<td>£3.23</td>
</tr>
<tr>
<td>24 x 440ml Can of Beer 4% ABV</td>
<td>£16.00</td>
<td>£19.60</td>
<td>£19.60</td>
</tr>
</tbody>
</table>

Table 3

<table>
<thead>
<tr>
<th>Supermarket Own Label</th>
<th>Supermarket 1</th>
<th>Supermarket 2</th>
<th>Supermarket 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bottle of Spirits 37.5% ABV</td>
<td>£9.82</td>
<td>£8.72</td>
<td>£9.29</td>
</tr>
<tr>
<td>Super-Strength Beer 9% ABV</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>Bottle of Wine 12.5% ABV</td>
<td>£3.58</td>
<td>£3.79</td>
<td>£3.58 (13.5% ABV)</td>
</tr>
<tr>
<td>2 Litre Bottle Strong Cider 6% ABV</td>
<td>£2.27 5.3% ABV</td>
<td>£2.33</td>
<td>£2.33</td>
</tr>
<tr>
<td>24 x 440ml Can of Beer 4% ABV</td>
<td>£13.15</td>
<td>£17.16</td>
<td>£16.44</td>
</tr>
</tbody>
</table>

5. Conclusion

5.1 The use of minimum pricing has to be seen in the context of a broad range of measure aimed at changing Scotland’s relationship with alcohol. This would include previous legislation on sales discounts and promotions and the education and preventative activities undertaken by a range of partners. Evidence from a range of international studies points to the impact of increased prices and lower consumption with the more discerning minimum price approach would target the low cost high volume drinks that cause most harm.

5.2 More information on the true cost of alcohol on Scottish society needs to be reinforced in order to gain widespread support for the introduction of
minimum pricing but also for creating a climate where alcohol is not seen as an everyday commodity.

5.3 MELDAP believes public opinion would support any move which uses the increase revenue obtained through the introduction of minimum pricing to address the social harm caused by Scotland’s current relationship with alcohol; the cost of treatment and recovery services being the most obvious use.

Midlothian and East Lothian Drugs and Alcohol Partnership (MELDAP)
12 December 2011
Thank you for giving Molson Coors Brewing Company (UK) Limited an opportunity to comment on the Alcohol (Minimum Pricing) (Scotland) Bill.

Molson Coors is the largest brewer in the UK with 2,300 UK employees and 350 years of brewing experience. We produce a diverse, highly regarded portfolio of beer brands, including the UK’s best selling lager, Carling, which is brewed with 100% British barley.

General Comments

Respect for alcohol is one of the main principles running through our organisation. We believe that beer and all other forms of alcohol should be enjoyed responsibly and bought on the basis of brand preference and taste, and not solely on price.

We are members of the Scottish Government Alcohol Industry Partnership and are committed to working together with the Scottish Government, industry partners and the public health community to tackle the abuse of alcohol in our society and to promote the responsible consumption of our products.

Alcohol abuse is a complex issue which ultimately requires fundamental cultural change. This is not an area for which there is a “quick fix” and we believe we need to build respect for alcohol in a variety of ways, including education, policy measures and ensuring alcohol is reasonably priced.

Generally, we agree that pricing should be a matter for market forces. However, when market failure leads to persistent below cost selling, driving a culture of irresponsible drinking, government intervention may be needed.

We believe minimum pricing could play an important role as part of a holistic Scottish, and indeed UK-wide, policy in addressing harmful consumption and rebuilding respect for alcohol.

In determining the right level at which to set a minimum price, we would urge policy makers to take account of the need to address problem prices and protect the rights of responsible adults to enjoy a drink with friends and sustain a responsible, community building industry that delivers secure jobs.

Q1. The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol

Molson Coors believes minimum pricing, set at a level that targets ‘problem prices’ (ie those sold below duty+VAT+cost) and does not seek to raise otherwise responsible prices, represents a sensible proxy for a responsible pricing ‘floor’.
Unlike duty, the introduction of a minimum price has advantages in avoiding anomalies that currently exist within the UK duty system. Furthermore, a minimum price cannot be absorbed by retailers to keep alcoholic drinks prices artificially low.

For the beer category, Molson Coors estimates the price difference between England and Scotland following the implementation of a 45p per unit minimum price could be over 50% (and even greater the higher the unit price)\(^1\) and we are concerned that this differential will stimulate cross-border trading issues between Scotland and England. By way of illustration, ABFI, the Irish drinks trade body, estimates the size of the cross border drinks trade between Northern Ireland and the Republic of Ireland to be around €400 Million per annum.

**Q2. The level at which such a proposed minimum price should be set and the justification for that level**

Minimum pricing should be set at a level that targets problem prices, enables retailers to continue to compete responsibly on price and avoids driving ‘problem prices’ underground. A minimum price that puts up responsible prices will distort fair competition, punish responsible behaviour and incentivise cross-border trading issues. We believe that VAT+Duty+Cost represents a sensible, proportionate proxy for a responsible pricing ‘floor’ and we would support a UK–wide ban on below cost selling that takes proper account of the cost of production.

Based on our in house modelling for the beer category using 2011 numbers *(source: EPOS via Nielsen)*:

- 25p minimum price would affect less than 1% of beer sold in the Off Trade.

There is a considerable increase in impact at 50p and 70p unit price.

- 72% of all Beer Volume in the Off Trade is affected at 50p. This is broken down as 80% of all Beer Volume in the Multiple Grocers and 54% in the Convenience Sector.
- Over 95% of all Beer Volume is affected at 70p.

For other categories, using Nielsen data, a minimum price of 50p per unit would affect 63% of wine and 74% of all spirits sold based on current prices.

The detail of how any minimum pricing proposals will work and be adjusted following their introduction is also unclear. We would therefore suggest that

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\(^1\) Using the example of two typical promotional beer offers for mainstream 4% ABV lager brands in supermarkets in England & Wales stores, one of 4 packs of beer for £25, another of 3 packs for £22. This equates to 30p and 28p per unit price respectively. Therefore the suggested 45p/unit minimum price would represent a 50% increase on the £25 offer and a 60% increase on the £22 offer.
any minimum pricing proposals would need to be introduced on the basis of clear evidence which should be subject to independent scrutiny.

Around 90% of the beer sold in the UK is produced in the UK supporting circa 1 million jobs in supplying, brewing and selling beer – around 71,000 of these are in Scotland\(^2\). Over 1/3 of the UK barley crop is bought by UK brewers and UK brewers are industry leaders on environmental issues, investing in energy reduction (energy usage per pint down 45% since 1976; water usage down 40% and CO2 emissions down 40%).

A minimum price policy that reduces responsible beer volumes and producer value is certain to impact investment and jobs across the total beer supply chain (from grain to glass) which is already enduring significant year-on-year declines in beer sales.

The overall impact of any minimum price also depends what other legislation is introduced at the same time. For example, any additional margin created by minimum pricing is dependent on the level above ‘tax+cost’ set by government and subject to consideration of how any parallel policy measures, such as the proposed increase in business rates for large retailers of alcohol, will impact on such margin. We cannot speak for retailers in determining how any increase in retail prices would be allocated.

In determining the right level at which to set a minimum price, we would urge policy makers to take account of the need to address problem prices and protect the rights of responsible adults to enjoy a drink with friends and sustain a responsible, community building industry that delivers secure jobs.

We hope this information is of use to the Committee as it considers the Bill at Stage 1. Please do not hesitate to contact us should you require any further information.

Nick Lakin
Head of Commercial Communications & Corporate Responsibility
Molson Coors Brewing Company (UK) Limited
12 December 2011

Further to your email below, I am completely opposed to minimum pricing and in particular its application here.

This reminds me of Retail Price Maintenance and the end of competitiveness in the market place, in principle.

Lower priced and discounted alcohol can be purchased in other EU states and delivered at no extra costs. It is now a global market place with supposedly 'free trade' between EU member states - the duty free bonanza returns . . .?

Certainly the government is determined - 'if at first you don't succeed . . ' and it is negatively differentiating, in my view - the cost of living in Scotland increases again.

I urge you not to 'punish' the majority with generic legislation and if absolutely necessary target the offenders directly, with the present adequate legislation.

Colin Murray
8 November 2011
Alcohol (Minimum Pricing) (Scotland) Bill

NSPCC Scotland

NSPCC Scotland welcomes the opportunity to respond to the Health and Sport Committee’s consideration of the Alcohol (Minimum Pricing) (Scotland) Bill. The impact of parental alcohol misuse on children is a priority issue for the NSPCC.

We recognise the need to tackle Scotland’s problematic relationship with alcohol and consider minimum unit pricing a useful tool in reducing consumption across the whole population. However, we believe that minimum pricing will not tackle the problem sufficiently on its own.

We welcome the priority which the Scottish Government places on addressing the problem of alcohol misuse, as a way of protecting children. However, measures to tackle excessive alcohol consumption have tended to focus on tackling under age drinking through minimum pricing.\(^1\) While this is important, it should not be at the expense of tackling the impact of parental alcohol use on children.

In particular, we believe that services which treat adult alcohol misuse must do more to ‘think family’. This requires adult services to consider clients as parents, offering interventions which specifically support adults in their parenting role to help them develop a happy and safe relationship with their child. Similarly, we believe that better data collection, which disaggregates the effects of alcohol misuse and drug misuse, will help us to better identify and act to prevent the ‘hidden harm’ which parental alcohol misuse has on children and young people in Scotland.

About NSPCC Scotland

The NSPCC aims to end cruelty to children. Our vision is of a society where all children are loved, valued and able to fulfil their potential. We are working with partners to introduce new child protection services to help some of the most vulnerable and at-risk children in Scotland. We are testing the very best intervention models from around the world, alongside our universal services such as ChildLine\(^2\), and the NSPCC Helpline. Based on the learning from all our services we seek to achieve cultural, social and political change – influencing legislation, policy, practice, attitudes and behaviours so that all children in Scotland have the best protection from cruelty.

NSPCC Scotland response

Child maltreatment is the outcome of a series of complex and inter-related factors of which parental alcohol misuse can be one. A significant proportion


\(^2\) Until March 2012, ChildLine in Scotland will be delivered by Children 1st, on behalf of the NSPCC.
of child abuse involves parental alcohol misuse, and children and young people living in these circumstances are at an increased risk of maltreatment. This does not mean that all children of alcohol misusing parents or carers will always, or even typically, experience maltreatment. However, a significant number will, and this is of particular concern to NSPCC Scotland.

Alcohol misuse has a significant impact on the life and family experiences of children and young people. It can affect key aspects of family life such as roles, rituals, routines, social life, finances, communication and conflict.

There is growing evidence that parents who suffer from substance misuse, mental illness, poor self-esteem and poor communication skills may find it more challenging to create meaningful attachments with their children. Parenting capacity can be damaged when parents become increasingly focused on their drinking and become less loving, caring, nurturing, consistent or predictable. During the early years, insecure attachment combined with parental alcohol use can result in young children being abused, neglected or inadequately cared for and nurtured. This can cause significant harm to a young child’s brain development, which can have long-term impacts on the child’s mental health and physical wellbeing.

It is difficult to provide an exact figure for the numbers of children and young people who are living with parents or carers who misuse alcohol. Quantitative reports typically conflate drug misuse and alcohol misuse into a generic heading of ‘substance abuse’. NSPCC Scotland believes that alcohol data and drug data should be disaggregated, which would help illustrate the particular harm which alcohol can cause. This is particularly important given that alcohol is a legal substance that is often cheap, widely available and broadly socially acceptable. The use of the term “substance misuse” can mask the role and impact of harmful alcohol misuse.

The collection of data on children and young people affected by harmful parental alcohol and drug misuse needs to be developed and improved and, together with the voice of the child, used to inform service development. A mapping exercise might also be helpful in identifying existing services in both the statutory and voluntary sectors for children and families affected by alcohol and drug misuse. This should include both local drug and local alcohol services and counselling services, and should seek the views of service users and providers to identify gaps.

Early detection of, and support for, problematic parental drinking is essential. Where support is offered to an adult, it is vital that this service considers not only the alcohol misuse but also considers their client as a parent. This may require specific intervention which focuses on the parent–child relationship,

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5 http://www.etr.org/recapp/documents/research/litreview.pdf
supporting the parent to fulfil their parenting role and ensuring that children get the help they need.

Multidisciplinary family services that address the issues around alcohol and also work with the family together and individually have shown some effect for families who stick to the programme.\(^7\) We therefore recommend that consideration is given to the provision of more family-focused therapeutic work with alcohol misusing parents/carers and their children as a means of securing better outcomes for those children most at risk.\(^8\)

NSPCC Scotland is introducing a number of projects which seek to work with substance misusing parents, to help protect children. Our ‘Parents Under Pressure’ programme will work with drug and alcohol misusing parents with children under the age of two, to help them build parenting skills and develop safe, caring relationships with their babies. Family Environment: Drug Using Parents (FEDUP) is another NSPCC programme which works with children between five and 11 years old and seeks to give them a safe space to talk about their feelings and experiences living with adults who are substance misusers. Both interventions seek to minimise the negative impact of the parent’s problematic drug and/or alcohol use on the child.

**Conclusion**

NSPCC Scotland welcomes the Scottish Government’s Alcohol (Minimum Pricing) (Scotland) Bill. Given that Scotland has the highest rates of alcohol consumption in Europe, we support the Government's alcohol pricing policy and consider it a useful tool in reducing consumption across the whole population.

However, minimum pricing will not sufficiently address Scotland’s harmful relationship with alcohol on its own. NSPCC Scotland believes that there is also a need for improved data collection on the prevalence and impact of parental alcohol misuse on children to inform service development. We believe that this, alongside investment evidence-based therapeutic interventions which support the parent-child relationship, and meet the needs of children, will go some way to securing better outcomes for children affected by parental alcohol misuse in Scotland.

Joanne Smith
Public Affairs Officer

Alcohol (Minimum Pricing) (Scotland) Bill

NHS Ayrshire & Arran

NHS Ayrshire & Arran welcomes the introduction of proposals in the Alcohol (Minimum Pricing) (Scotland) Bill to raise the price of alcohol as the evidence is clear that price has a major impact on consumption (Babor et al, 2003; Babor et al, 2010).

The previous UK Government recognised the connection between price, availability and consumption in the general population, and also noted the rise in consumption of ready-to-drink alcoholic beverages by 11-15 year olds, citing the dip that occurred in 1998 as likely to be due to rising prices and introduction of a code of practice (Prime Minister’s Strategy Unit, 2004). The current UK Government has also noted the links between increasing prices of alcohol and reducing rates of health related harm (Home Office, 2011).

The relative price of alcohol has fallen markedly in recent years – a 15% fall between 1996 and 2004, when disposable incomes rose by more than 50% during this time (Rabinovich et al, 2009). Studies around the world have shown an association between price and consumption, both positive – i.e. when incomes are rising, so alcohol consumption rises, and negative – when alcohol prices rise, so consumption falls (Wagenaar et al., 2009). So price can rightly be considered a key issue for alcohol consumption.

In Ayrshire and Arran, the health harm associated with alcohol has risen markedly with a 41% increase in the number of alcohol related hospital discharges of Ayrshire and Arran residents between 1999/00 and 2004/05, compared with an increase of 21% for Scotland overall. We know that the adverse effects of alcohol consumption are felt disproportionately by the more deprived and are also aware that our deprivation indicators are worsening. We are, therefore, keen to support measures that address alcohol consumption for all ages and groups in society. This is in line with the evidence-based whole population approaches taken in the Scottish Government’s alcohol strategy Changing Scotland’s relationship with alcohol: A Framework for action (2009).

Consultation questions

1. The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol

The evidence of best practice in reducing harm from alcohol shows that raising prices through taxation is amongst the most effective (Babor et al, 2003). This forms part of a range of measures including tighter controls on licensing hours, outlet density and public monopolies on alcohol sale or production identified as effective in No Ordinary Commodity. Whilst taxation changes are not currently demitted to the Scottish Government, it should continue to lobby the UK Government on this issue, particularly in order to support taxation according to strength of product.
In the current environment, changes in taxation are not available and therefore other mechanisms are being sought. Whilst minimum pricing has not been tested, the strength of medical and research opinion supporting it as a potentially effective way to reduce alcohol consumption is strong. Modelling carried out at Sheffield University has indicated modest but tangible reductions in alcohol related harms over the medium to long term (Purshouse et al, 2010).

2. The level at which such a proposed minimum price should be set and the justification for that level

Any price set will need to be sufficient to have an impact on consumption but remain at a level that maintains public acceptability and does not penalise light drinkers. Previous modelling has indicated a price of 40p per unit of alcohol, however this may not be sufficient to attain the changes required in whole population drinking. For this reason we consider that a price of at least 50p per unit would be more appropriate. Any price set would require to be reviewed regularly and revised according to its impact on alcohol related harms. Measures for estimating impact of the legislation will support the identification of when and by how much prices should be changed.

We are aware of some concern that any increase in price resulting from minimum pricing will produce increased profit for the vendors (particularly those retailers who currently use alcohol products as loss leaders with some form of deep discounting). The Government might wish to consider the feasibility of some form of alcohol levy (perhaps from the minimum pricing differential) to be invested in health, social care and criminal justice services to address alcohol related harms.

3. Any other aspects of the Bill

It is important that any proposal around minimum pricing is not seen as a single action but as part of a package of measures to reduce consumption. These should be alongside eliminating discounting of drinks and alcohol products. Efforts should still be made to support licensing boards in driving forward the licensing objectives, particularly that relating to protecting and improving public health.

Dr Maggie Watts
Consultant in Public Health Medicine
NHS Ayrshire & Arran
12 December 2011

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Alcohol (Minimum Pricing) (Scotland) Bill

NHS Grampian

We welcome the opportunity to present the view from NHS Grampian on this Bill. This response has been formulated in conjunction with the Alcohol and Drug Partnerships of Aberdeen City, Aberdeenshire and Moray.

It is well established that alcohol causes serious harm to health and well-being, both at an individual and population level. Current consumption patterns of alcohol are damaging the health of the Scottish population and pose a clear and significant threat to the future well-being of the nation. Alcohol is more affordable than ever as its relative cost has not kept up with increasing household disposable income. Other factors increasing access to this non-essential commodity in recent decades include assertive marketing, increased premises and opening hours and strong normative cultural influences.

In the NHS, alcohol-related health harms can manifest as GP consultations, A&E and out-patient attendances, and admissions to hospital. Scottish alcohol-related death rates are now double those elsewhere in the UK. Overall, alcohol-related consequences are estimated to cost Scotland over £7.4 billion annually through costs to the NHS, social services, the criminal justice system, lost productivity and wider social costs including intangible costs of pain and suffering borne by the individual and those close to them.

When considering the less fortunate in our Scottish society, the harms resulting from alcohol misuse disproportionately affect those most socio-economically deprived. However this may reflect drinking patterns from some time ago. Current overconsumption of alcohol to a hazardous and harmful extent, i.e. above sensible limits, adversely affects Scots regardless of their socio-economic status. Therefore any truly effective measures to reduce this harm must tackle this from a total population perspective.

The advantages and disadvantages of establishing a minimum alcohol sales price

There is a strong and robust evidence base supporting the fact that increasing the price of alcohol decreases alcohol consumption and alcohol-related harms. The economic modelling by the University of Sheffield's School of Health and Related Research (ScHARR) is consistent with this. It is also less strongly, but still importantly, associated with decreased alcohol-related crimes and a reduced negative impact upon the economy. Young drinkers and heavy drinkers seem particularly likely to respond positively to an increased price of alcohol, whereas currently responsible drinkers are less likely to be affected.

Contrary to minimum pricing, variable taxation can produce unintended incentives to consume drinks containing higher levels of alcohol. In addition, tax increases can be offset by retailers by cross-subsidising against the price of other products. Where these other products are staples, such as milk and...
bread, this can have an adverse effect on the disadvantaged. Minimum pricing per unit can prevent drinkers from reducing the quality of product that they buy in order to maintain their alcohol consumption in the face of increasing prices.5

The majority of alcohol in Scotland (about two-thirds in 2010) is sold through off-trade premises and this has been increasing. Harmful drinkers purchase most of their alcohol from the off-trade where the average unit price is significantly lower than in on-trade premises (45p per unit compared to 134p per unit respectively in 2010).12,13 Therefore a unit-based minimum price would have a greater impact upon off-trade than on-trade sales.

Population level problems require a population approach, which can be counter-intuitive to those who argue for an approach that targets individuals at high-risk of alcohol-related consequences. For example, harmful drinkers (those consuming alcohol at a level already likely to be causing harm) make up only 7% of all drinkers.11 A targeted approach to reduce alcohol consumption would reduce their risk, but would not necessarily reduce the overall harm experienced in society by those drinking less, but still potentially harmfully. This is because alcohol-related disease occurs with consumption levels far below that of the heaviest ‘problem’ drinkers, as there is no such thing as ‘risk-free’ intoxication.5 Compared to high-risk drinkers, an individual with lower alcohol consumption, has a lower individual probability of negative consequences, but these consequences do nonetheless occur.14 Essentially, a small risk across a large group of people gives rise to more events than a higher risk across a smaller group of people.5

Any cultural change occurring as a result of alcohol minimum pricing would be beneficial for all at-risk groups of drinkers. It is understood that many of those drinking at hazardous levels (especially in more affluent groups) are more likely to not recognise the risks associated with their alcohol consumption.15 This also explains the results of the ScHARR modelling, where reductions transpire for alcohol-related hospital admissions of moderate (i.e. those drinking within sensible limits) as well as hazardous drinkers, alongside major reductions in admissions for harmful drinkers.11

A number of purported disadvantages of alcohol minimum pricing have been postulated, none of which are likely to supercede the benefits it will bring to Scotland as a whole. It is suggested that those who suffer from alcohol dependency will be less likely to respond to price changes. However, evidence suggests that those with such serious alcohol issues tend to purchase alcohol at the lowest price per unit, therefore establishing a minimum unit price will specifically target their consumption patterns.5,13 There are concerns that alcohol may be substituted for less expensive illicit drugs but no evidence can be found for this.

Another concern is that there is an increased potential for industry profits with a minimum price. This could be resolved through a social responsibility levy upon a percentage of alcohol sales, or a change in taxation could be introduced as a way of off-setting this.
Some consider that alcohol minimum pricing would disproportionately affect deprived and low income groups. However, population surveys show that those in deprived areas and with low incomes are more likely not to drink at all than those who are better off. At the same time, those who do drink within socio-economically deprived groups may be more likely to drink at harmful levels and harmful drinkers are the group modelled to be most sensitive to minimum pricing. Therefore, minimum pricing would assist in reducing the disproportionate burden of harm arising in the most deprived groups.

There are concerns that a minimum price per unit of alcohol would encourage cross-border purchases from other parts of the UK which do not have minimum pricing in place. Although this has been observed for example in the Republic of Ireland (with people travelling to Northern Ireland) this was for the purchase of all groceries and not solely alcohol. Whether the costs associated with travel to England by Scottish drinkers would be met by the savings in alcohol purchased appears less likely; especially as the majority of the Scottish population live some distance from the border with England.

Similarly, internet purchasing (which may be encouraged by retailers who operate in other parts of the UK as well as Scotland) is a risk. It is crucial to explore ways of minimising this (such as with taxation measures) and assessing how differing levels of minimum price could make this more or less attractive to consumers. These issues will have to be monitored.

Overall the population benefits of establishing a minimum unit price for alcohol outweigh the possible disadvantages, none of which will provide any positive health effects.

The level at which proposed minimum price should be set

The ScHARR modelling appears to offer robust evidence on which to base Scottish pricing decisions. All the minimum prices modelled appear to produce net benefits, based on the clear evidence that alcohol consumption and harms deriving from this reduce with increases in price. It is notable that in the combined model (minimum price and total discount ban), the main effect below a minimum price of 40p is mainly due to a total discount ban. It is also notable that when minimum price is modelled alone, the overall net benefit at lower levels of minimum price may involve increased consumption and harmful consequences amongst some moderate and hazardous drinkers. Higher minimum prices both increase the overall benefit and have potential to avoid harmful consequences in any group.

Setting the price at a level which reduces the disparity between on- and off-trade may encourage people to drink in more regulated environments with their peers. Anecdotal evidence suggests that this may control the volume of alcohol consumed and produce psychological benefits due to social interaction. The level at which the price should be set therefore, should certainly be above the current average for off-trade sales, 45p. However, we would advocate an aspirationally higher unit price in order to achieve a greater and more significant reduction in harm and reduce the disparity between on- and off-trade.
Therefore we would advocate the implementation of a minimum price per unit alcohol of at least 60p in order to make a significant impact upon serious health and other issues facing Scotland.

It is most encouraging that there has been an observed decrease in the amount of alcohol sold in the off-trade sector since the ban on multi-buy deals in October 2011.\textsuperscript{17} Whilst this needs to be examined in greater detail, it suggests that measures designed to reduce consumption can be effective and demonstrable in the short-term as well as the long-term.

We feel that minimum pricing would be a proportionate response to the clear and significant threat posed by alcohol to the country’s current and future health and well-being. It would send the right public health message to the population and would be expected to reduce harms and save lives starting from the first year of implementation.\textsuperscript{11}

Thank you again for the opportunity to bring our views to the attention of the Committee.

Richard Carey
Chief Executive
NHS Grampian
12 December 2011

\textsuperscript{1} World Health Organisation. Global status report on alcohol and health. 2011
\textsuperscript{2} Substance Misuse Programme ISD. Alcohol Statistics Scotland 2011. 2011.
\textsuperscript{5} National Institute for Health and Clinical Excellence. Alcohol-use disorders: preventing the development of hazardous and harmful drinking. 2010.
\textsuperscript{6} Stockwell T, Leng J, Sturje J. Alcohol Pricing and Public Health in Canada: Issues and Opportunities. 2006.
\textsuperscript{9} Ludbrook A. Effective and cost-effective measures to reduce alcohol misuse in Scotland: an update to the literature review. 2004.
Response to Request for Evidence

Thank you for the opportunity to respond to the Health and Sport Committee regarding the introduction on the minimum price per unit alcohol.

NHS Greater Glasgow and Clyde welcomes the Scottish Government’s proposal to introduce a minimum price per unit alcohol and would like to congratulate the Government on the time and effort it has taken to research the evidence and commission special studies to evaluate all the potential effects of introducing such a measure.

The only new evidence produced in the last year was carried out by Professor Stockwell of British Columbia, Canada. He reviewed the differential effects of alcohol price across different Canadian provinces, which as stated in the policy memorandum is awaiting the publication of the full details. His evidence supports the work that has been reported in the Scottish Government memorandum accompanying the current Bill.

Best Estimates of Administrative, Compliance and Other Costs

NHS Greater Glasgow and Clyde does not expect to incur additional costs through the introduction of this Bill. On the contrary it would expect to see a reduction in alcohol related hospital admissions, alcohol related deaths and a reduction in alcohol related attendance in primary care.

Advantages and Disadvantages of Establishing a Minimum Alcohol Sales Price Based on a Unit of Alcohol

On a population wide basis, the introduction of a minimum price per unit alcohol will contribute to reducing the number of hazardous and harmful drinkers and decrease the volume of alcohol consumed by young people under the legal drinking age. Evidence suggests that the consumption of alcohol by young people sets the pattern that determines future alcohol consumption throughout adult life. Therefore any measure which makes alcohol less available to young people, including delaying age at which alcohol is first consumed and limiting the quantity of alcohol available by the introduction of a minimum price will reap benefits for many years to come.

Decreased availability of alcohol will also benefit those who do not consume alcohol but suffer the consequences of excess consumption. It is likely to lead to a decrease in child abuse and neglect, domestic violence, and less antisocial behaviour and crime in communities. It will thus contribute to an increase in physical health and mental wellbeing on a population basis and increase productivity in the work place through less time off sick.

The decreased quantity of alcohol sold will impact on the alcohol industry but this effect will be offset by the increased price of cheaper alcohol brands. Alcohol products sold at higher than the minimum price are unlikely to be affected, so the greatest effect is likely to be experienced in the off-sales market. Premium brands and on-sales products are unlikely to be affected.
The Level at which such a Proposed Minimum Price should be set and the Justification for that Level

Historical trends have been used to show the link between the price and affordability of alcohol and the increase in death rates due to excess alcohol consumption. Data from the 2009 Scottish health survey revealed that approximately 50% of men and 39% of women exceed the sensible daily or weekly drinking guidelines; it would be therefore desirable to set a minimum price relative to income that is likely to result in a decrease in alcohol consumption to the levels sufficient to encourage the sensible consumption of alcohol.

A review of the evidence shows that the large increase in male death rates occurred at the beginning of the 1990s, though a more extensive review of the evidence shows that death rates have been increasing gradually since the 1970s. As a first step, it is suggested that setting the relative price of alcohol to the level that existed during the late 1980s would be an appropriate first step. We believe that the price should be set initially at about 50–60 pence. In addition to setting the initial minimum price, a mechanism that monitors its effects and adjusts the price at least yearly should be put in place.

Alcohol price is not the only factor which has resulted in increased consumption. Increased availability due to a large rise in the number of stores retailing alcohol and increased opening hours have also contributed to increased consumption. Additionally the development of city centre entertainment zones focused primarily on the consumption of alcohol and normalising excess alcohol consumption is another factor. It is suggested that measures to decrease the physical availability of alcohol and a diversification of attractions in city centres into other cultural activities apart from alcohol consumption which cater for all age ranges should be encouraged. It is important that these measures are combined with effective regulation of alcohol advertising; sponsorship; media portrayals of alcohol consumption; enforcement of existing driving and licensing legislation.

A review of health, crime and economic factors are recommended subsequent to implementation of these measures before considering a further increase in unit price of alcohol possibly to the relative price prevalent in the 1970s.

In conclusion, NHS Greater Glasgow and Clyde welcomes the introduction of minimum pricing and expects that it will contribute effectively to decreasing the health and social harm associated with excess alcohol consumption. However, minimum pricing should be regarded as one of a larger number of measures necessary to reverse the adverse consequences of excess alcohol consumption.

Dr Linda de Caestecker
Director in Public Health & Health Improvement
NHS Greater Glasgow & Clyde
Advantages and disadvantages of establishing a minimum price

NHS Health Scotland supports the introduction of a unit based minimum price of alcohol for the reasons set out in the Policy Memorandum supporting the Bill. We agree there is strong evidence that increasing price reduces consumption which in turn reduces alcohol related harm\(^1\).\(^2\). In a country where the increasing affordability of alcohol over thirty years has been accompanied by greatly increased alcohol related harm, an alcohol strategy that does not include raising the price of alcohol is unlikely to be effective. We agree that of the options available to the Scottish Government, a minimum price is the approach most likely to achieve a significant and sustainable increase in price of alcoholic drinks currently available at low cost in off-sales and which are particularly attractive to heavy drinkers and young people.

The level at which a minimum price should be set

The level needs to be sufficient to reduce alcohol consumption enough to impact on the negative effects of alcohol misuse. If not, a potentially effective policy could fail because the minimum price had been set too low. The recent publication by NHS Health Scotland of alcohol sales data shows that 45% of all alcohol off-sales were sold at less than 40p per unit, 73% at less than 50p per unit and 87% at less than 60p per unit\(^3\). The modelling work carried out by the University of Sheffield for Scotland estimates that setting a level of 40p per unit would result in an estimated 2.7% reduction in alcohol consumption, rising to a 7.2% reduction at 50p per unit and 12.9% at 60p per unit\(^4\). The proposed flexibility in the bill would allow the price to be set at an initial agreed level and subsequently varied if considered appropriate in the light of its effect on consumption and harm and to mitigate the possible effects of inflation on prices or incomes.

Evaluation

As described in the Memorandum, Health Scotland will be responsible for monitoring and evaluating the implementation and impact of a minimum pricing policy\(^5\). With advice from leading experts on alcohol related-harm and evaluation methods, we will ensure that the design of the evaluation studies will allow the impact of the policy to be assessed and any important unintended consequences to be detected and assessed. This will include differential effects or outcomes related to gender, age and socio-economic circumstances which may impact on health inequalities.

Chair and Chief Executive
NHS Health Scotland
30 November 2011
References

Alcohol (Minimum Pricing) (Scotland) Bill

NHS Lanarkshire and Lanarkshire Alcohol and Drugs Partnership (ADP)

The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol

Advantages
The ADP strategy for 2011 – 2015 recognises the significant impact alcohol has on the health and well-being of our population, especially those living in our most deprived communities, where the alcohol related death rate in the most deprived 20% of our population is five times that of the least deprived 20% (ISD 2009).

Scotland’s CMO also reported that deaths from liver disease now account for one in 50 of all Scottish deaths, at a time when the rate in most Western countries is falling. Worryingly since 1991, the average age at which people die from alcoholic liver disease has also dropped from 70 to 55 years of age. Both in terms of direct costs, such as hospital services and the criminal justice service, and indirect costs such as loss of productivity and the effects on families, the impact of alcohol misuse on the Scottish economy is substantial. There are also increasing numbers of 16-24 year olds who are drinking above safe levels, while nationally over 65,000 children are living with parents who are currently experiencing alcohol related problems.

Whilst addiction services have in recent years tended to focus on the young and adult population under 55, the drinking habits of older people have traditionally not been regarded as high priority. There is, however, evidence of an increase in both binge drinking and alcohol dependency in older adults. Alcohol Statistics Scotland 2011 showed that 24% of men aged 65+ were hazardous or harmful drinkers, as were 11% of women in the same age group. Hence, older adults may benefit from age specific targeting and treatment as much as younger groups, and it is therefore reasonable to conclude that a minimum price per alcohol unit will have an impact on levels of alcohol consumption in this population.

We therefore endorse the proposals set out within the Alcohol Bill which adopts a whole population approach to tackling Scotland’s alcohol problem, including the proposed introduction of blanket minimum pricing of alcohol. This proposal is based on the most fundamental law of economics which links the price of a product to the demand for that product. Accordingly, increases in the monetary price of alcohol, including the introduction of a minimum price per unit would be expected to lower alcohol consumption and its adverse consequences.

Studies investigating such a relationship found that alcohol prices were one factor influencing alcohol consumption among youth and young adults. Other studies determined that increases in the total price of alcohol can reduce drinking and driving and its consequences among all age groups; lower the
frequency of diseases, injuries, and deaths related to alcohol use and abuse; and reduce alcohol-related violence and other crime.

Indeed the World Health Organisation (2009) also recognise the extent and consistency of the evidence that alcohol-related harm is linked to product price, with a particular impact on younger and heavier drinkers.

Disadvantages
There are no direct disadvantages in adopting this approach from a public health perspective, however depending on how it is implemented it will have little or no impact on those who tend to drink the most expensive drinks (it is feasible that some retailers will attempt to maintain price differentials). However, there may be other consequences of minimum pricing which need to be considered in any analysis of advantages and disadvantages. First there is the potential increase in profits for alcohol retailers under minimum pricing, and second there, potentially, could be the development of a black market in alcohol (depending on the minimum unit price).

The level at which such a proposed minimum price should be set and the justification for that level

We would support a minimum price of £0.50 per unit. The justification for this level is taken from the University of Sheffield’s Report (2009) which suggests that as the minimum price threshold increases, alcohol-related hospital admissions and deaths are estimated to reduce. At a national level this would see a reduction of 3,600 admissions per annum for a £0.40 price threshold compared to a fall of 8,900 alcohol related hospital admissions per annum for a £0.50 price threshold. In Lanarkshire alone this equates to a reduction of 367 hospital admissions and 907 hospital admissions respectively.

The report also notes that most of the prevented deaths over a ten year timeframe occur in harmful drinkers, while the majority of health related harms are reduced in middle or older age groups who are at significant risk of developing and potentially dying from chronic disease. The Sheffield Report concludes that as the minimum price threshold increases, healthcare costs are reduced. At a national level, health and social care costs will be reduced by approximately £60m for the £0.40 price threshold and £160m for the £0.50 price threshold over a ten year period. In Lanarkshire this equates to £6.1m and 16.3m savings in health and social care costs respectively.

The rationale behind the use of minimum pricing as an effective tool to address all types of problem drinking

Many of us have witnessed or been caught up in antisocial behaviours resulting from the worst excesses of Scotland’s drinking culture. There are significant numbers of people in Scotland, including Lanarkshire, who do not necessarily drink above the safe drinking levels, but who nevertheless cause themselves and others problems, often of a violent nature – this group of drinkers are often termed hazardous drinkers. The Sheffield Report (2009) found that minimum pricing is an effective strategy to reduce drinking
amongst this population as well as those drinking at levels harmful to their health.

**Any other aspects of the Bill**

Setting a minimum price for alcohol and ending deep discounting and promotions across the board will reduce the price gap between the off-licensed and on-licensed trade. Regardless of the level of minimum price set, the combination of these measures will have a major impact on the health of Scotland. It will lower overall consumption with significant health benefits for the Scottish population and will curb the ability of problem drinkers to get drunk cheaply.

Dr Harpreet S Kohli  
Director of Public Health and Health Policy  
NHS Lanarkshire

Mr Colin Sloey  
Director, CHP North and Chair, Lanarkshire ADP

5 December 2011
Alcohol (Minimum Pricing) (Scotland) Bill

NHS Lothian

Introduction

Tackling alcohol misuse and its consequences are key issues for the NHS in Scotland in general and NHS Lothian in particular. NHS Lothian welcomes the introduction of the Alcohol (Minimum Pricing) (Scotland) Bill as it is an evidence based policy that will directly address problematic drinking.

There is clear evidence that Scotland has a significant problem with alcohol: between 1998 and 2004, 15 of the 20 local authority areas in the UK with the highest alcohol-related death rates were in Scotland. This included Edinburgh and West Lothian, for both men and women.\(^1\) Between 1998 and 2002 there was a 52% increase in alcoholic liver disease in Scotland and we now have one of the highest death rates from liver cirrhosis in Western Europe.\(^2\)

Alcohol contributes disproportionally to deaths in Scotland under the age of 65 which are generally classified as premature deaths. Alcoholic liver disease is the third most common cause of death under 65 and accounted for more than 6% of all premature deaths between 2007 and 2009 (more than 700 per year on average). Mental and behavioural disorders due to alcohol caused another 2.3% of deaths in the under 65s during the same time period.\(^3\)

A review of the literature for the Home Office in England published in January 2011 found that

“Overall the research literature supports an established association between alcohol consumption and many negative health outcomes and the balance of research finds that increases in alcohol prices are linked to decreases in these health harms.”\(^4\)

In 2004 Finnish alcohol policy changed dramatically with excise duties on alcoholic beverages reduced on average by a third, while quotas for travellers’ tax free imports of alcoholic beverages from other European Union countries were abolished and Estonia joined the EU. This change in taxation policy in Finland was reversed quite rapidly as the effects of these changes became apparent on the population. A study into mortality in the years preceding and after the changes in 2004 found that alcohol-related mortality increased by 16% among men and by 31% among women; 82% of the increase was due to chronic causes, particularly liver diseases. The increase in absolute terms was largest among men aged 55–59 years and women aged 50–54 years. Among persons aged 30–59 years, it was biggest among the unemployed or early-age pensioners and those with low education, social class, or income.\(^5\)

Changing Scotland’s Relationship with Alcohol: a Framework for Action sets out the need for change and draws on a variety of reports that chart the costs and impact of alcohol in Scotland. We welcomed this Framework as it clearly took a population and evidence-based approach. This issue is not just about
young binge drinkers and dependent street drinkers: as the Framework acknowledges, we all need to drink less.

As with many issues, we need to take action across a range of areas. For instance, NHS Lothian has had considerable success in training over 80% of Lothian GPs and antenatal staff in screening and delivering Alcohol Brief Interventions (ABIs). NHS Lothian was given a HEAT target of delivering 23,594 ABIs between 2008-2011 and achieved 127% of the target (29,884). Work is now underway to establish this approach in other areas such as smoking cessation, sexual health clinics, acute mental health, and pharmacy. NHS Lothian is also extending the training to promote the delivery of ABIs into community and voluntary and other statutory organisations such as the police, prisons, youth workers, and the fire and rescue service. However, action by the NHS alone will not solve this problem.

Consultation questions and response

- The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol;

- The level at which such a proposed minimum price should be set and the justification for that level;

- Any other aspects of the Bill.

Response to Questions

There is a clear and long standing relationship between the affordability of alcohol and levels of consumption. This has been established across many countries over time.\(^vi\) In the UK, alcohol is now 69% more affordable than in 1980, with consumption increasing by around 20% over the same period. The World Health Organisation considers that tackling the affordability of alcohol is a key component of an effective alcohol strategy. To implement the rest of the Framework and ignore the price of alcohol would not make sense.

There are a number of ways in which governments might seek to affect the price at which alcohol is sold:

Taxation: Excise duty is not within the gift of the Scottish Parliament to change but it is an important lever for change. Excise duty currently varies according to beverage type. Beer and spirits are taxed in relation to their alcohol strength. Duty on wine, cider and perry is fixed by volume and takes no account of alcohol strength. In the UK wine between 5.5% ABV and 15% ABV has the same rate of duty. This area is governed by EU Council Directive (92/83/EEC) but it has been argued that the UK Government would have scope to increase taxes on higher strength alcoholic drinks and lower duty on lower strength alcohol on the grounds of public health. This differential has been introduced in Australia, where around 40% of the beer market by value consists of drinks with lower alcohol content than 3.8%. Since 1980 alcohol consumption in Australia has decreased by 24%. Cider is in a particularly anomalous position. Under the current duty regime a litre of beer at 5% ABV has 65p duty added,
while the equivalent litre of cider has 26p of duty levied. While this difference has roots in an attempt to preserve rural traditions, over 50% of cider made in the UK is by one multi-national company.

**Prevent sales at below tax and duty:** One potential difficulty with taxes is that there is no guarantee that increases are passed on to the consumer. UK retailers have in the past marketed on the basis that ‘we pay the tax for you’ and so it might be anticipated that without other action (such as a ban on selling below cost price or a minimum price) the effect of taxation would be undermined. The issue here is that the effect would be limited under the current duty regime – probably creating a minimum price of around 20p per unit – and therefore have little impact on consumption and concomitant harm.

**Ban on discounts:** Discounts – such a ‘buy one get one free’ or ‘3 for £10’ - are probably the most conspicuous price reduction mechanisms used in off-sales. This is an important measure introduced by the Alcohol etc (Scotland) Act 2010 and one that balances the ban on promotions in on-sale premises in the Alcohol Licensing (Scotland) Act 2005. However, if discounts are tackled without also establishing a minimum price then it is arguable that retailers will simply adjust their marketing model to reduce the price of an individual bottle or can.

**Minimum pricing:** Introducing a minimum price would create a price below which a unit of alcohol could not be sold. Minimum pricing would apply to all alcoholic drinks but it would not result in an increase in the cost of all drinks, only those which are currently sold below the level set. It would primarily affect low cost, high alcohol products such as ciders and own-label vodka and would impact most on harmful drinkers. On this, the modeling work by the University of Sheffield is very persuasive.

For example, if a 40p minimum price was introduced, a moderate (i.e. those drinking within sensible weekly limits of 21 units for men and 14 for women) drinker’s spend on alcohol would go up by just £11 per year (21p per week), but that of a harmful drinker, who tends to buy more and cheaper alcohol, would go up by £137. A study conducted in two Edinburgh Hospitals compared alcohol purchasing and consumption by ill drinkers in Edinburgh with wider alcohol sales in Scotland. The study looked at last weeks or typical weekly consumption of alcohol by type, brand, units, purchase place and price. Patients consumed a mean of 197.7 UK units per week. The mean price paid per unit was 43p (lowest 9p per unit) which is below the 71p mean unit price paid in Scotland in 2008. Of units consumed, 70.3% were sold at or below 40p per unit, and 83% at or below 50p per unit. The study found that the lower the price paid per unit, the more units a patient consumed.

Therefore, NHS Lothian suggests that a minimum price of 50p per unit is adopted.

There is a surprisingly short time-lag in the strong correlation between affordability of alcohol and deaths from liver cirrhosis. Based on the available evidence, the Chief Medical Officer’s assessment is that – like the smoking ban – minimum pricing would save lives within a year. The Sheffield study
supports this: their model suggests a 40p minimum price would save about 70 lives in year one, rising to 365 lives per year by year ten.

There is near universal support among the medical profession for the introduction of a minimum price for alcohol. Minimum pricing is has been supported by the UK’s other Chief Medical Officers and by the Scottish Directors of Public Health Group.

Any minimum price needs to be set at a level which will have an impact on consumption and ultimately alcohol related diseases and deaths. While most attention has been paid to a minimum price of 40p it should be noted that this should be in tandem with a ban on promotions. Together these produce an additive effect. The Sheffield study found that at higher minimum prices the additive effect of a promotions ban lessened until at 60p there was little additional effect. In the end this is a political judgment and is the reason that the Bill seeks to give Ministers the right to set the price rather than, for instance, it being fixed to the retail price index. Put starkly, it is a choice between how many deaths might be prevented and what might be a publicly acceptable level for the minimum price.

Enforcement of a minimum price is also much easier than other measures as it is easy to calculate using the formula MPU x S x V x 100 where MPU is the minimum price per unit,

S is the strength of the alcohol, and V is the volume of the alcohol in litres.

**Conclusion**

In tandem with previous legislation on off-sales discounts and promotions, minimum pricing does appear to be a proportionate and pragmatic approach that is within the gift of the Scotland Parliament to implement. This would not put up the price of every drink, only those which are sold at an unacceptably low price such as cheap spirits and cider. It would also be much clearer to enforce.

Clearly, the area of drugs misuse is benefitting from a political consensus around the recovery agenda. NHS Lothian would be keen for a similar consensus around alcohol to emerge that includes action on the affordability of alcohol. From the evidence presented to NHS Lothian, minimum pricing has a substantial part to play in Scotland’s response to this challenge along with the previous legislative, policy and service elements introduced over the last few years.

Mr JTW Sherval FFPH
Specialist in Public Health
NHS Lothian
9 December 2011
See
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Alcohol (Minimum Pricing) (Scotland) Bill

North Ayrshire Alcohol and Drug Partnership

Thank you for giving North Ayrshire Alcohol and Drug Partnership the opportunity to comment on the proposed Alcohol etc. (Scotland) Bill, which would result in the introduction of a minimum sales price for a unit of alcohol below which alcohol must not be sold on licensed premises.

Alcohol Related Harm in Ayrshire

In Ayrshire and Arran in 2008/09 there were 166 alcohol related deaths, 3869 acute hospital discharges with a diagnosis directly attributable to alcohol, and 398 Psychiatric inpatient hospital alcohol related discharges. More than 1700 alcohol attributable acute hospital discharges and Psychiatric inpatient hospital discharges are residents of North Ayrshire.

There is clear evidence that health related harms and deaths occur up to seven times more frequently in people from the most deprived communities than in those from more affluent areas. In Ayrshire and Arran, our GPs have identified a five fold difference in the occurrence of alcohol abuse or alcohol dependence between the most and least affluent areas.

North Ayrshire ADP is aware that minimum pricing has not been tested widely, however given this picture and scale of the problem we face we are of the belief that any effort aimed at reducing consumption across the population is worthy of consideration. We also recognise the international evidence that tackling price can help effectively address the problems associated with alcohol misuse as part of a wider package of measures. We are therefore supportive of the Bill.

1. The advantages and disadvantages of establishing a Minimum Alcohol Sales Price based on a Unit of Alcohol

We can recognise the benefits associated with the proposals included in this Bill, and the potential positive impacts that this measure could have with regards consumption on the collective adult population in Scotland, including young people and those with problematic drinking behaviours. We are convinced that there is sufficient evidence to indicate that the consumption of alcohol is directly related to its price and that the societal costs of alcohol, in terms of the damage to health, social harm and criminal justice elements, have now reached such significant levels that more measures to control consumption are required.

We are encouraged by emerging evidence from Canada which demonstrates a link between price and consumption in areas undertaking minimum pricing schemes. Preliminary findings from the evaluation carried out by Professor Tim Stockwell at the Centre for
Addictions Research in British Columbia indicates that there was a reduction in consumption which was consistent with the price set in the two provinces included in the study (i.e. the greater the increase in price the greater the reduction in consumption).

In the absence of powers to control price through taxation - Price per unit is considered by North Ayrshire ADP to be the most appropriate mechanism through which this can be delivered since it relates the strength of an alcoholic beverage to the cost. We would also advocate that the price should be index linked to ensure that minimum pricing keeps up with inflation.

Evidence indicates that people drinking at harmful and dependent levels tend to purchase the alcohol that provides most units for least expenditure and therefore will benefit most from an increase in unit pricing. Minimum pricing is also likely to impact positively on young people who also favour cheaper drinks. In addition, a reduction in the frequency of front or pre-loading is likely, since the younger drinkers who tend to indulge in this practice will not have the same price incentive to purchase from off sales premises and commence drinking at home or outdoors before concluding the drinking session intoxicated within on-trade licensed premises. This evidence is also supported by Professor Stockwell’s findings.

2. The Level at which such a Proposed Minimum Pricing should be set and the justification for that level

North Ayrshire ADP is of the view that there requires to be a significant increase in the price of the lowest cost per unit types of alcohol in order to have a significant impact on consumption and ultimately health and social outcomes.

North Ayrshire ADP recognises the work currently being undertaken by the University of Sheffield to update its modelling work on minimum pricing in line with 2010 Scottish Health Survey findings. However it is our view that, in order to achieve the greatest reduction in consumption, the cost per unit of off-sales alcohol requires to be brought as close to that of on-sales licensed premises as possible.

3. Any other aspects of the Bill

The health and welfare of North Ayrshire’s residents is paramount to our Partnership. There is a need, however to continue to see this Bill as a part of a wider set of measures to address alcohol harm. We would therefore like to note a number of other considerations which should be taken into account with regard these proposals including:

- efforts to raise awareness in relation to units and recommended limits have had little effect in reducing consumption or in keeping consumption levels within recommended limits
the need for tighter controls on the availability of ‘fortified’ alcoholic beverages with caffeine used as a stimulant alongside the depressant effects of alcohol;

the need to reinforce a collective sense of responsibility for changing Scotland’s alcohol culture beyond the drinks industry and licence trade in order to change underlying cultural norms;

the power of community involvement and activism in bringing about ownership and lasting change in our communities and the need to grow, develop and support it;

the requirement to ensure the non-stigmatisation of people with harmful or dependent use and to ensure that they receive the best support and care available to ensure their recovery; and

the opportunity to consider the most effective approach to labelling.

North Ayrshire Alcohol and Drug Partnership
12 December 2011
North Ayrshire Council

Submission to the Health and Sport Committee of the Scottish Parliament on Alcohol (Minimum Pricing) (Scotland) Bill

Introduction

North Ayrshire Council welcomes the opportunity to comment on the terms of the Alcohol (Minimum Pricing) (Scotland) Bill currently before the Scottish Parliament. It is noted that the Committee invites evidence on the following:

- The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol;
- The level at which such a proposed minimum price should be set and the justification for that level;
- Any other aspects of the Bill.

Background

North Ayrshire is one of the more socially challenged areas of Scotland having a number of data zones within the most deprived 15% in the Scottish Index of Multiple Deprivation. Social and economic deprivation is also reflected in the health statistics for North Ayrshire. The number of people assessed for alcohol or drug misuse within North Ayrshire rose from 336 in 2009/10 to 463 in 2010/11. Alcohol related deaths rose from 22.1 per 100,000 in 2008/09 to 24.1 in 2009/10.

More generally, the cost of alcohol over the period from 1990 to 2010 has fallen by 30% for beer and cider and 20% for wines and spirits in real terms. Put simply, alcohol is more affordable. North Ayrshire is statistically worse than the Scottish average for alcohol related hospital admissions.

Dealing with alcohol related issues is a priority for North Ayrshire Council and its Community Planning Partners. The Action Plan for 2009-12 sets out a series of actions all of which relate to living healthier lives. The pressure on health services and related Council services is constant. For this reason the Council supports any action to be undertaken to address the influence alcohol has on daily lives.

Advantages and Disadvantages of Minimum Pricing

There is strong evidence from around the world that price increase or higher taxation on alcohol has a significant impact on reducing demand for alcohol. Whatever steps are taken these have to reflect the spectrum of society’s use of alcohol be it youth, middle age or the elderly. As a local authority with health agenda as a high priority any effort to increase the price of alcohol is to be supported.

By setting a minimum price for a unit of alcohol this will standardise the retail minimum price across Scotland. Alcoholic drinks vary in strength depending on the type and quality. Evidence from the Institute of Fiscal Studies has demonstrated that the majority of alcohol purchased from supermarkets and other off licences is below the 50p per unit value and these/
these lower valued alcoholic drinks make up a significant proportion of all alcohol sold in these premises.

It is recognised that the terms of the Bill will allow for subsequent variation of the unit price set by Ministers and if this is the preferred option, then the ability to vary, depending on current relevant factors would appear to be appropriate.

The consultation Memorandum describes the alternate of increased taxation as a method of increasing the price of alcohol and hopefully reducing consumption. Taxation is levied at source from the manufacturer but is passed on to the consumer in the retail price of the product. It is recognised that the levy or duty varies depending on the type of alcohol – spirits, wines, beer, with some lower alcohol value beers being taxed at much lower rates. This is seen by many to encourage the purchase of this type of product.

There are mixed views on the benefits of taxation as a means of reducing alcohol consumption. We do not believe that this is the most effective means of achieving the government’s objects.

Minimum pricing will achieve a consistent approach to alcohol and with the cooperation of the drinks industry will see investment in measures to develop longer term strategies to address alcohol consumption within our communities.

Given the above facts the Council considers that minimum pricing of alcohol is the best way forward to begin the longer term process of dealing with alcohol consumption in Scotland.

Level of Proposed Minimum Price

The level to be set for the unit of alcohol presents significant difficulty as the current range of unit values depends on where the alcohol is purchased and the type of alcohol. In-house sales can be on average £1.31p per unit, while off sales can be anything from 40p to 20p per unit.

The Council is aware of the work being undertaken by the University of Sheffield on alcohol pricing and promotion. Their evidence supports that in Scotland the majority of off sales alcohol (80%) is sold at between 25p to 55p per unit. Of that 75% of cider is sold at less than 40p per unit. Vodka sales through off sales premises are often at a rate of less than 35p per unit.

Given the above range of statistics it is difficult to determine what should be the minimum price unit. The previous Bill on minimum pricing proposed a unit value of 45p. Modelling around this value suggests that this would decrease consumption of alcohol by 6.47% across Scotland. As this is a new concept and therefore untested, and the fact that Ministers have the right to vary the unit price, we consider that 45p would be an appropriate starting point although the final decision must rest with the Scottish Ministers.

Other Aspects of the Bill

The Bill itself has little detail to consider other than the formula for calculating the minimum price. Much more work needs to be undertaken to increase awareness of alcohol and it detrimental effect on health. The minimum price will impact on the drinks industry and the Scottish Government needs to engage more robustly with that industry to develop a longer term strategy on addressing alcohol consumption in Scotland.
Alcohol (Minimum Pricing) (Scotland) Bill

North Ayrshire Licensing Board

The Board welcomes any measure which is likely to assist in dealing with the social consequences of excessive alcohol consumption.

North Ayrshire Licensing Board
12 December 2011
Alcohol (Minimum Pricing) (Scotland) Bill

North Lanarkshire Licensing Board

As Clerk to North Lanarkshire Licensing Board I have liaised with the Convener of the Board and I would offer the following comments on the Bill:

I feel I require firstly to point out that I have some reservations as to whether the proposed measures contained in the Bill contravene European Competition Law. Notwithstanding this reservation I would comment as follows:

The research thus far undertaken appears to suggest that cheaper alcohol (relative to its strength) tends to be bought more by people who fall into the category of “harmful drinkers”. If this research is sound there is a degree of logic in introducing a provision stipulating a minimum price of alcohol in order to reduce alcohol consumption by “harmful drinkers” and hence reduce alcohol related problems.

It seems to be generally accepted that alcohol misuse has a negative effect on the country’s social and economic growth and estimates are this costs over £3 billion each year.

The findings of the School of Health and Related Research at Sheffield University were that there was strong and consistent evidence suggesting that price increases have a significant effect in reducing demand for alcohol.

I note it has been considered that if the costs of implementing minimum pricing in the long term were found to increase the workload of Licensing Standards Officers there is scope for having a review of fee income in order that the additional costs are recovered by the Licensing Boards in line with the relevant Statutory Instrument (SSI2007 No. 553).

I note that the effect of the introduction of minimum pricing on moderate drinkers is assessed as being marginal since they drink less and also tend not to drink cheaply priced alcohol. It therefore seems to me that the proposed legislative measure targets specifically the “harmful drinkers”.

I note that various alternative approaches (like taxation, self regulation etc) have been explored but not ultimately considered for various reasons to be as effective as the introduction of minimum pricing.

It seems to me as Clerk to North Lanarkshire Licensing Board that the advantages of establishing a minimum alcohol sales price based on a unit of alcohol have been thoroughly researched and there is a groundswell of support for the view that it will target “harmful drinkers” and result in them consuming less alcohol. The measure therefore seems sound but I would welcome sight of a Counsel’s Opinion on whether the proposed Bill, if enacted
as it stands, is compatible with European Competition Law. The legal opinions I have heard to date suggest that there are doubts about this.

I have no criticisms of the methodology narrated in the Bill for calculating the minimum price of alcohol and I feel the insertion in premises licences of the additional mandatory conditions narrated should bring it home to every person involved in selling alcohol the mandatory legal requirements in relation to minimum pricing.

I do not feel it appropriate that I suggest a level at which such a proposed minimum price should be set since I am not in possession of the necessary empirical data on this issue and I am not convinced that it is appropriate for a Clerk to the Licensing Board to express a view on this.

Clerk to the Licensing Board
North Lanarkshire Licensing Board
Alcohol (Minimum Pricing) (Scotland) Bill

Office of Fair Trading (OFT)

We welcome the opportunity to comment in response to the call for evidence of 1 November.

This brief submission highlights key points arising from the OFT’s remit in relation to competition and consumer issues. The OFT gave evidence to the Health and Sport Committee of the Scottish Parliament in January 2010 in relation to the Alcohol etc. (Scotland) Bill (SP Bill 34) and points made in that previous evidence remain relevant to the current Bill.

As noted in our previous submission, the OFT’s remit is limited to considering competition and consumer issues. We recognise that the Scottish Parliament must weigh these against the anticipated health and wider benefits of introducing a minimum price of alcohol.

In relation to the potential effectiveness of a minimum price, the OFT agrees with Scottish Government that the first order effect is likely to be a reduction in alcohol consumption (although much will depend on the level at which the minimum price is set for different types of alcoholic drink). However, we consider that there may be unintended second order consequences. Retailers of alcohol are expected to gain from a minimum price because they will earn a higher margin on low cost alcohol. This could give retailers an increased incentive to sell more rather than less low cost alcohol, for example through advertising or changing the mix of products on the shelves. These second order effects are not likely to outweigh entirely the primary effect of reducing consumption, but should be taken into account in assessing potential impacts and implementation.

In relation to effects on competition, the Scottish Government’s Competition Assessment within the Business and Regulatory Impact Assessment identifies a number of possible concerns about the impact of minimum prices. These include:

- A minimum price could make it harder for firms to enter or exit the market for retailing alcohol if the price floor is binding. New, small retailers would no longer be able to attract demand by challenging existing firms on price, and below that price floor retailers would be left with the ability to compete only on non-price factors.2

- Retailers would not be able to undercut one another on price across some or all of their product range or through loss-leading. This could have a weakening effect on competition between retailers.3

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2 Competition Assessment, paragraph 25
3 Competition Assessment, paragraph 29
The OFT broadly agrees with the analysis in the Competition Assessment. However, it is not clear how these identified competition costs have been factored into the main impact assessment. For example, they do not appear to be highlighted in the summary of costs and benefits.

Finally, we note that the Scottish Government is not proposing to fix a particular minimum price in primary legislation. The OFT agrees that it is sensible to retain flexibility to adjust any minimum price over time in the light of evidence of its impact. However, it is also clear that any potential effects on competition and consumers would be greater the higher the minimum price. It would be important to assess these impacts as part of any decision to set or revise the minimum price in future.

On the legal analysis, the OFT is aware that there is ongoing discussion of whether a minimum price would be consistent with European free movement rules. This is a matter for the European Courts and is outside the OFT’s jurisdiction.

Kyla Brand
OFT Representative for Scotland Wales and Northern Ireland
Office of Fair Trading
9 December 2011
In response to the call of the Scottish Parliament’s Health and Sport Committee for written evidence on the Alcohol (Minimum Pricing) (Scotland) Bill I write to express the support of the Presbytery of Edinburgh (Church of Scotland) for the principle of the minimum pricing of alcohol, re-iterated at its meeting on Tuesday 6th December 2011.

The Presbytery of Edinburgh had written previously to the Health and Sport Committee following the Presbytery meeting on 2\textsuperscript{nd} February 2010 with reference to the Alcohol etc. (Scotland) Bill 2010. It is noted that the Notes accompanying the present Alcohol (Minimum Pricing) (Scotland) Bill provide more recent data (2008) from the University of Sheffield’s School of Health and Related Research which replicates the findings presented before (2003), namely that as the minimum price per unit of alcohol increases more deaths are avoided, hospital admissions fall, numbers of crimes reduces, absenteeism from work reduces, unemployment due to alcohol problems reduces, healthcare costs reduce, etc.

In expressing its support for these measures the Presbytery of Edinburgh continues to believe that minimum pricing measures will offer “significant advantages to the health and well-being of our communities.”

Revd Bill Taylor  
Convener, Social & Community Interests Committee  
Presbytery of Edinburgh, Church of Scotland  
12 December 2011
Alcohol (Minimum Pricing) (Scotland) Bill

Quarriers

Thank you for giving Quarriers the opportunity to respond to the Health and Sport Committee’s call for evidence on this bill. Quarriers is a major Scottish charity providing practical care and support every day to thousands of people. Through more than 120 services for Adult Disability, Children and Families, Epilepsy and Young Adults in Scotland and a growing number of services in parts of England, we challenge inequality of opportunity and choice, to bring about positive change in people’s lives.

We broadly support the introduction of a minimum price for alcohol, to help reduce alcohol consumption in Scotland by harmful drinkers. However, it is important to recognise that this needs to be part of a range of different measures, to support this objective. Minimum pricing on its own will have a very limited impact on harmful alcohol consumption, and we would ask that the following are also considered.

Supporting families and communities

• There needs to be a more clearly defined link between the early years strategy, the parenting strategy and the alcohol strategy including building parenting skills pre-birth.
• The dangers of alcohol consumption linked to Foetal Alcohol Syndrome need to be explored as part of a wider education programme particularly with teenage young people.
• There needs to be greater recognition of the need for support for children affected by parental alcohol issues and/or children who may use alcohol themselves.
• There needs to be greater consideration of, and resources for, the intensive and specialist work required to support families with addiction issues or where early intervention may prevent escalation of difficulties.
• Partnership working is essential and there are some good examples of universal services and specialist agencies working closely to achieve positive outcomes for families. There is, however, a significant way to go to ensure that the required level of collaboration, which should work as a genuine partnership between public sector statutory health and social work services and voluntary sector specialist providers, is consistently implemented across Scotland.
• There also needs to be greater consideration given to the impact on children who live with a parent with both mental health and alcohol problems, the high risk of offending behaviour by those parents and consequential custodial sentences, and how these families can be supported.
Diversionary activities

We do feel that more consideration needs to be given to developing and supporting long-term, sustainable alternatives to young people’s recreational alcohol use. This needs to be a wider range than Friday evening football sessions, and should facilitate the inclusion of young people who are less enthusiastic about sports. The cost of participation in alternative activities should be given due consideration and be at an affordable level for young people. Costs should pitched to compete with a bottle of cheap alcohol which, starting at around £2, is often a less expensive alternative to a gym session or other pursuits.

Information for parents

Whilst we accept that clearer, unambiguous information needs to be developed for parents, it is also important to have a comprehensive strategy for informing children and young people directly, which could include the use of peer education and “live autopsy” type pictorial evidence of the dangers of alcohol misuse.

Restrictions on alcohol advertising

The association of alcohol with sports, particularly football teams in Glasgow, reinforces a positive image of alcohol. Many major brands of alcohol are already well-known to, and clearly recognised by, very young children as a result of sports sponsorship, particularly football teams, and it tends to be the brand name, rather than any responsible drinking message, that is recognised and remembered. So there is a dichotomy of alcohol education on the dangers of alcohol misuse alongside promotional messages seen on television and newspapers, on an almost daily basis, by a majority of the population as an entirely normal part of life, endorsed by the sports personalities associated with it.

Improved support and treatment

Whilst we support proposals for increased provision of support services for those with addiction issues, greater consideration needs to be given to the reasons why people use alcohol. For many, it is a coping mechanism, used to handle extreme stress resulting from trauma, especially young people who have been abused, who have mental health problems and/or have been in care. This is not recreational alcohol use, this is a survival technique and until significantly improved mental health services for children and young people are available, this destructive cycle of misuse is likely to continue. The vicious cycle of parental substance misuse creating vulnerable children who are themselves the next generation of parents with addictive behaviour requires long-term, sustainable solutions, not temporary interventions, the short-term nature of which have a diluted impact.
This all needs to be considered alongside the public health levy and the social responsibility levy, to form a comprehensive strategic approach to the reduction of alcohol misuse in Scotland.

I hope that the above is helpful but would be happy to provide further information if that were useful and to discuss further the work of Quarriers and the people we support.

Kate Sanford
Policy Manager
Quarriers
12 December 2011
Alcohol (Minimum Pricing) (Scotland) Bill

Gregor Rimmell

The effect of the proposals will be restricted to off sales. At the illustrative level of 45p per unit, the minimum prices for some categories of alcohol will rise substantially and this could have a beneficial effect on irresponsible consumption. Under proposals cheap products, bought by those with addictions or for binge drinking, will rise in price dramatically, and strong ciders and beers will be increased in price pro rata to normal strength drinks.

The illustrations given, of how minimum pricing will reduce excessive consumption, are likely to be misleading. For example, the reduction in smoking came about as a change of culture, not as a result of price rises caused by above inflation duty increases over years. The use of illegal drugs increases with their availability and the lack of police resources to pursue pushers and users.

There is therefore an argument that says restrict availability of alcohol by reducing hours of sale. In Australia this brought about the six o’clock swill. The exception to restricting hours might be food led establishments, and tourist areas.

The unit price exampled at 45p seems reasonable. The price should be reviewed by parliament, not by order. This will assure the public that it is a democratic procedure, not the whim of a minister or the bureaucracy, who may be perceived as anti-drink, or anti “the working man”. A review of the minimum unit price would reflect the state of the economy.

The bill needs to be redrafted to include elements that are in the supporting information. The supporting information needs to be strengthened by reference to sources. There is no evidence to say that dramatic increases in the price of a unit of alcohol will, pro rata, decrease consumption. There is evidence to say that the least well off spend disproportionately on drink and tobacco. Areas of deprivation show this. They also show that on-licensed premises in such areas are much more resistant to the downturn in on trade elsewhere. Moderate consumers are not the problem. But they will be alienated by hikes in price at a time of economic downturn, and when there is no such increase in England. Excessive consumers will divert their spend from other forms of, say domestic expenditure, causing more social problems, not less. Privileged consumers will buy in bulk from outside Scotland.

LSOs will implement the new policy. The role of LSOs would change from predominantly on trade problem solving to off trade price policing. Premises which seek to sell cheap drink would obviously smuggle in alcohol and sell it under the counter, requiring more detection. Unless more LSOs were
recruited, there would be a rise in dissatisfaction with on-trade performance. More LSOs would increase licensing costs and therefore the costs of licenses. Licensing authorities, not Scottish government would be blamed.

Gregor Rimell
Highland Councillor
Badenoch and Strathspey
2 December 2011
Alcohol (Minimum Pricing) (Scotland) Bill

Royal College of General Practitioners Scotland

Thank you for inviting our views on the Scottish Government’s proposals to tackle alcohol misuse in Scotland.

The Royal College of General Practitioners (RCGP) is the academic organisation in the UK for general practitioners. Its aim is to encourage and maintain the highest standards of general medical practice and act as the ‘voice’ of general practitioners on education, training and issues around standards of care for patients.

The College in Scotland came into existence in 1953 (one year after the UK College), when a Scottish Council was created to take forward the College’s interests within the Scottish Health Service. We currently represent over 4000 GP members and Associates in Training throughout Scotland. In addition to a base in Edinburgh, the College in Scotland is represented through five regional faculty offices in Edinburgh, Aberdeen, Inverness, Dundee and Glasgow.

This consultation document was reviewed by members of the RCGP Scottish Council, Executive Board, Membership Liaison Group and circulated for comment to the five regional Faculty Boards and the RCGP Scotland patient group, P3 (Patient Partnership in Practice). In addition, this submission also includes input from our Clinical Lead for Substance Misuse, Dr Richard Watson.

Our membership is very aware of the scale of Scotland's alcohol problem. It is the number one public health problem that we face. Alcohol consumption has more than doubled since 1960, with a marked shift from drinking in licensed premises to drinking at home. Alcohol causes 8 deaths per day in Scotland, double that of England and in addition Scotland now has one of the highest rates of liver cirrhosis deaths in Europe. The statistics and evidence relating to Scotland’s problems with alcohol misuse have been well documented and are widely available.

As General Practitioners, many of our members regularly see the tragic effects of hazardous drinking and the ever increasing strain it places on primary care services. We believe that the abundance and availability of cheap alcohol is fundamental to this chronic problem and that educational measures taken to date have had little effect. A particular area of concern is that the majority of alcohol related deaths occur in the deprived areas of Scotland, demonstrating alcohol misuse as a key contributor to widening gap in health inequalities across the country.

We received comments from several of our members keen to stress that they saw the evidence of alcohol misuse many times every working day. This is
why RCGP Scotland made a policy pledge in their Vision document, launched March 2011, to support a minimum price for alcohol in Scotland.

We are very supportive of the proposed measures to reduce the burden of alcohol related harm. In response to the specific proposals of the bill we would like to make the following points:

**The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol**

Our members strongly favour the establishment of a minimum price per unit of alcohol. As such, RCGP Scotland join leading international alcohol scientists; the House of Commons Health Committee; the Scottish and UK Medical and Nursing Royal Colleges; the BMA; the four Chief Medical Officers of the UK; and the National Institute for Clinical Excellence (NICE) in the support of minimum alcohol pricing.

The main advantage of the introduction of such a regulation would clearly be the reduction in availability of cheap alcohol from supermarkets and off-licences. This is a major contributor to the culture of alcohol misuse in Scotland in allowing people to access very large amounts of alcohol at very low cost. A further advantage is that, unlike a tax or duty increase, the seller would be forced to pass the price increase onto the consumer.

Possible disadvantages to the introduction of a minimum price per unit include potential introduction of cross border purchasing, as well as the possibility that retailers would offset the price increase by lowering the price of other drinks to the minimum price.

On balance, however, these potential disadvantages would likely have a minimal impact on the overall benefit that the establishment of a minimum price per unit would bring.

Please find below a cross section of the responses we received in relation to this question:

- I favour the establishment of a minimum price for a unit of alcohol as a means to reduce public consumption as it is a simple and equitable way to address the problems caused by over indulgence.
- Minimum pricing absolutely essential to stop supermarkets using alcohol as a loss leader.
- I and my colleagues in the practice support the move to a minimum pricing for a unit of alcohol. Working in an inner city practice we see are ever increasing problems with alcohol abuse and dependency especially amongst the young. A major source of the problem is cheap supermarket booze which enables patients to access cheaply large amounts of alcohol. I strongly agree that tackling this problem via price per unit is an important strand in cutting back alcohol misuse. Some parties are suggesting tackling this through a rise in tax or duty in alcohol. I don't think this will make any difference in the context of big
supermarkets that will simply continue to sell alcohol cheaply and just increase the price of other goods in their shops to cover their costs.

- I am in favour of using price to control the level of consumption of alcohol as there is a lot of evidence that this is effective. I would favour a minimum price for a unit of alcohol if it can be effectively enforced. There is no evidence to give an indication what this level should be. If a minimum price can not be introduced then I would support an increase in taxation on alcohol across the board.

- I agree that minimum pricing is a way forward to better health but also feel that there are social sanctions to be addressed.

- I would be in favour of a minimum price per unit of alcohol and for a ban on multi-buy offers and other sales pitches to boost sales.

- I would entirely support the proposed government measures to set minimum alcohol pricing and to strengthen measures to reduce alcohol availability to minors. Research has consistently indicated that increased cost for cigarettes is associated with reduced smoking rates so that the same is likely to apply for alcohol.

- I think that making alcohol so readily available in supermarkets is probably a big factor and could be more like tobacco where you have a special counter.

- I'm in favour of a minimum pricing policy if the evidence base supports this.

- I support minimal pricing for alcohol sales on the basis that there is valid evidence that this will save 100s of lives in Scotland.

- Frequently when I ask patients how much they drink, 'as much as I can afford' is a common answer. I do not think they are joking.

- I have observed as a citizen an increase in the availability of alcohol to young drinkers on the streets. I regularly clear up litter around the streets near to where I live and I have noticed that most of the bottles and cans dropped are cheap alcohol and that groups of children are gathering off the main thorough fares to drink cheap alcohol such as Alco pops and ciders I have also seen my own underage patients drunk on the streets holding cheap alcohol

- The whole attitude of Scottish society needs its reset button pushed in relation to alcohol. The new “normal” has been warped to such a degree that people view it as average if you drink a few units every day, and get drunk once or twice at the weekend. The consequential health problems speak for themselves, with an exponential growth in cirrhosis and alcohol related issues.

- The policy is regressive. It will hit poorer people more than wealthy people. To encourage a share in the ethos of lowering risky alcohol consumption I think we should suggest to the Government the end to licensing within the workplace. For example, bars for the MSP's if there is one, bars associated with professional groups or elected officials. Budgets for alcohol should be published and minimised in such professional settings.
The level at which such a proposed minimum price should be set and the justification for that level

As a medical organisation we do not feel able to offer recommend a level to set the minimum price. However, any minimum price implemented should be seen to have a direct impact on alcohol consumption and public health. We believe that the setting the minimum price at the previously noted price of 45p would double the cost of cheap ciders, and increase the costs of cheap beer and very cheap spirits (but not standard branded spirits); with this level of 40p not adversely affect the sensible drinker on a low wage.

Dr Richard Watson, RCGP Scotland Clinical Lead for Alcohol Misuse has noted the proposals outlined within the Sheffield Report as an evidence base for setting a minimum price per unit.

He also noted that since RCGP Scotland was previously consulted on this issue a report called Four Steps to Alcohol Misuse by Gerald Hastings, Prof of Social Marketing at Stirling, has been published:

http://www.shaap.org.uk/UserFiles/File/Reports%20and%20Briefings/The%20four%20steps%20t

Dr Watson commented that this report emphasises that price is the crucial component - but place, promotion and product design are also important.

The rationale behind the use of minimum pricing as an effective tool to address all types of problem drinking

In particular, a minimum price per unit would not have a marked impact on those drinking alcohol within the recommended safe limits, but would act as a significant deterrent for those who consume alcohol in excessive and dangerous amounts.

The increasing use of alcohol as a loss leader in major supermarkets and other stores has caused a massive drop in the price of alcohol, causing very large quantities to be available at a cost which is not representative of the goods received. In order to redefine Scotland’s attitudes to alcohol we must ensure that the price of alcohol returns to reflecting the value of the goods received. Creating a minimum price per unit would ensure alcoholic goods are priced appropriately in a manner which would promote not only sensible drinking but also appropriate portion control. Many individuals overestimate what constitutes a unit of alcohol (particularly when asked to pour a 25ml measure of spirits) and this problem is exacerbated when self-serving at home, leading many individuals to believe they are consuming alcohol within the safe guidelines. A minimum price per unit would ensure a direct correlation between ‘cost’ and value’.

We recognize that the introduction of this would initially have some effect on all drinkers who purchase low cost alcohol. If they are drinking within safe levels, however, the extra cost will be slight.
Additional comments from members include:

- The minimum price limit supports the concept of alcohol being a commodity for appropriate use in the appropriate environment; the environment and culture must be inclusive of age groups to promote socially responsible behaviour.

**Possible alternatives to the introduction of a minimum alcohol sales price as an effective means of addressing the public health issues surrounding levels of alcohol consumption in Scotland**

Tax and duty rises will also be helpful, and would affect those drinking more expensive drinks. However this would not target risky drinkers and the resultant price increase of cheap alcohol would be much less. Were tax and duty rises to be implemented as an alternative to minimum prices it would also have to be ensured that the relevant increases were actually passed on to the consumer.

Members also suggested allowing the sale of alcohol off-licenses only not supermarkets as alcohol needs to be seen as a drug and not a grocery commodity. It was also felt that granting a limited number of licenses per area as well enforcing more stringent criteria for any new licence applications would also be of help.

**The advantages and disadvantages of introducing a social responsibility levy on pubs and clubs in Scotland**

Based on members responses we feel that the introduction of a social responsibility levy on pubs and clubs would be helpful, particularly as we believe it is right to introduce some measures which also affect the on-trade as well as off-sales. Those who sell alcohol have a social obligation to do so responsibly and should be held accountable for failures to do so.

Our members also offered the following comments in relation to this issue:

- Where licensed premises can be directly linked to a need for increased policing and other emergency services there should be a social levy by way of the local rating system.
- I am in favour of a social responsibility levy.
- As a GP in a rural area with a significant alcohol problem (particularly among older people and / or women) I find it frustrating that people can obtain alcohol so easily. In my own practice area (with just under 600 patients) there are three licensed facilities selling alcohol. Whilst I suspect it might be difficult to enforce ideally there should be some moral / legal responsibility on such premises not to sell alcohol to people clearly under the influence of alcohol and / or known to have an alcohol problem. At present the owners of the premises may feel unwilling - for commercial reasons and the practical difficulties of such measures in a small community where people know each other etc - to
limit alcohol sales. In general terms there should be very careful scrutiny of new / extensions to licenses and a greater level of responsibility on license owners.

The justification for empowering licensing boards to raise the legal alcohol purchase age in their area to 21

RCGP Scotland members recognize that binge drinking and anti-social behaviour can be a particular problem in some areas and at specific times. Responses received suggest that members agree that raising the legal alcohol purchase age to 21 would help tackle the problems of alcohol misuse amongst this age group. We recognize that in order to change Scotland’s perceptions to alcohol and alcohol misuse it is important to support members of the younger generations who are not only vulnerable to complications of drunken behaviour but also at risk of establishing a pattern of alcohol misuse that may persist into adulthood.

However, comments received from members reflected some disagreement as to the specifics of this in relation to impinging on the rights of otherwise legal adults and the ability of local, rather than national bodies to control the legal purchase age. In this respect we believe that stronger enforcement of the current legislation (including stricter penalties for those selling alcohol to the under 18’s or consuming alcohol when under 18) may be more appropriate. One responder commented that the policy proposal is not to ban the use of alcohol, but to encourage sensible drinking and discourage harmful drinking.

The Role of the Bill on Families and Young People

The College is hopeful that the Bill will contribute to more responsible drinking in the family home, and help combat drinking problems in Scotland’s youth. We believe this can be achieved by a good family ethos, and supporting family-orientated medicine.

Comments from members included:

- We must address the culture of drinking and support the education of young adults in the home in drinking in moderation; control comes from learning limits while under supervision. It is clear that peer group supervision and control does not happen amongst children and young adults and, like learning to drive, appropriate behaviour has to be learnt. There is a need to educate society to drink in moderation across all age groups from young to old and an education campaign targeted across the demographics would help society re-connect with its youngsters and result in less surreptitious drinking behaviour.
- There must also be a campaign against parents drinking wine at home which is a less obnoxious social problem, but perhaps a bigger health problem influencing future use.
- Of my children’s peers, many were influenced in abusing alcohol by witnessing daily drinking at home by professional parents. Education is
really the only way, alongside pricing and marketing and enforcement but policy must hit all sections not just the poor and young.

- My concern is mostly for the effects of alcohol on the health of young people. I was involved for many years with young peoples' clinics in deprived areas of Tayside. Alcohol has a huge impact on the behaviour of young people. A recent study in Perth and Kinross showed that 55% of 13 year olds and 85% of 15 years olds had drunk alcohol. Out of those who had had alcohol the average at which they began to take more than a small amount of alcohol was 12. Many of our attendees at our clinics had had alcohol prior to having unprotected sexual intercourse, in many cases of unplanned pregnancy the young woman admitted to being under the influence of alcohol and the same applied to those presenting with STDs. The young people volunteered the fact that alcohol had altered their judgment of risk. Young people tend to buy the cheapest forms of alcohol. They admit to getting friends and relatives to buy cheap drinks to "load themselves up" before going out as they are unable to purchase drinks from a bar or off license when out in public. Some of the drinks they choose such as cider have 15 units per 2 litre bottle, and many will drink these as if they were soft fizzy drinks.

- Underage drinkers who repeatedly come to the attention of police, school, health or social services should be offered intensive family interventions there appears to be a plan for adults only in health strategy.

- The falsification of ID cards amongst teenagers is apparently widespread so which ever system of identification is used needs to be pragmatically robust with severe penalties for fraud.

**The role of promotional offers and promotional material in encouraging people to purchase more alcohol than they intended**

Responses received strongly supported the banning of cheap supermarket style deals in particular those created with a view to encourage greater alcohol sales. We believe that similar deals in place in the on-sale trade (such as 2 for 1 or ‘double up for £1) should be similarly constrained to maintain the same cost to value principle discussed above.

**Any other aspects of the Bill**

Please find below some additional points based on comments received by our members:

- Primary care is being asked to tackle alcohol misuse via screening and brief interventions, but that this has a reduced effect if broader public health measures are not put in place.

- There should be greater use and enforcement of existing legislation. Test purchasing with using the under 18’s and removal of licenses from offending retailers would be effective and straightforward to introduce.
A ban on the consumption of alcohol in all public places such as parks, town squares, beaches was suggested as a means to curb anti-social and underage drinking.

Please also find below some specific comments received by our members:

- I would like to see a measure where licensing rules are strictly enforced and if a premises is found wanting it loses its license. That loss should apply to all branches of that premises (so if one supermarket store is caught out all branches of that supermarket would have their license suspended for a set period of say 6 months). It's time to take the gloves off. Alcohol is killing our patients and destroying our society and we have to stop beating about the bush.’
- A minimum price for a unit should only be one strand. The public health measures needs to be more aggressive and targeted at children and teenagers. Alcohol dependent individuals should be recruited to visit schools to give reality to the problem and consequences. Glossy adverts even hard hitting ones can be ignored. Teenagers think they are immune to the damage caused by alcohol. They have to be convinced that they are not.
- A common problem in pubs and clubs is the excessive prices that are charged for soft drinks that can encourage people to simply buy alcoholic drinks instead as these are often perceived as being better value for money. This may be addressed to some extent by minimum pricing of alcoholic drinks but I feel that there also needs to be realistic pricing for alternative non-alcoholic products.

Dr John Gillies
Chair
RCGP Scotland
13 December 2011
Alcohol (Minimum Pricing) (Scotland) Bill

Royal College of Physicians of Edinburgh

The Royal College of Physicians of Edinburgh (the College) is pleased to respond to the Health and Sport Committee’s call for written evidence on the Alcohol (Minimum Pricing) (Scotland) Bill.

Introduction

The College has been at the forefront of raising awareness about the alarming increase in alcohol-related harm, and was instrumental in establishing the medical advocacy body, Scottish Health Action on Alcohol Problems (SHAAP). We strongly supported the Alcohol etc. (Scotland) Bill which was brought before the previous session of the Scottish Parliament. The current Bill being proposed addresses one very important component of the previous Bill which did not reach the final Act, namely setting a minimum sale price for a unit of alcohol.

The re-introduction of a Minimum Pricing Bill gives due recognition to the irrefutable causal link between the price of alcohol, the level of consumption and alcohol-related harm. The College strongly supported the minimum pricing proposal originally and continues to do so. Alcohol abuse requires to be tackled at a population level via a comprehensive package of measures targeted at both problem drinkers and the wider populace (in which the level of consumption has risen significantly and worryingly in recent years).

The College has the following answers and comments on the specific consultation questions

The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol.

The evidence and rationale for a minimum pricing policy on alcohol was set out in our response to the previous Bill and we re-iterate it here:

1. There is now a large body of scientific evidence providing an irrefutable link between the price of alcohol, the level of consumption and, in turn, the level of alcohol-related harm. This is one of the most researched areas of alcohol policy.

2. In the UK while the price of alcohol has decreased dramatically in real terms in recent decades (alcohol was 66% more affordable in 2009 than in 1987), alcohol consumption has doubled. In Scotland, which has 15 of the 20 worst areas for male alcohol-related deaths in the UK, alcohol-related deaths have doubled during this period and mortality rates from alcoholic liver disease, hospital admissions from the acute effects of alcohol and the number of alcohol-related assaults have all risen dramatically. This has occurred during a period in which alcohol has
been promoted irresponsibly by large retailers, often at below cost and as a loss leader.

3. It is clear that if wishing to reduce alcohol-related harm, consumption has to decrease and the most effective mechanism of achieving this is to increase the price of alcohol. Various approaches to increasing price have been tried around the world, including taxation. However, research has shown that where a blanket levy is applied to all forms of alcohol (ranging from the low-cost to premium products), drinkers were found to have simply changed their brand choices from expensive to cheaper drinks (often with a higher alcohol volume). This research also highlighted that a greater decrease in consumption was obtained when cheaper drinks were targeted.14

4. Minimum pricing should not be seen as a policy measure which will tackle every form of alcohol abuse. It would focus on the lowest cost products favoured by the heaviest drinkers and would therefore provide an effective method of targeting this group without penalising the wider population.

5. It is recognised that the adoption of minimum pricing as a policy measure per se is relatively untested, and that there has only been limited research published on minimum pricing to date. However, when taking this emerging evidence together with the mass of scientific evidence in relation to consumption and price, studies on the effects of other forms of price increases and a number of national and international reviews, minimum price has emerged as the policy measure most likely to reduce alcohol-related harm. This is why after reviewing the evidence, the World Health Organisation, a range of leading international alcohol scientists, the House of Commons Health Committee, the Scottish and UK Medical Royal Colleges, the Chief Medical Officers of Scotland, England, Wales and Northern Ireland, the Directors of Public Health of every NHS Board in Scotland and the National Institute for health and Clinical Excellence (NICE) in England have all concluded that statutory minimum pricing should be implemented to reduce the increase in alcohol-related harm. Any counter arguments must therefore be evidence based and have cross-organisation support. Scotland has a proud history of adopting innovative public health policy and similar political leadership will be required to implement this much-needed policy measure.

The level at which such a proposed minimum price should be set and the justification for that level

The College supports the principle of setting a minimum unit price in regulation following the passage of primary legislation through the Scottish Parliament. This will allow a greater degree of flexibility in setting and adjusting the minimum unit price than if the price had been set out in primary legislation, and will allow it to reflect the most recent evidence and circumstances.
The Sheffield study modelled a range of possible minimum prices to be applied to a unit of alcohol. This estimated that if a 40p level was applied this would save about 70 lives in year one, rising to 365 lives per year by year ten in Scotland. As the level increased (e.g. to 50p), so did the level of impact. If looking at hospital admissions, a 40p level would reduce such admissions by 3,600 per year and a 50p unit per year by 8900.

Ultimately, the level at which a minimum price should be set is a political decision involving the benefit of reducing alcohol-related mortality and harm and the acceptability to the Scottish people. A minimum price should be set at a level the evidence indicates will reduce the burden of harm from alcohol use. Setting an appropriate level requires an analysis of the alcohol market, consumption and expenditure patterns and health and crime data. Should the Bill be enacted, it is important that the impact of minimum unit pricing is evaluated and outcomes are audited.

Introduction of minimum pricing should be matched by provision of alcohol counselling and intervention services as part of a comprehensive strategy.

Conclusion

The scale of alcohol-related harm in Scotland presents the Scottish Government, medical professionals and society with one of its greatest challenges. The statistics make harrowing reading and demand radical action. The fact the level of harm has stopped rising further does not alter the need for urgent action to improve the situation.

Successive governments have tried a variety of approaches to curb alcohol-related harm without success. Evidence has shown that health education has little impact and bolder action is required.

The Alcohol (Minimum Pricing) (Scotland) Bill builds on the legislation introduced in the previous parliament which, collectively, present an opportunity to tackle Scotland’s alcohol epidemic. The College supports the principle of setting a minimum unit price in regulation following the passage of primary legislation through the Scottish Parliament, which will allow a greater degree of flexibility in setting and adjusting the minimum unit price. The Alcohol (Minimum Pricing) (Scotland) Bill is an evidence-based policy to address the problem which recognises the large body of scientific evidence providing an irrefutable causal link between price, consumption.

There is unprecedented international interest in Scotland’s proposed approach to alcohol, recognising that the adoption of minimum pricing in Scotland may provide an innovatory model for replication elsewhere. Scotland has a long and proud tradition of developing innovative public health policy and we would urge the Scottish Parliament to continue this tradition by supporting the Alcohol (Minimum Pricing) (Scotland) Bill.

Royal College of Physicians of Edinburgh
12 December 2011
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15. Model-based appraisal of alcohol minimum pricing and off-licensed trade discount bans in Scotland, ScHARR, University of Sheffield, September 2009
17 November 2011

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Health and Sport Committee
CALL FOR WRITTEN EVIDENCE ON THE ALCOHOL (MINIMUM PRICING)
(SCOTLAND) BILL

The Royal College of Surgeons Edinburgh would wish to respond to the
invitation to comment on this bill and the supporting evidence. Our
response is predicated on an assumption that establishing a minimum
alcohol sale price based on units of alcohol will produce a downturn in
excess alcohol consumption.

Intoxication from alcohol poses many health related problems, but in the
field of surgical practice, serious injury from accidental and intentional
trauma poses a substantial risk to health, quality of life and indeed life
expectancy, with premature death associated with alcohol ingestion being
a Scottish epidemic. Additionally, chronic diseases such as liver sclerosis and
indeed acute and chronic pancreatitis are again provoked by excess
alcohol intake and have high prevalence within Scotland in comparison to
other nations. These problems are directly attributable to alcohol

On the basis of these two considerations alone, we would therefore strongly
support any measures that will contain alcohol ingestion. There is, of course,
a more extensive menu of disability attributable to alcohol ranging from
toxtal alcohol syndrome through to the social consequences of alcoholism,
but as a surgical college our immediate concerns are the direct and acute
consequences of excess intake which we would hope that a pricing policy
may diminish.

We note that the responses are invited to address the advantages and
disadvantages of establishing a price policy and also the invitation to
comment on the proposed minimum price. We have no views nor have we
any evidence to contribute as regards the linearity of the relationship
between minimum price and ingestion levels. However, we would support
any measure that is effective in minimising the significant excesses that are
associated with the injury pattern and disease profile referred to above.

David Tolley RCoSEd
Alcohol (Minimum Pricing) (Scotland) Bill

Royal Society for the Prevention of Accidents

RoSPA Scotland welcomes the proposal to introduce a minimum price of alcohol below which alcohol must not be sold on licensed premises. It is well documented that we have a problem in Scotland with alcohol which includes irresponsible drinking and binge drinking and the knock on effects that has in the domestic and social setting and in the workplace and on our roads.

In terms of workplace safety RoSPA recognises that, the heaviest drinkers and thus those with the greatest likelihood of experiencing alcohol problems, tend to be concentrated in those of working age.(1) RoSPA workplace safety is also concerned that globally that 3-5% of the average work force are alcohol depend, and up to 25% drink heavily enough to be at risk of dependence (2). This is a global picture, within a Scottish context no research appears to have taken place in terms of alcohol in the workplace. The majority (77%) of employees interviewed in December 2007 by their employers Norwich Union healthcare identified alcohol as a major threat to employee wellbeing and a factor encouraging sickness absence (3)

Scotland has an ageing and declining population In the current economic climate our employee population needs to be engaged with the workplace, healthy and at work or in other words ‘Happy Healthy and Here’.

Alcohol influences the relationship between the employee and their workplace, is at the root of absenteeism and undermines productivity.

Setting a minimum unit price for alcohol will increase awareness of how much alcohol is contained within drinks, which will enhance understanding of the ‘daily allowance’. Alcohol users will become more aware of their excesses and modify behaviours as a consequence.

In road safety terms although the level of drinking and driving has dropped dramatically over the last three decades, In Scotland in 2009 around 30 fatalities (14 per cent of all reported fatalities) were estimated to be due to drink-drive accidents (this is a similar percentage to the GB as a whole). Despite 30 years of drink drive education and enforcement, in Scotland in 2009 around 920 people were still caught drink driving.

Often it is an innocent person who suffers, not the driver who is over the drink drive limit. Many innocent road users such as pedestrians, pedal cyclists, children and drivers are killed or seriously injuries as a result of drink driving.

During 2010 3.6 per cent of drivers involved in injury accidents who were asked for a breath test registered a positive reading or refused to take the test. Clearly, there is still much to do to prevent drink drive accidents, deaths and injuries.
In December 2011 Scotland launched its new drink drive Festive Campaign which aims to be tougher on drivers and there is no doubt that where education has failed, enforcement is the answer.

In terms of road safety it is recognised that the key to successful education is to change attitudes and RoSPA Scotland Road Safety department sees the minimum alcohol pricing as tremendous opportunity to change attitudes towards alcohol consumption.

It is the case also that many people are found to be over the alcohol limit the “morning after” simply because they are unaware of the numbers of units that have been consumed and/or they have not allowed sufficient time to recover from drinking alcohol. The minimum pricing being linked to units will have the potential to increase awareness of the concept of “Units” which has always presented challenges.

Karen McDonnell, Head of RoSPA Scotland
Kathleen Braidwood, Road Safety Officer, Scotland
Royal Society for the Prevention of Accidents
12 December 2011

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Alcohol (Minimum Pricing) (Scotland) Bill

Royal Society of Edinburgh

Summary

- The evidence suggests a strong relationship between comparatively low cost and easy accessibility on the one hand and alcohol consumption on the other. There is a strong argument for the action that is proposed to control price as a way of reducing consumption and alcohol-related harm. If the Parliament decides to act, and we believe that it should, it must accept that there are some uncertainties about the level of demand elasticity; the level of minimum price that would be required in order to have a significant impact; and the potential unintended side effects.

- If such bold legislation is to be introduced, in order to maximise the achievement of the aims of reducing alcohol consumption and reducing alcohol-related harm, it is imperative that the minimum price is set at such a level that would ensure consumption is reduced by a material extent. The Committee should encourage Scottish Ministers to further consider the modelling work with a view to initially setting the minimum price to at least 50p per unit.

- Once set, the minimum price and its effect on alcohol consumption should be subject to comprehensive evaluation. It is important that the Government plans for evaluation studies early, ensuring that funding is made available for them. They should be designed to be as robust as possible, ensuring that data on sufficient variables is collected so that it is possible to isolate the pure effect of the measure as well as any indirect effects.

- The modelling work indicates that minimum pricing will result in estimated increased revenue to the alcohol industry. One way to mitigate societal concern about this would be for the Scottish Government to obtain a share of the increase in the profits of those who produce and/or supply alcohol. While the Scottish Government cannot do this through taxation, we propose a possible means whereby the licensing regime could be adapted for this purpose. Additional revenue to the state could then be spent on public good, including public health interventions aimed at reducing alcohol consumption and alcohol-related harm. We suggest that the Committee explores this further.

- The legislation being considered it to dissuade, not ban, and its success or otherwise will depend on its capacity to change behaviour. Pricing alone is not enough and price changes in isolation may fail to maximise the opportunities offered by legislation of the significance of that proposed. Minimum pricing should be one component of a broader strategy for reducing alcohol consumption and related harm.
Grey markets are likely to emerge as the effect of the measure will be to create a price differential between alcohol in Scotland and alcohol in the rest of the UK. While the emergence of these markets is acknowledged in the documentation accompanying the Bill, the impression given is that they are unlikely to have much impact. Ultimately, it is the size of the price differential that will determine the extent to which such markets take hold and this should be borne in mind by the Committee.

Concerns have been raised as to whether the proposal for a minimum price of alcohol would be compatible with EU law. While the RSE is not in a position to offer a legal opinion, we believe that the justification for the proposed measure must satisfy the following tests: A clearly identified health problem exists; The problem is specific - though not exclusive - to Scotland; The Scottish Parliament considers that action must be taken urgently to deal with the problem; Independent and impartial academic/scientific/medical advice, based on evidence, suggests (though it cannot prove) that a minimum price of alcohol would probably have a material effect on counteracting the health problem; and There is no convincing evidence that a minimum price of alcohol would be likely to restrict equal access to the Scottish market of domestic (i.e. UK) products and products from other EEA member states.

Introduction

1. The Royal Society of Edinburgh (RSE), Scotland’s National Academy, is pleased to respond to the Scottish Parliament Health and Sport Committee’s invitation to provide written comments on the general principles of the Alcohol (Minimum Pricing) (Scotland) Bill. The RSE provided written and oral evidence during the course of the Committee’s consideration of the Alcohol etc. (Scotland) Bill in the previous parliamentary session. The RSE is well placed to respond because of the multi-disciplinary breadth of its Fellowship which permits it readily to draw upon advice from experts in health and public policy, health inequalities, clinical medicine, economics and law. The RSE has sought the views of those experts that were involved in its previous working group on this topic and reviewed that submission. Given the importance of the issues being debated, we welcome the opportunity to address the key points raised by the current call for evidence. We would be pleased to discuss further any of the issues raised in this paper with the Committee.

The rationale behind the use of minimum pricing and the advantages and disadvantages of establishing a minimum alcohol sales price on a unit of alcohol

2. Excessive alcohol consumption is a major problem in contemporary Scotland both because of its health impacts on those who drink to excess and its secondary social effects. The evidence (some of which is referred to in the documents accompanying the Bill) suggests a strong relationship between comparatively low cost and easy accessibility on the one hand and alcohol consumption on the other. There is also abundant
epidemiological evidence of an inverse relationship between costs and rates of alcoholic cirrhosis.

3. Efforts at dissuasion have had little success. There is widespread lack of awareness and acceptance of the adverse effects of alcohol. The message that there should be ‘safe limits’ to consumption has been difficult to get across to the public; and excessive alcohol consumption has not been targeted with the hard-hitting techniques that have been used to encourage people to give up smoking. On the contrary there has been increasingly aggressive marketing by the drinks industry coupled with irresponsible, cut-price and easy-access promoting by retailers. At the same time, patterns of social behaviour, particularly in cities have lent themselves to greater alcohol consumption and to binge drinking, whilst tolerance of drunkenness appears to have increased in some communities.

4. There should be no doubt that this is an immensely serious and important issue. Unfortunately, there is no proven route to success in dealing with the problem, and many possible approaches are likely to have side effects that are difficult to anticipate. If the Parliament decides to act, and we believe that it should, it must accept that there is some uncertainty about the extent of demand elasticity, and whether a minimum price can be set at an acceptable level that will significantly influence demand. The legislation being considered is to dissuade, not ban, and its success or otherwise will depend on its capacity to change behaviour.

5. Given the clear correlation between the relative low cost and consumption of alcohol there is a strong argument for the action that is proposed to control price as a way of reducing consumption. Unfortunately, there is no empirical evidence of which we are aware that demonstrates how and at what level minimum pricing would have a significant effect. The rationale for minimum pricing is based on the theory of the demand for a good: the higher a good’s price relative to those of other goods, the lower will be the consumption. The key point is that in theory a price control is a way to ration or restrict consumption. It is a traditional argument for the excise duties on alcohol and tobacco. The crucial issues are: what is the level of elasticity; at what level of minimum price would there be a significant impact; and what unintended side effects might there be.

6. In the absence of experimental data, the University of Sheffield ScHARR work\(^1\), which has been extensively referred to in the Scottish Government’s analysis, attempts to assess by modelling how increasing the price at which alcohol is sold can reduce consumption, with minimum pricing targeting those alcohol products which are currently available at relatively low cost. The ScHARR modelling shows that the demand for alcohol is inelastic which means that if the price were to rise by 10%,

\(^1\) Model-Based Appraisal of Alcohol Minimum Pricing and Off-Licensed Trade Discount Bans in Scotland Using the Sheffield Alcohol Policy Model (v2):- An Update Based on Newly Available Data, April 2010
consumption would fall by less than 10% - and so total spending on that product would increase. Technically, the response of consumption to price is asymmetric. This reflects the fact that it is hard to give up an addictive or habit-forming good. The key point to take from this is that although the rise in price will reduce consumption, it will do so by a smaller percentage than the price rises.

7. In theory, increasing the price of alcohol will increase motivation to drink less, particularly in those for whom the price is critical, i.e. young drinkers and the more socially disadvantaged who are overrepresented among excessive drinkers. However, in order for this policy intervention to be meaningful, it is crucial that the minimum price is set at such a level as to have the desired effect on consumption and we look at this critical aspect in the next section.

The level at which such a proposed minimum price should be set and the justification for that level

8. Although the Scottish Government has not specified the level at which the proposed minimum price for a unit of alcohol will be set, 45p per unit was proposed in the previous parliamentary session. If such bold legislation is to be introduced, in order to maximise the achievement of the aims of reducing alcohol consumption and reducing alcohol-related harm, it is imperative that the minimum price is set at such a level that would ensure consumption is reduced by a material extent. Anything less would undermine the rationale and potential effectiveness of the measure. We have therefore taken this opportunity to reiterate the recommendation from our original submission that the Committee should encourage Scottish Ministers to further consider the modelling work with a view to initially setting the minimum price to at least 50p per unit.

9. Once set, it is important that the minimum price and its effect on alcohol consumption is monitored and evaluated. We note from the policy memorandum that consideration is being given to expanding the monitoring and evaluation plan to measure potential short/intermediate responses individuals in different groups make to the introduction of minimum pricing, including identifying any unintended consequences. We very much support this approach and it is important that the Government plans for such studies early, ensuring that funding is made available for them. It is important that the design of the evaluation studies is as robust as possible and this means ensuring that data on sufficient variables is collected so that it is possible to isolate the pure effect of the measure as well as any indirect effects.

10. On the basis of this evaluation and as other relevant data becomes available, legal provision should be made to enable review and variation of the minimum price if this is felt desirable by Ministers, subject to the control of the Scottish Parliament. This appears to be consistent with the process and order making power proposed in s.1 of the Bill.
11. The ScHARR studies that were undertaken in preparation for the original Bill showed that for any particular type of alcoholic drink, there was a price distribution, from low to high (perhaps with price reflecting “quality”). The effect of introducing a minimum price will, in principle, reduce the range of price by raising the lower bound. Whether or not this leads suppliers of higher-quality products to increase their prices, so restoring their “quality premium”, it will certainly lead to an increase in the average price for that type of drink. If it should be the case that for some types of drink the introduction of the minimum price has no impact on the price distribution, then these prices should be unaffected.

An alternative to the simple minimum price

12. As we refer to in paragraph 6, based on the modelling work that has been undertaken, the explanatory notes indicate that minimum pricing will result in estimated increased revenue to the alcohol industry. Scottish society might be concerned about producers and/or suppliers of alcohol making financial gain at the expense of consumers from a measure that is driven by public health considerations.

13. One way to mitigate this would be for the Scottish Government to obtain a share of the increase in the profits of those who produce and/or supply alcohol through taxation. The Scottish Government cannot however do that as specific duties, of which the tax on alcohol is one, are reserved to Westminster. We note from the policy memorandum that the UK Government does not see alcohol duty as a prime tool for addressing problems associated with alcohol consumption. Therefore, in the short term it appears unlikely that alcohol duty and taxation will be employed as a means to reduce levels of consumption.

14. As far as reduction in the consumption of alcohol is concerned, there seems no practical alternative in Scotland to minimum pricing from an economic viewpoint. The Committee could however explore the possibility of using the licensing regime as a means of the state obtaining a share of the increased revenue that the alcohol industry stands to gain. While the licence to sell alcohol is a local tax with revenue accruing to local authorities, if the local licensing authority set the licence fee as a function of sales revenue or profit\(^2\) (currently it is a lump sum type tax and so revenue is not related to sales revenue), it would be able to mimic the effect of the tax with an instrument over which it has power. As this would increase local “tax” receipts, the Scottish Government could offset that by an equivalent reduction in grant-in-aid and would then have additional revenue for spending on public good, including public health interventions aimed at reducing alcohol consumption and alcohol-related harms.

\(^2\) Or some correlated characteristic like floor area or shelf space devoted to alcoholic products.
Emergence of grey markets

15. Grey markets are likely to emerge as the effect of the Bill will be to create a price differential between alcohol in Scotland and alcohol in the rest of the UK. This may take several forms: an increase in internet purchases by individuals; purchases from the nearest retail outlet in an area where the Bill does not apply; or the emergence of agents who purchase large quantities in the low-price area for resale outside of the licensing regime in the high-price one. While the explanatory notes acknowledge the possible emergence of these markets, the impression given is that they are unlikely to have much impact. Ultimately, it is the size of the price differential that will determine the extent to which such markets take hold and this should be borne in mind by the Committee.

16. Of course, if minimum pricing is introduced and the outcome of the evaluation of the measure proves to be positive in terms of reducing the consumption of alcohol and its related harm, we would hope that the other countries in the UK (and in other parts of the world) might be encouraged to introduce the measure. If this were to happen, then the price differential between alcohol sold in Scotland and the rest of the UK would in all likelihood be reduced or perhaps eliminated entirely. In this respect it is important that there is dialogue and open communication between the Scottish and UK Governments.

Compatibility with EU law

17. We recognise that some commentators have raised concerns as to whether the current proposals for a minimum price of alcohol would be compatible with EU law. While the RSE is not in a position to offer a legal opinion, we believe that the justification for the proposed measure must satisfy the following tests:

- A clearly identified health problem exists.
- The problem is specific - though not exclusive - to Scotland.
- The Scottish Parliament considers that action must be taken urgently to deal with the problem.
- Independent and impartial academic/scientific/medical advice, based on evidence, suggests (though it cannot prove) that a minimum price of alcohol would probably have a material effect on counteracting the health problem.
- There is no convincing evidence that a minimum price of alcohol would be likely to restrict equal access to the Scottish market of domestic (i.e. UK) products and products from other EEA member states.

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3 A “black market”.
Minimum pricing as part of a broader strategy for reducing alcohol consumption

18. There is a clear need to improve health education to encourage sensible drinking particularly amongst the young with more explicit reference to the harmful effects of excessive intake through either binge drinking or persistent high cumulative doses. There must be greater insight into the root cause of excessive drinking.

19. If heavy alcohol consumption is socially important, or addictive, by analogy with other addictions, other areas of personal or family expenditure may suffer to ensure continuing access to the addiction. Psychological models of the determinants of behaviour change suggest that while minimum pricing could reduce consumption, pricing alone is not enough and that price changes in isolation may fail to maximise the opportunities offered by legislation of the significance of that proposed. It is therefore essential that minimum pricing is one component of a broader strategy for reducing alcohol consumption and related harm, including targeted approaches as well as population-based interventions. In this context, the Committee may wish to consider the report of the Alcohol Commission which recommended the introduction of a broad national strategy for action on alcohol that focuses on changing the Scottish culture in relation to alcohol and its misuse.

20. The services available to those who wish to reduce their alcohol consumption should be increased (and widely advertised) in association with minimum pricing. This can be done in a variety of ways and need not be enormously expensive. Scotland has already rolled out an Alcohol Brief Intervention (ABI) which health authorities are embedding into routine NHS delivery. In addition it is likely that greater use could be made of other agencies such as NHS 24 health information service and self help programmes delivered by internet.

Additional Information and References

Advice Papers are produced on behalf of RSE Council by an appropriately diverse working group in whose expertise and judgement the Council has confidence. This Advice Paper has been signed off by the General Secretary.

Royal Society of Edinburgh
12 December 2011
Alcohol (Minimum Pricing) (Scotland) Bill

SABMiller

Introduction

1. SABMiller is the UK’s largest listed drinks company with brewing interests in 75 countries across six continents. It is headquartered in London, listed at number 12 within the FTSE 100 index and owns over 200 beer brands. Our UK brands include premium international beers such as Miller Genuine Draft, Peroni Nastro Azzurro, Grolsch and Pilsner Urquell.

2. Scotland is one of our key markets in the UK due to the popularity of one of our premium brands, Miller Genuine Draft. A leading beer in Scotland, Miller Genuine Draft is available in 83%¹ of on-trade premises throughout the country. Another of our brands, Peroni Nastro Azzurro, is also the leading beer in restaurants across the country.

3. SABMiller welcomes this opportunity to submit evidence to the Scottish Parliament Health and Sport Committee on the principle of the Alcohol (Minimum Pricing) (Scotland) Bill.

The Scottish Government’s Approach

4. SABMiller cares about the harmful effects of irresponsible alcohol consumption on individuals and society, and agrees with the Scottish Government’s broad objective to tackle alcohol misuse. However, we do not agree that the approach the Bill outlines is the most effective or proportionate means to address alcohol misuse in Scotland.

5. Alcohol consumption is for adults, and is a matter for individual judgement and accountability. That is why SABMiller supports policies that aggressively target and, where necessary, penalise individuals who engage in irresponsible or illegal drinking and licensees who sell alcohol irresponsibly and illegally.

6. Minimum unit pricing would treat all drinkers the same and thereby penalise – financially and practically – the overwhelming majority of adults who enjoy drinking alcohol, and who do so in a legal and socially-acceptable way, neither causing harm to themselves nor to others.

7. We are concerned that in proposing minimum pricing, the Scottish Government is ignoring the specific attitudes and behaviours that cause a minority of drinkers to engage in the cultural problem of irresponsible or illegal drinking in the first place.

¹ AC Nielsen
8. The Scottish Government’s position also treats all alcohol the same, whereas there are certain types of drinks which have been driving much of the alcohol misuse. This is highlighted in the differences of consumption levels between Scotland and England and Wales.

9. As the Scottish Government’s 2008 alcohol strategy paper found, “the main difference in consumption patterns between Scotland and the rest of Great Britain is the higher consumption of spirits in Scotland.”

10. Despite spirits seemingly contributing to higher overall levels of alcohol consumption in Scotland, the Bill does not differentiate between alcohol categories.

**Minimum Pricing**

11. Minimum prices interfere with the most fundamental aspects of a free market economy. The process of setting minimum prices is predicated on the assumption that raising the price of alcohol will make those who misuse alcohol behave differently.

12. In fact, minimum prices are most likely to impact the drinking behaviour of those adults who enjoy drinking alcohol and who do so in a legal, moderate, and socially-acceptable way.

13. SABMiller commissioned the Centre for Economics and Business Research (CEBR) to conduct analyses of the available research on minimum pricing. The CEBR, having examined the relevant Sheffield University studies utilised by the Scottish Government, concluded that the heaviest drinkers are the least responsive to higher prices.

14. For example, at a minimum unit price of 40 pence, CEBR found that harmful drinkers, which the policy is supposed to be targeting, would reduce their weekly consumption by just 1.7 units per week – less than one pint of weak beer.

   *The policy would increase costs for responsible consumers with little impact on those individuals who drink irresponsibly.*

15. Minimum pricing would cost consumers over £132m in additional expenditure on alcohol.

   *At a time of economic difficulty and rising unemployment the Scottish Government wants to increase the price of a consumer product by around £58 per household per year.*

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3 Their most recent analysis was: CEBR, Minimum Alcohol Pricing: A targeted measure? Report to the Scottish Parliamentary Health and Sport Committee, August 2010.
16. The net impact of minimum pricing on individual consumers – taking into account the higher cost of alcohol beverages, lost utility, and the value of improved health and job prospect etc – would be a cost of £184 million per year.

_The costs borne by the consumer from the introduction of minimum pricing substantially outweigh the financial benefits to wider society._

17. This means that minimum pricing is an incredibly blunt instrument which imposes significant costs across large sections of society, whilst having limited benefits in terms of curbing the excesses of the minority. In short, it will not be effective in achieving the Scottish Government’s aim.

18. CEBR have also highlighted concerns about the methodology of the Sheffield University reports, upon which the Scottish Government relies:

_The definition of a „moderate drinker‟ is very broad, but averages out at 6 units per week. This means that it is inevitable that the modelling shows that moderate drinkers do not see a huge impact on their finances. However the impact on finances of the average drinker of between 10-20 units per week is clearly much greater._

We believe that this allows the Scottish Government disingenuously to claim that minimum pricing will not affect moderate drinkers.

_Unintended consequences_

19. There are numerous instances of Governments from across the world which have attempted to influence irresponsible alcohol consumption through a price mechanism – either through taxation or artificial pricing – which have led to unintended negative consequences.

20. The Scottish Government’s proposals will generate a number of unintended consequences. For example, there could be an increase in cross-border purchasing, both from England, Ireland and the rest of the EU. The retailer, Tesco, has already highlighted that customers in Scotland who order alcohol online will receive deliveries from a distribution point in England, and therefore will be able to benefit from lower price promotions.

21. In addition, in economies where the price of legally produced alcohol is high there are greater levels of illegal production and distribution through an informal market which cannot be regulated in any way by government and is more harmful to consumers.
Legally flawed

22. Since minimum pricing was officially unveiled as a Scottish Government policy proposal, several legal issues have been raised by various organisations. SABMiller asked the leading international law firm Hogan Lovells, a leader in the field of competition and EU law, to assess the legality of the Scottish Government introducing minimum pricing.

23. The introduction of minimum pricing in Scotland is likely to introduce barriers within the EU to the free movement of alcoholic beverages contrary to European law – under Article 28 of the EC Treaty: “Quantitative restrictions on imports and all measures having equivalent effect shall be prohibited between Member States.” The European Court has held that even when a national price control measure (such as minimum pricing) applies without distinction to domestic and imported beverages, that measure remains contrary to European law in situations where imported beverages are placed at a disadvantage, or deprived of a competitive advantage they would otherwise enjoy.

24. It seems most likely that the minimum pricing measures contemplated by the Scottish Government will adversely impact on a number of imported alcoholic beverages in this way, thereby restricting trade between their country of origin and Scotland, contrary to Article 28 of the EC Treaty.

25. Whilst it is possible for measures which affect trade between Member States to be permissible under European law where they pursue a legitimate aim, such as public health (Article 30 EC Treaty), they must be effective in achieving that aim and be the least intrusive means available. For the reasons set out above, the Scottish Government’s proposal is unlikely, in practice, to benefit public health by reducing alcohol harm, and is certainly not the least intrusive means available.

26. We urge the Health Committee to request a copy of the Scottish Government’s legal advice on minimum pricing to satisfy itself that the legislation will not transgress EU competition law.

Lack of detail

27. We note that the Scottish Government has not yet made public the level at which it intends to set the minimum unit price of alcohol, and how that level would be amended in the future. Knowledge of the intended minimum unit price, in particular, will be vital to the Committee if it is to conduct a thorough assessment of the likely impact of the Bill. Therefore, we urge the Committee to seek transparency from the Scottish Government and an early publication of these vital details.
**Alternative Solutions**

28. Instead of seeking to tackle alcohol misuse through artificial pricing, which harms responsible retailers, licensees and consumers, there should be a focus on securing genuine and long-term cultural change.

29. Attitudes towards drinking can be changed without broad restrictions being placed on responsible consumers and businesses. The best example of how this has been achieved is visible in the vast reduction of drink driving which has been achieved through rigorous enforcement and consistent high profile education campaigns.

30. Measures taken should educate consumers, providing them with all the information necessary to make informed decisions about their personal responsibility towards the consumption of alcohol. Tackling harmful drinking patterns will only be effective if people (as well as licensees and retailers) accept their individual responsibility.

**Appendix**

31. Please find attached as an Appendix a copy of the CEBR’s *Report to the Scottish Parliamentary Health and Sport Committee* on minimum pricing, submitted in August 2010.

Kristin Wolfe
Head of Alcohol Policy
SABMiller plc
Minimum Alcohol Pricing: A targeted measure?

Report to the Scottish Parliamentary Health and Sport Committee

Final Report

August 2010
Disclaimer

Whilst every effort has been made to ensure the accuracy of the material in this document, neither centre for economics and business research ltd nor the report’s authors will be liable for any loss or damages incurred through the use of the report.

Authorship and acknowledgements

This report has been produced by cebre, an independent economics and business research consultancy established in 1992. Contributors to the project were Douglas McWilliams (project director) and Benjamin Williamson.

The review has been commissioned by SABMiller plc. Nevertheless, the views expressed herein are those of the authors only and are based upon independent research. The report does not necessarily reflect the views of SABMiller plc.

London, August 2010
Executive summary

This is a second supplementary report to centre for economics and business research’s previous report on Minimum Alcohol Pricing in the United Kingdom: Minimum Alcohol Pricing: A targeted measure? It is an independent review of the case for the introduction of minimum alcohol pricing in Scotland. The report has been produced in the light of the University of Sheffield’s recently updated report¹ and the publication of the Alcohol Bill at the end of November 2009.

Updated Sheffield report for Scotland utilises same methodology as previous work in Scotland and England, and therefore retains the limitations of the previous studies

On 8 July 2010, the Health and Sport Committee of the Scottish Parliament wrote to witnesses who gave oral evidence during the Stage 1 consideration of the Alcohol etc (Scotland) Bill. The Committee noted that it had not been able to test the University of Sheffield’s updated model with witnesses, and therefore invited those witnesses who gave oral evidence on the Bill “to make any further written comments they may have on the revised model-based appraisal”. This review is in response to the invitation.

Our second supplementary report finds that the case for minimum alcohol pricing continues to be unproven. The updated Sheffield report for Scotland suggests that the benefits of the policy are outweighed by the costs. Furthermore, the methodological failings of the initial University of Sheffield research remain and there are key factors that have not been considered. cebr estimates that minimum pricing in Scotland will cost consumers £184 million net per year and impact most heavily on the lowest income groups.

Overall, given that there is no significant change in the way the study was conducted, the same issues that we identified previously are still valid, namely:

- The definition of a ‘moderate drinker’ is very broad, but averages out at 6 units per week. This means that it is inevitable that the modelling shows that moderate drinkers do not see a huge impact on their finances. However the impact on the finances of an average drinker of between 10-20 units per week is clearly much greater;
- The evidence base linking consumption and crime / workplace harms is questionable;
- The report does not actually show that the case for minimum pricing is strong, and is, in fact, even weaker than had previously been suggested;
- The issue still remains that heavier drinkers are likely to be least responsive to price changes overall;

¹ Model-based appraisal of alcohol minimum pricing and off-licensed trade discount bans in Scotland using the Sheffield alcohol policy model (v2) an update based on newly available data ("updated Sheffield report"), April 2010
The report does not consider a number of unintended consequences of minimum pricing, that mean that the case for minimum pricing may be significantly worse than that presented.

**Updated Sheffield report shows that costs to the general public outweigh the benefits of minimum pricing**

Even if the updated results of the University of Sheffield report for Scotland are taken at face value, the projected financial costs to Scottish consumers, along with the reduction in duty and VAT collected by government, are predicted to outweigh the projected private and societal benefits of the proposed policy.

Figure 1: Impact of minimum pricing and discount ban in Scotland, as presented in Sheffield report (£million, discounted value over 10 years)

In addition, as identified in our previous report\(^2\), there are several other factors that should be taken into account when considering the economic and social case for minimum pricing.

\(^2\) Minimum Alcohol Pricing: A targeted measure?, cebr, 2009
Consumers face considerable financial and welfare losses, with relatively few benefits

Taking into account the potential impact of minimum pricing on all drinkers minimum pricing does not make sense. Figure 2 shows that if minimum pricing at 40 pence per unit along with a ban on promotions was introduced in Scotland:

- Consumers would end up paying over £132 million per year more for alcohol products – the equivalent of £58 per household per year
- Consumers would also lose out by the equivalent of an additional £100 million per year in lost utility (satisfaction from drinking)
- The value of benefits of improved health and job prospects for individuals would be only £48 million per year
- This means that the net impact of minimum pricing on individual consumers sums to £184 million per year

Figure 2: Economic impact of minimum pricing on the private consumer, all drinkers, Scotland (£million per annum)

The results presented in the University of Sheffield report for Scotland, and our own analysis of these results, suggest that the value of benefits to wider society from the introduction of alcohol pricing policies are likely to be relatively small. These benefits fall a long way short of the scale of benefits required to justify the policy from an economic perspective.
Crucially, the estimated total savings to wider society are not projected to outweigh the additional costs to moderate drinkers – estimated to be around £44 million per year for minimum pricing at 40 pence per unit along with a ban on promotions - from the introduction of the proposed alcohol pricing policies.

**Minimum pricing hits lowest income groups hardest**

Our analysis shows that the bottom 30 per cent of income levels pay on average 40 pence per unit of alcohol or less, and would therefore be fundamentally affected by the introduction of minimum pricing at 40 pence per unit.
We estimate that the introduction of 40 pence per unit minimum price plus a discount ban would lead to an increase in expenditure of £1.08 per week for the poorest ten per cent of households – around 1.0 per cent of their total income.

Unintended consequences have effectively been ignored in policy assessment

The limited remit against which the University of Sheffield were commissioned by the Scottish Government means that many important considerations with relation to the impact of alcohol pricing policy have effectively been ignored.

These unintended consequences include:

- The impact of ‘cross border’ /internet purchases on Scottish retailers, and the knock-on impacts on employment etc.;
- The fact that the net effect on consumption and therefore harms will inevitably be less than forecast because of the fact that consumers will still be able to choose to purchase alcohol from England perfectly legally;
- The impact on the black market, and policing/crime costs therein;
- The impact on ‘consumer welfare’ from reduction in consumption of alcoholic products;
• The impact on consumers’ ability to purchase other products including essentials such as food, bills and rent, and how this feeds back into health harms, crime and workplace impacts;

• The costs of implementation and enforcement of the policy.

BERR’s guidance on Impact Assessments suggests that ‘government intervention can have unintended consequences, imposing costs and creating economic distortions…these possible effects should be explored when the case for intervention is being considered’. In normal circumstances, we would expect such guidance to be followed before the implementation of policy, but unfortunately this has not yet been done.

It is clear that the introduction of this policy would lead to a number of unintended consequences that have yet to be properly considered or valued by the Scottish Government.
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Minimum Alcohol Pricing: A targeted measure?
1 Introduction

This is the second supplementary report to centre for economics and business research’s previous report on Minimum Alcohol Pricing in the United Kingdom: Minimum Alcohol Pricing: A targeted measure? It is an updated independent review of the case for the introduction of minimum alcohol pricing in Scotland. The report has been updated in the light of the University of Sheffield’s recently updated report 3.

Independent review of minimum alcohol pricing proposals in Scotland

The report represents an independent study of the minimum alcohol pricing policies in Scotland. It has been conducted by the centre for economics and business research ltd (cebr), an independent economics research consultancy founded in 1992. In addition to providing respected regular forecasts of global economic trends, cebr is a leading expert in calculating the potential economic impact of new policies and regulation.

On 8 July 2010, the Health and Sport Committee of the Scottish Parliament wrote to witnesses who gave oral evidence during the Stage 1 consideration of the Alcohol etc (Scotland) Bill. The Committee noted that it had not been able to test the University of Sheffield’s updated model with witnesses, and therefore invited those witnesses who gave oral evidence on the Bill “to make any further written comments they may have on the revised model-based appraisal”. This review is in response to the invitation.

The review has been commissioned by SABMiller plc. Nevertheless, the views expressed herein are those of the authors only and are based upon independent research.

1.1 Structure of this report

The remainder of this report is structured as follows:

- Chapter 2 considers whether the University of Sheffield’s updated modelling suggests that there is a strong case for the introduction of minimum alcohol pricing and a promotions ban in Scotland;

- Chapter 3 considers the impact of minimum pricing and a promotions ban and on the individual consumer and wider society, including the unintended consequence of lost consumer surplus from the introduction of higher alcohol prices and;

- Chapter 4 considers the unintended consequences of minimum pricing not covered by the updated University of Sheffield report

3 Model-based appraisal of alcohol minimum pricing and off-licensed trade discount bans in Scotland using the Sheffield alcohol policy model (v2) an update based on newly available data (“updated Sheffield report”), April 2010
2 Does the updated University of Sheffield modelling suggest that there is a strong case for the introduction of minimum alcohol pricing in Scotland?

2.1 What does the updated report add to the debate?

The University of Sheffield was commissioned by the Scottish Government to update its alcohol policy model based on newly available data.

The updated Sheffield report utilises the same overall methodology as that used in the previous report which covered Scotland and a similar and preceding report which covered England only. However, the previous report on Scotland from September 2009\(^4\) has been updated to reflect newly available data. The key differences are:

- New consumption data based upon the Scottish Health Survey ("SHeS"), the Scottish Schools Adolescent Lifestyle and Substance Use Survey ("SALSUS") for 2008 (the data in the previous report and model relates to 2003 for SHeS and 2006 for SALSUS);

- The Scottish Government has also procured market research data on the 2008/09 price distribution of off-trade alcohol (in terms of ethanol content) in Scotland from The Nielsen Company;

- New mortality data have also become available for 2008;

- Police recorded crime statistics and Scottish Crime and Justice Survey ("SCJS") data are now available for 2008/09

The update provided revised estimates of the effects of current proposals for minimum pricing and prohibition of off-trade discounting. The methodology has not changed since the previous report and the set of policies analysed remains the same as in the original research.

The updated report uses the same price elasticity matrices as the previous Sheffield report, which is based on econometric analysis of England EFS data. This is not a major criticism because elasticities are unlikely to be fundamentally different, although one would imagine that differences in preferences would feed through to different price elasticities.

Broadly, the new results show slightly smaller estimated reductions in total alcohol consumption across the range of policies when compared against the previous Sheffield modelling. This reflects the new data used (from Nielsen) which has a price distribution with marginally less alcohol sold at lower prices than the previous Sheffield report estimated, and therefore, for any of the policies, a slightly lower proportion of the products bought being affected by a minimum price.

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\(^4\) Model-based appraisal of alcohol minimum pricing and off-license trade discount bans in Scotland. A Scottish adaptation of the Sheffield Alcohol Policy Model version 2 ("previous Sheffield report"), September 2009
Overall, given that there is no significant change in either the way the work has been undertaken or the conclusions drawn from the updated results, the same deficiencies that were identified previously are still valid, namely:

- The definition of a ‘moderate drinker’ is very broad, but averages out at 6 units per week. This means that it is inevitable that the modelling shows that moderate drinkers do not see a huge impact on their finances. However the impact on finances of an average drinker of between 10-20 units per week is clearly much greater;
- The evidence base linking consumption and crime/workplace harms is pretty weak;
- The updated report does not actually show that the case for minimum pricing is strong and is, in fact, even weaker than had been suggested in the previous Sheffield report;
- The issue still remains that heavier drinkers are likely to be least responsive to price changes overall.

In addition, as previously identified, the University of Sheffield has only been commissioned to tell part of the overall economic story. There are a number of other wider economic impacts that would normally be considered in a full regulatory impact assessment – these are described more fully in Chapters 3 and 4 of this document.

### 2.2 What does the updated Sheffield report cover?

The latest report by the University of Sheffield makes no recommendations on alcohol pricing policy, but presents the results of updated modelling which identifies a number of potential impacts of different levels of minimum pricing/promotions bans. These include:

- Health impacts of reduced alcohol consumption including reduced illness and death, and an economic valuation of these health impacts;
- Impacts on levels of crime, and the valuation of cost savings from reduced crime both from the personal impacts of crime and the societal costs of policing and justice;
- Impacts on employment and work absence due to reductions in alcohol consumption, and economic valuation of these impacts;
- Additional financial costs to consumers due to higher alcohol prices and;
- Impact of the policy on government duty and VAT receipts.

As we discuss in this report, there are a number of other considerations that should be taken into account in assessing the case for the introduction of minimum alcohol pricing, and we also highlight some potential considerations with the University of Sheffield’s modelling results.
Here we consider whether – even if the results of the report are taken at face value – the updated Sheffield report presents a compelling case for the introduction of minimum alcohol pricing and/or a ban on alcohol promotions in Scotland.

### 2.3 Assessment of Sheffield results

Figure 2.1 presents the headline results as presented in the updated Sheffield report. It shows the aggregated financial impact on all types of drinker (moderate, hazardous, harmful), the impact on government finances due to duty and VAT, and the aggregated benefits to all types of drinker and benefits to wider society. The results presented relate to the discounted costs and benefits over 10 years.

**Figure 2.1: Impact of minimum pricing and discount ban in Scotland, as presented in the updated Sheffield report (£million, discounted value over 10 years)**

As the chart shows, the projected financial costs to Scottish consumers, along with the reduction in duty and VAT collected by government, are predicted to marginally outweigh the projected private and societal benefits of the proposed policy.

Much of the debate about minimum pricing has focused on how little moderate drinkers are financially impacted, to such an extent that one might get the impression that the financial impact of such a policy on ‘hazardous’ and ‘harmful’ drinkers is irrelevant to the assessment of the policy. This is a fundamentally flawed view. Impact assessment of any policy or regulation should take account of all of the costs and benefits accruing to all those that are impacted by the policy.
Therefore, the results presented in the updated Sheffield report do not present a compelling case for the introduction of minimum pricing in Scotland. In fact, they show that overall financial costs to consumers outweigh the projected benefits to consumers and society at large.

As we identified in our previous reports\(^5\), there are several other factors that should be taken into account when considering the economic and social case for minimum pricing. These are explored in the following chapters.

\(^5\) Minimum Alcohol Pricing: A targeted measure?, cebr, 2009
3 Impact of minimum pricing on the individual consumer and wider society

3.1 What do we mean by the individual consumer?

Any policy which impacts both on the individual consumer of a product, and the effects that consumption of the product has on wider society as a whole should be considered from the point of view of both the individual consumer, and from a wider social perspective.

In the case of alcohol consumption and minimum pricing, the aim of the policy is to both reduce the harm that alcohol consumption directly does to individuals in terms of their personal health and resultant quality of life, and in terms of their job prospects. The policy also seeks to address the wider consequences of individuals’ alcohol consumption in terms of their propensity to commit crimes, the costs of treating them on the NHS, and the impacts of their absence from work on business productivity.

Here, we consider the potential benefits of minimum pricing to individuals, and weigh them up against the costs to the individual consumer who would have to pay more for alcohol products.

As we identified in our previous report, the impacts of minimum pricing on individuals can be summarised as follows:

<table>
<thead>
<tr>
<th>Benefits of Minimum Pricing</th>
<th>Costs of Minimum Pricing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Health improvements /reduced risk of death</td>
<td>Increased expenditure</td>
</tr>
<tr>
<td>Higher wages</td>
<td>Lower utility from consumption</td>
</tr>
<tr>
<td>Lower unemployment</td>
<td>Impacts of cross border trade (job losses, reduced sales etc.)</td>
</tr>
</tbody>
</table>

We also consider the extent to which a minimum pricing policy would have unequal impacts across different income groups.

3.2 Differential responsiveness of heavy drinkers to price changes

In our previous reports we have highlighted the apparent inconsistency between the results of the Sheffield modelling – which implied greater responsiveness to price changes amongst heavier drinkers than moderate drinkers – and a range of academic evidence that suggests that heavier drinkers are less responsive to changes in price in terms of their overall alcohol consumption levels.

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The updated Sheffield report for Scotland does not attempt to address this assessment, however the previous Sheffield report did by making three points:

1) Several of the elasticities used in the major meta-study by Wagenaar et al (2008) relate to the frequency or magnitude of heavy episodic drinking (or bingeing) – therefore are not comparable with elasticities that relate to average levels of consumption;

2) The elasticities identified in the study by Manning et al (1995) are based upon a survey of the US population in 1983 and are therefore not relevant to England or Scotland in 2009;

3) The model used in the Sheffield study, with its 256-element elasticity matrix, is far more sophisticated than anything else out there, and is specifically designed to facilitate analysis of substitution between alcohol products and the on/off trade.

None of these are particularly convincing arguments.

On point (1) – there is clearly a direct and strong relationship between frequency and magnitude of drinking binges, and overall mean levels of alcohol consumption – these are not mutually exclusive. This is particularly the case for heavier drinkers. As an example – those drinkers classified as ‘harmful’ in the updated University of Sheffield study consume 72 units per week (65 in the previous study), or ten units per day (nine in the previous study) on average. This implies that most of their alcohol would be consumed in what would be defined as a binge. It must therefore be the case that the elasticity relationships identified with regard to drinking binges are to a large extent applicable to mean levels of alcohol consumption.

On point (2) – it is not clear why relative elasticities for heavy and moderate drinkers in the US in 1983 would not be relevant to England and Scotland today. It is difficult to see why there would be fundamental differences in the relationships.

On point (3) – the point that we made was that the extremely complex model that underpins the study does not give intuitive results under simple test conditions, ie. where all alcohol prices go up at the same rate. The fact that the model considers ‘substitution between beverage types, beverage quality and the on-trade and off-trade’ is completely irrelevant in the case where all products prices go up at the same rate. In addition, CEBR has eighteen years of economic modelling experience, and this has taught us that increased modelling complexity most certainly does not equal increased modelling accuracy.

We completely accept that a model which considers the complex relationships that the Sheffield team has attempted to account for is entirely necessary for the job of considering the impact of minimum alcohol pricing and promotions, but we most certainly do not accept that the fact that the model has been built to this specification means that the model produces robust results.

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7 Section 2.51 of Model based appraisal of alcohol minimum pricing and off-licensed trade discount bans in Scotland, Meier et al, 2009
In addition, it remains the case that the Sheffield team does not appear to have found any academic evidence that strongly supports the results of its modelling. It would be more convincing if substantial evidence existed to support this view.

Finally, the results still appear to contradict the finding in the original University of Sheffield report\(^8\), which calculated ‘aggregate’ alcohol price elasticities of -0.47 for moderate drinkers and -0.21 for hazardous /harmful drinkers.

We welcome the fact that both of the Sheffield reports for Scotland contains sensitivity analyses which use an assumption that heavy drinkers are one-third less responsive than moderate drinkers.

However, the updated Sheffield report for Scotland does not provide any strong evidence to support a change in the overall approach we adopted in our previous reports.

### 3.3 How will minimum pricing affect alcohol consumption?

We have updated our estimates for Scotland based upon the fact that the updated Sheffield report has incorporated more recent alcohol consumption data and market research data on the price distribution of off-trade alcohol.

The charts below present both the Sheffield modelled forecasts of price changes and impacts on consumption levels as a result of various minimum price levels ("Sheffield modelling" in the following charts), and revised estimates based upon the evidence presented in chapters 2 and 4 of our previous report Minimum Alcohol Pricing: A targeted measure? ("cebr estimates" in the following charts).

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Figure 3.1: Estimated change in price / consumption under different pricing policies (moderate drinkers)

Figure 3.2: Estimated change in price / consumption under different pricing policies (hazardous drinkers)
Minimum pricing is likely to have the desired effect of increasing the prices faced by harmful drinkers the most, as on average harmful drinkers consume cheaper alcohol products and consume a higher proportion of their alcohol from the off-trade, compared with hazardous and moderate drinkers. Hazardous drinkers would also face higher price rises than moderate drinkers for the same reasons.

However, the charts also show the extent to which the updated University of Sheffield model appears to overstate the impact of price changes on consumption levels of hazardous and harmful drinkers. For example, a 50 pence per unit minimum price is forecast to increase the average price faced by harmful drinkers by 19.1 per cent. The updated Sheffield modelling suggests that this will result in a reduction in harmful drinkers’ consumption levels by 11.4 per cent. However, given the evidence that harmful drinkers are less responsive to price changes than moderate drinkers, we estimate that harmful drinkers’ consumption levels would only fall by 5.7 per cent. Overall, we would expect minimum pricing at 50 pence per unit to reduce harmful drinkers’ consumption by around 4.1 units per week, and 40 pence per unit would only reduce harmful drinkers’ consumption levels by around 1.7 units per week – less than one pint of weak beer.

On the other hand, moderate drinkers would face an average price increase of 7.3 per cent. The updated Sheffield modelling suggests that this will reduce consumption by just 3.3 per cent, whilst the evidence suggests that the reduction in consumption would be more like 4.6 per cent.

Therefore whilst minimum pricing would have the effect of targeting heavier drinkers due to their preference for cheaper, stronger alcohol products, it is likely to have a similar proportionate effect on moderate and harmful drinkers in terms of consumption levels. The
charts also show that the impact on hazardous drinkers’ consumption levels is likely to be minimal.

3.4 Economic impact of minimum pricing on individual consumers

Using the same methodology as we adopted in our previous reports, we have estimated the private consumer ‘balance sheet’ with regard to minimum pricing and ban on promotions.

Given that the evidence suggests that the University of Sheffield has overstated the impact of price changes on consumption levels of hazardous and harmful drinkers, we present adjusted estimates based upon this.

Figure 3.4 shows the impact of minimum pricing on moderate drinkers. It can be seen that if a minimum price of 40 pence plus promotions ban was implemented in Scotland, moderate drinkers are likely to spend an additional £15 million per year more on alcohol products. We also estimate that lost utility (lost enjoyment) from reducing average consumption by around four per cent for moderate drinkers would constitute an economic loss of around £45 million per annum for moderate drinkers. We estimate that health benefits would be worth just over £16 million per year for moderate drinkers, meaning a net economic loss of just over £44 million per year.

Figure 3.4: Economic impact of minimum pricing on the private consumer, moderate drinkers, Scotland (£million per annum)
Figure 3.5 shows the impact of minimum pricing on hazardous drinkers. It can be seen that the forecast value of private health benefits to hazardous drinkers is likely to be massively outweighed by significant increases in expenditure on alcohol, as well as reductions in utility from reduced consumption. We estimate that if a minimum price of 40 pence plus promotions ban was implemented in Scotland, hazardous drinkers, who consume around 28 units per week on average, would spend an additional £62 million per year on alcohol products – around £73 per person.

Figure 3.5: Economic impact of minimum pricing on the private consumer, hazardous drinkers, Scotland (£million per annum)

Figure 3.6 shows the forecast annual impact of different pricing policies on harmful drinkers in Scotland. It can be seen that even for harmful drinkers, the increased costs in terms of additional expenditure on alcohol products is unlikely to be compensated by improved health and employment prospects. However, it could be argued that the reduced ‘utility’ from reduced alcohol consumption, along with increased expenditure should be excluded altogether from the balance sheet in the case of harmful drinkers, given that in many cases their alcohol consumption is likely to be irrational. But even if ‘utility’ is removed from the equation, it still appears that the financial costs to harmful drinkers would outweigh the benefits.
Taking into account the potential impact of minimum pricing on all drinkers minimum pricing does not make sense. Figure 3.7 shows that if minimum pricing at 40 pence per unit along with a ban on promotions was introduced in Scotland:

- Consumers would end up paying over £132 million per year more for alcohol products – the equivalent of £58 per household per year
- Consumers would also lose out by the equivalent of an additional £100 million per year in lost utility (satisfaction from drinking)
- The value of benefits of improved health and job prospects for individuals would be only £48 million per year
- This means that the net impact of minimum pricing on individual consumers sums to £184 million per year
Figure 3.7: Economic impact of minimum pricing on the private consumer, all drinkers, Scotland (£million per annum)

3.5 Wider societal benefits of minimum pricing

The analysis above shows that the personal benefits to consumers of minimum pricing in Scotland are likely to be outweighed by the costs in terms of direct financial impacts, and lost utility (satisfaction from drinking).

Given this, in order for the proposed policies to represent a good deal from the general public’s perspective, the additional benefits to wider society, beyond those felt by the individual consumer, must outweigh the costs to individuals. Most notably, these benefits include:

- Crime, costs of policing and criminal justice system
- Costs of NHS provision of healthcare
- Wider productivity impacts (eg. absence from work)

The updated University of Sheffield study provides detailed estimates of savings to wider society which could be yielded as a result of minimum alcohol pricing. However as with the impacts on individual consumers outlined in the previous section, these estimates are subject to adjustment based upon the evidence that the University of Sheffield modelling appears to over-estimate the relationship between price and consumption for heavier drinkers. In this chapter we present these estimates.
3.5.1 Estimates of benefits to wider society from alcohol pricing policies

The results presented in the updated Sheffield report for Scotland, and our own analysis of these results, suggest that the value of benefits to wider society from the introduction of alcohol pricing policies are likely to be relatively small. These benefits fall a long way short of the scale of benefits required to justify the policy from an economic perspective.

Figures 3.8 and 3.9 show cebr’s and the University of Sheffield’s updated estimates of the benefits to wider society from the introduction of such alcohol pricing policies in Scotland.

It can be seen that both our estimates and the University of Sheffield’s estimates show that the benefits to wider society from the introduction of minimum pricing are likely to be between £14-16 million per year. Of these benefits, the savings to the NHS are projected to be largest, at between £8-10 million per year. This compares with the reputed cost of alcohol misuse in Scotland of £2.25 billion per year9.

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9 Source: Scottish Government
Figure 3.9: Financial valuation of savings to wider society from minimum pricing, Scotland (£ million per annum) – University of Sheffield estimates

Crucially, the estimated total savings to wider society are not projected to outweigh the additional costs to moderate drinkers – estimated to be around £44 million per year for minimum pricing at 40 pence per unit along with a ban on promotions - from the introduction of the proposed alcohol pricing policies.

### 3.6 Minimum pricing hits lowest income groups hardest

Neither of the two Sheffield reports for Scotland considers the impact of minimum pricing on different income groups, and this is not something we are aware that the Scottish Government has explicitly considered.

We have used a combination of data to estimate the average price paid per unit of alcohol for different income deciles. We combined the following data:

- *Family Spending Report 2009*, which gives expenditure across the full range of household goods and services, including alcohol, by region/country and by income deciles;

- *Updated Sheffield report for Scotland* – which provides reliable data on overall levels of alcohol consumption and expenditure in Scotland;

- *Census 2001* – which provides data on alcohol consumption by income bracket, which we adjusted to align with current levels of alcohol consumption.
Our analysis shows that people at lower income levels drink only a slightly smaller amount than average, but spend significantly less on alcohol products.

Figure 3.9 below shows the extent of the difference in average price paid per unit of alcohol across the income range. It shows that the bottom 30 per cent of income levels pay on average 40 pence per unit of alcohol or less, and would therefore be fundamentally affected by the introduction of minimum pricing at 40 pence per unit.

For the lowest income decile, average price paid per unit of alcohol would increase by at least 52 per cent. For the next lowest income decile, average price paid per unit of alcohol would increase by at least 30 per cent, based upon current average expenditure rates.

**Figure 3.9: Average price paid per unit of alcohol by income decile - Scotland**

This has significant implications for disposable income of the lowest income groups.

Assuming a price elasticity of demand of -0.6 for low income households, the introduction of a 40 pence per unit minimum price is likely to lead to an increase in expenditure of £1.08 per week for the lowest ten per cent of income groups – around 1.0 per cent of their total income.
4 Unintended consequences of minimum pricing not covered by the updated Sheffield report

4.1 Limited remit of Sheffield Reports

The limited remit against which the University of Sheffield were commissioned by the Scottish Government means that many important considerations with relation to the impact of alcohol pricing policy have effectively been ignored.

These unintended consequences include:

- The impact of ‘cross border’ /internet purchases on Scottish retailers, and the knock-on impacts on employment etc.
- The fact that the net effect on consumption and therefore harms will inevitably be less than forecast because of the fact that consumers will still be able to choose to purchase alcohol from England perfectly legally
- The impact on the black market, and policing/crime costs therein
- The impact on ‘consumer welfare’ from reduction in consumption of alcoholic products
- The impact on consumers’ ability to purchase other products including essentials such as food, bills and rent, and how this feeds back into health harms, crime and workplace impacts
- The costs of implementation and enforcement of the policy

Each of these issues are discussed in the remainder of this chapter.

4.2 Impact of cross border / internet purchases

The updated Sheffield report implicitly assumes that the introduction of new alcohol pricing policies in Scotland is effectively done ‘in a bubble’, with consumers having no ability to choose to purchase alcohol products from retailers in England either directly, or through internet purchases. This is not a criticism of the research itself, as the impact of such changes in behaviour is difficult to model, however the fact that this is a difficult area does not mean that there should be no reference to it in the government’s considerations.
4.2.1 Impact on retailers

Evidence on the increase in cross-border purchasing between The Republic of Ireland and Northern Ireland, as a result of the increasing strength of the euro against the pound, shows that shoppers are prepared to travel significant distances to take advantage of price differentials. This evidence suggests that 16% of residents in The Republic of Ireland now choosing to shop in Northern Ireland\(^\text{10}\). Although this example covers the full range of shopping and not just alcohol products, it demonstrates that this is certainly an issue to be considered. In addition, the ‘booze cruise’ phenomenon between England and France is a pertinent example.

A particular issue would be if an internet-based supplier decided to set up premises near the Scottish border, and encouraged bulk purchasing within the border towns and even Glasgow and Edinburgh, where it may be economically viable to undertake mass delivery of alcohol products.

The introduction of minimum pricing and/or a promotions ban in Scotland would certainly put Scottish retailers at a disadvantage against their English counterparts, and may risk job losses. The following points are apparent:

- Minimum pricing at higher price points would increase the prevalence of cross-border purchases, as this would make the price differential between England and Scotland greater

- The impact would be most keenly felt amongst Borders towns

- Internet retailers could potentially sell into large conurbations where the economies of scale of delivery would be most advantageous

4.2.2 Impact on effectiveness of policy

Clearly, if a proportion of Scottish consumers choose to purchase alcohol from English-based retailers, then this will reduce the effectiveness of the pricing policy in terms of its impact on alcohol related harms.

Given this, it is therefore likely that the Scottish Government is underestimating the negative impact on Scottish consumers, and overestimating the potential benefits of the policy to an even greater extent than we suggest in our analysis in chapter 3 of this report.

4.3 Impact on ‘consumer welfare’

In the previous chapter, we demonstrated the extent to which consumer welfare is impacted from the price increases imposed by minimum alcohol pricing and/or promotions bans. This is probably the most significant omission from the University of Sheffield calculations, and

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\(^{10}\) Summary of Cross-Border Alcohol Trade Data UPDATE- October 2009, ABFI
therefore the most significant omission from the Scottish Government’s assessment of the policy.

This omission is acknowledged in paragraph 4.3 of the updated Sheffield report under ‘Areas for future research’:

‘A future economic appraisal could also potentially extend to other exclusions from the current analysis...potential lost benefits (such as transitional costs to parts of industry, or lost consumer surplus)’

As outlined in chapter 3, we estimate this omitted cost to be worth around £100 million per year to Scottish consumers under a 40 pence per unit minimum price plus promotions ban regime.

### 4.4 Impact on consumers’ ability to purchase other products including essentials

As outlined in chapter 3, the introduction of minimum pricing would have a disproportionate impact on lower income groups. We calculate that the introduction of a 40 pence minimum price plus a promotions ban would mean that the lowest income groups end up spending an additional 1.0 per cent of their income on alcohol products. At the margins, this could have potential consequences for consumers’ ability to purchase other essential products such as food, or household bills.

Whilst we are not suggesting that there would be a significant additional cost associated with such issues, there would certainly be an additional cost to consumers on the lowest incomes over and above the pure financial costs.

In addition, the regressive nature of the policy is in itself a relevant consideration. Under BERR’s guidance on Impact Assessments (http://www.berr.gov.uk/files/file44544.pdf) it is clear that where ‘government intervention can have unintended consequences, imposing costs and creating economic distortions...these possible effects should be explored when the case for intervention is being considered’. It is disappointing that the Scottish Government has not followed this guidance.

### 4.5 The cost of implementation and enforcement of the policy

The introduction of this policy could lead to additional costs in the following areas:

- Administrative costs to retailers / producers from implementing and continually checking revised price levels;
- Costs of enforcement, particularly amongst smaller retailers who are likely to find it easier to avoid compliance with the policy without strict enforcement.

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11 Model based appraisal of alcohol minimum pricing and off-licensed trade discount bans in Scotland, Meier et al, 2009
4.6 Conclusions

It is clear that the introduction of this policy would lead to a number of unintended consequences that have yet to be properly considered or valued by the Scottish Government. BERR’s guidance on Impact Assessments suggests that ‘government intervention can have unintended consequences, imposing costs and creating economic distortions… these possible effects should be explored when the case for intervention is being considered’, and in most circumstances we would expect such guidance to be followed before the implementation of policy.
Although I see the logic behind the proposed price-rises, as with all attempts to modify behaviour patterns, there needs to be carrot as well as stick. Better alternatives need to be recognised by the problem drinkers out there for themselves to indulging to excess. The same goes for smoking, obesity, gang-membership, gambling, etc. For many, getting drunk represents the only acceptable life-style. Your dad did it, and his father before him. It was a way of escaping temporarily from the grim reality (of poverty, of a lousy job, of a dad relationship, etc). Reformed alcoholics, drug-addicts, ex-gang-members: they all say the same: it wasn't till I realised there was an alternative to the ultimately miserable life I had chosen that I woke up to a better reality. The key seems to be that the individual has to find this for himself / herself. This does not mean that the State and Services should not help; but it works better when the assistance is more at arm's length - otherwise it is perceived as patronising, and, in the end, the individual will reject it because he / she does not have ownership of the alternative. Reformed alcoholics could be beneficial in this process, because they understand and empathise with the victim. They are not presenting a "We know what's good for you" approach.

The sanction of more expensive booze may help, though the few pence difference in price certainly will not deter the determined drinker. Out of interest, who will collect the extra revenue: the manufacturer or the government? It might be nice to see this more as a tax to be hypothecated towards alcohol-related health costs. But governments of all persuasions dislike using the word "tax" nowadays! One might need to monitor cross-border activity, since the UK government doesn't appear to want to follow suit in this policy. Doubtless there will be attempts by some "entrepreneurs" to overcome paying extra by ordering on the internet, too. Let's see how it goes...

John Sawkins
2 November 2011
General Comments

SAS welcomes the opportunity to contribute to this call for evidence and supports the objective of minimum pricing as one measure to support reduced alcohol consumption. SAS supports minimum pricing as a key element of the wider strategy to improve Scotland’s relationship with alcohol and reduce alcohol consumption.

Alcohol puts significant strain on SAS resources and potentially affects our ability to respond to other medical emergencies, as well as affecting the wellbeing and safety of our staff responding to alcohol related incidences. As many as two-thirds of calls to SAS at the weekend can be alcohol-related, ranging from direct harm to the individual from alcohol, and alcohol-related accidents and violence. The latter is also a considerable challenge and threat to the effectiveness and wellbeing of our front-line staff, with impacts on morale and sickness absence rates.

A reduction in alcohol consumption could also help to mitigate unprecedented increases in emergency demand in recent years. There should be benefits of reduced A&E attendances and general health improvement benefits.

Advantages and disadvantages

In terms of advantages, SAS support the view expressed by the national Violence Reduction Unit that if we reduce the accessibility and availability of alcohol, we will likely reduce violence – as well as reducing the considerable burden on our economy and our health service.

SAS would assume that minimum pricing, if effective in reducing consumption, would therefore also have a positive impact on alcohol related emergencies and hence potentially reduce demand on frontline emergency services. In addition, Scotland has seen an increase in serious liver disease in young people some of which may be attributable to a culture of binge drinking in that age group. SAS envisage that minimum pricing is likely to have a positive impact, directly and indirectly, on binge drinking which could subsequently contribute to reducing the incidence of serious liver disease in young adults.

Minimum pricing may reduce alcohol consumption for those dependent upon it. However individuals might resort to other means to ensure they can still source their needs, i.e. theft. Indeed they may become more reliant on other stimulants such as drugs.

Level at which such a proposed minimum pricing should be set

SAS does not have a particular view on the specific pricing levels, other than the level should be set at some such point where evidence exists of a likely
meaningful impact on consumption. However, SAS supports the views from the BMA and others around the evidence of a strong relationship between price and consumption: as price falls, consumption increases. Alcohol has become progressively more affordable, particularly for off-sales. If heavy drinkers are drinking less, friends and family will notice a positive difference in their lives. If young people are drinking less, they will be less at risk of coming to harm themselves and less likely to disrupt those living in the local area.

Scottish Ambulance Service
12 December 2011
Alcohol (Minimum Pricing) (Scotland) Bill
Scottish Association for Mental Health (SAMH)

1. SAMH

SAMH is a mental health charity which provides an independent voice on all matters of relevance to people with mental health and related problems and delivers direct support to 3000 people through over eighty services across Scotland. SAMH provides direct line-management to respectme (Scotland’s anti-bullying service) and ‘see me’ (Scotland’s anti-stigma campaign).

2. General Comments

SAMH responded to the previous consultation on ‘Changing Scotland’s Relationship with Alcohol’ and the 'Alcohol Etc. (Scotland) Bill'. As a health promoting organisation, we support the introduction of minimum pricing for alcohol and urge politicians of all parties to back the Alcohol (Minimum Pricing) (Scotland) Bill.

However, we also wish to reiterate that minimum pricing should only be seen as part of a wider approach to tackling alcohol misuse. The regulatory measures proposed by this Bill could be very effective, but only if implemented as part of a broader approach which meaningfully addresses the underlying causes and consequences of alcohol misuse.

3. Specific Comments

- The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol

SAMH has been providing specialist services to people with Alcohol Related Brain Damage (ARBD) for a number of years and has considerable expertise in this field. ARBD is a term used to describe the physical injury to the brain sustained as a result of excessive or long-term alcohol consumption. Alcohol can have a profound impact on individuals, families, and our society as a whole, yet few people acknowledge - or are even aware of - how much alcohol they consume and the links between alcohol and mental health.

The introduction of minimum pricing is clearly a divisive and highly emotive issue. We have considered our position on alcohol in light of the experiences of our staff and the people who use our services, as well as the available evidence from around the world pertaining to the correlation between price and alcohol consumption. SAMH believes that there is sufficiently compelling evidence to support the view that as alcohol becomes more affordable, consumption increases, and that as the price increases consumption goes down. Introducing minimum pricing for alcohol could therefore produce substantial social, economic and health benefits for Scotland.
SAMH supports the view that minimum pricing targets alcohol that is sold cheaply and that cheaper alcohol tends to be purchased more by harmful drinkers than moderate drinkers. Therefore, a minimum pricing policy could be seen as a targeted approach. Often the most damaging effects of alcohol are concentrated amongst our most deprived individuals and communities, where alcohol and drugs may be used to temporarily escape personal and social problems. It is also amongst these individuals and communities where mental health problems are to be found in the greatest severity and abundance.

A recent inquiry into suicide by people with mental illness in Scotland uncovered strong links between alcohol and suicide, with more than half of the people who died by suicide identified by inquiry having a history of alcohol misuse.\(^1\) This finding is supported by other retrospective postmortem studies which have found that a substantial proportion (up to 56%) of people who completed suicide met the criteria for alcohol abuse or dependence.\(^2\)

We are clear that minimum pricing by itself will not resolve Scotland’s damaging relationship with alcohol. Some SAMH staff, working with people who would be considered harmful drinkers, have told us that minimum pricing may reduce overall consumption, but they believe it would be insufficient to reduce the alcohol intake of harmful drinkers to within guideline levels. However, any reduction from such high levels of consumption would be positive. It is also the case that minimum pricing may have little effect on the more moderate, but still at-risk drinkers. Regulatory responses to different alcohol products therefore require to be continually reviewed and measures should also target those products which are favored by harmful drinkers.

- **The level at which such a proposed minimum price should be set and the justification for that level**

Transparent evidence should underpin all policy and practice aimed at addressing alcohol misuse in Scotland. SAMH would expect minimum pricing to be set at the level at which the greatest health benefits would be felt by greatest number of people, with particular consideration to patterns of alcohol consumption in Scotland.

- **Other aspects of the Bill**

The introduction of minimum pricing may result in overall increases in revenue from alcohol sales. As such, SAMH believes that a proportion of the resulting monies should be reinvested in alcohol related services and initiatives. There remains a need for investment to support significant improvements in both prevention and treatment services, as well as broader initiatives to transform Scotland’s relationship with alcohol.

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\(^1\) The University of Manchester: The National Confidential Inquiry into Suicide and Homicide by People with Mental Illness: Annual Report: England, Wales, and Scotland, 2011

4. Conclusion

There are strong links between poverty, deprivation, widening inequalities, suicide and problem alcohol use but the picture is complex. It may involve factors such as housing, mental health problems and poor employment opportunities, which are further compounded by a lack of resources.

As such, there can be no one response to alcohol. While regulatory measures will help to reduce alcohol related harm, they will do nothing to address the underlying causes of alcohol consumption unless taken as part of an overarching and comprehensive strategy. Changing Scotland’s relationship with alcohol will require the utilisation of all the mechanisms available to policy makers: controls on availability and marketing, improvements in services, and increased education and awareness.

Scottish Association for Mental Health (SAMH)
12 December 2011
Alcohol (Minimum Pricing) (Scotland) Bill

Scottish Episcopal Church

On behalf of the Church in Society Committee of the Scottish Episcopal Church, I write with a short submission in relation to the general principles of the Alcohol (Minimum Pricing) (Scotland) Bill, which was introduced by the Scottish Government on 31 October 2011.

The Committee seeks to support the principle of minimum pricing for alcohol but within an overall strategy for the reduction of alcohol consumption. Further, the Committee urges the Scottish Government to consider the wider issues involved when developing the Bill in its desire to change the culture of drinking in Scotland.

Our support for the principle of minimum pricing is based on:

- The requirement to reduce consumption and the purchase of alcohol generally in Scottish society;
- The requirement to reduce harm, resulting social problems and the cost to individuals and society caused by excessive consumption of alcohol due among other things to its current low price;
- The hope that a decline in the overall rate of drinking may contribute to cultural change and the current supposition that excessive consumption is acceptable; saving health service resources, increasing economic productivity and offering the benefits of reduced alcohol consumption to all, especially young people.

We consider an overall strategy for the reduction of alcohol consumption requires:

- Continued investment in social and educational programmes to support children, families, parents and young people;
- A direct and positive challenge by government to the existing cultural norms, social attitudes in Scottish society and the peer expectations for young people in relation to alcohol;
- Offering those addicted to alcohol the necessary assistance and guidance for them to find a solution-based focus for improvement;
- Giving proper and direct support and treatment for those who need to reduce alcohol consumption and addiction, in addition to the current voluntary access programmes;
- Aiming legislation to protect children and young people from alcohol advertising by banning alcohol promotion in media targeted for this age group.
On behalf of the SEC, the Committee urges the Government to recognize other concerns as the Bill is considered:

- There is a requirement to ascertain whether a minimum price will have a significant effect on consumption patterns, especially amongst the young and those who consume the most alcohol. Popular “Alcopops” would not increase greatly in price, yet sales volumes may increase.

- Consumers may respond to a rise in the cost of alcohol by purchasing variations: the same amount overall but buying fewer alcoholic products; continuing to buy the same products and increasing their spending; or switching to alternative products. Minimum pricing may lead to a decrease in consumption but an increase in spending for stronger and more hazardous and harmful products.

- Scotland-only minimum pricing may create the climate for a ‘white van trade’ from Carlisle, Berwick and Northern Ireland across border routes with cheaper alcohol being sold in clandestine locations.

- The legitimate trade in alcohol being bought from non-Scottish outlets via telesales and E-sales, even warehoused and distributed in Scotland, may be encouraged reducing any positive effect of minimum pricing in this country.

- The current minimum pricing proposals may ensure Supermarkets gain more from withdrawing alcohol as a “loss leader” to the position of better guaranteed prices and subsequent higher profit.

- Maximum benefit of a minimum price per unit would be greater to the UK as a whole and Scottish society, if it was calculated as a tax to the exchequer rather than profit to the trade in Scotland alone; thereby releasing more funds for the necessary rehabilitation, health and education programmes needed to support those affected by alcohol.

- Minimum pricing may work better in Scotland if it was supported across the UK and in Ireland.

- A rise in the cost of alcohol may be disproportionately felt by those on low incomes and their children, when an increasing amount may be spent on alcohol but less on other household items.

- Minimum pricing may not affect all problematic drinkers equally, for those with greater spending power will be able to adapt without beneficial changes to their alcohol consumption.

Ian Barcroft  
Convener, Church in Society Committee  
Scottish Episcopal Church  
12 December 2011
1. The Scottish Grocers' Federation (SGF) welcomes the opportunity to provide written evidence to the Health and Sport Committee on the Alcohol (Minimum Pricing) (Scotland) Bill.

2. SGF is the trade association for the Scottish Convenience Store Sector. It is the authoritative voice of the Scottish convenience trade with nearly 2,000 stores in membership including groups such as SPAR Scotland, Booker Premier, KeyStore, Nisa, Costcutter, McColl's, the Scottish co-operative and Scotmid, as well as a number of independent retailers including David Sands Ltd and Margiotta Ltd. In total, SGF members employ over 32,000 people across Scotland.

3. SGF members take a responsible approach to retailing alcohol and why we proactively work with the Scottish Government through bodies like the Scottish Government Alcohol Industry Partnership to promote sensible drinking and tackle alcohol related harm. SGF members were, for example, operating a Challenge 25 policy on a voluntary basis several years before the introduction of the 2010 Alcohol Act.

4. SGF recognises the harmful relationship which some Scots have with alcohol and the detrimental social and economic impact irresponsible levels of drinking can have. Nevertheless, we are also cognisant that over the last five years there have been some welcome signs of improvement.

5. Alcohol related deaths, for example, declined by 15 percent over the last five years, with 2010 showing the second lowest recorded rate for the last decade, whilst alcohol related hospital discharges also declined between 2007/08 and 2009/10. Between 2007 and 2010 there was a decline in the number of alcoholic products, across six alcohol groups except wine, being sold below a unit price of 45p.

6. We also note the fact that since the introduction of an alcohol duty escalator in 2008 by the UK Government, duty on alcoholic products has risen by 2% in real-terms each year since then. The Institute for Fiscal Studies argue that “assuming current plans for 2% real increases to continue up to 2014 are fully implemented, real beer duty in 2014 will be
higher than at any time since at least 1982, wine duty will reach levels last seen in 1983 and spirit duty at levels last seen in 2000.\textsuperscript{4}

7. Nevertheless, despite some of these more positive trends we understand the Scottish Government’s desire to do more to curb the excesses of those who abuse alcohol. We also understand that the parliamentary arithmetic is such that the Minimum Unit Pricing Bill will become law. However, SGF would like to detail some of our concerns with the legislation.

Impact on low-income and moderate consumers

8. As retailers we, perhaps more than most, witness on a daily basis the financial pressures on households across Scotland. It is reflected in the choices consumers make and in the profitability of our businesses. That is why we found it regrettable that little attempt was made to model the impact of minimum unit pricing (MUP) on different income groups when it was proposed as part of the 2010 Alcohol Bill. The Sheffield study failed to do this adequately and little attempt, to our knowledge, has been made by the Scottish Government to establish this subsequently.

9. SGF is concerned that MUP will be a regressive measure which will disproportionately penalise those on lower incomes and the moderate consumer.

10. The Office of National Statistics, for instance, shows that those on the lowest incomes spend, on average, a greater proportion of their weekly budget on off-sales alcohol than those on higher incomes.\textsuperscript{5} The Institute for Fiscal Studies, for example, argued in a recent report that "a minimum price would have a larger effect on low-income households." Indeed, the report continued, "Our figures suggest that at 45p a minimum price would directly affect the vast majority of off-licence consumers."\textsuperscript{6}

11. The same research showed that those on higher incomes, although more likely to purchase higher quantities of alcohol, will also spend more per unit than those on lower incomes. This is problematic from an MUP perspective for two reasons.

12. Firstly, those on higher incomes are least likely to be affected by a moderate minimum price, for instance 45p, due to the fact that they consume higher quantities of more expensive alcohol.

13. Secondly, as the Scottish Government’s own research shows, those on the highest incomes - who can more easily absorb price increases

\textsuperscript{4} Ibid, Pgs. 13-14
\textsuperscript{5} Office for National Statistics, Family Spending Survey 2009
\textsuperscript{6} Leicester, A., (2011), Alcohol pricing and taxation policies, IFS Briefing Note BN 124, Institute for Fiscal Studies, Pg.35
through MUP - have a greater propensity for exceeding the healthy drinking guidelines than lower income consumers.\(^7\)

14. We are also profoundly concerned that MUP will be anathema to the concept of a ‘free market’ of which competitive pricing is the keystone. It is our view that when Government starts to intervene in the market a range of unintended and undesirable outcomes can result. For instance, MUP will remove the price advantage of the own-brand product vis-à-vis the brand leader. This could result in own-brand products being de-listed, or at least ceasing to offer the price advantage on which the lower income consumer is reliant. Either way, this will reduce choice for customers and create a considerable loss of business for the producers involved.

The impact on SGF members

15. We have a number of concerns with regards to the impact MUP will have on our members.

16. Firstly, we would expect that some producers would take the opportunity under MUP to increase their prices to trade in order to benefit from the increased revenue determined by retail price increases. This will erode any expected financial gain for smaller and independent retailers which have less bargaining power with producers than, for example, supermarkets.

17. Secondly, whilst we accept that MUP may introduce more of a ‘level playing field’ on price between convenience stores and larger supermarkets, we do note the findings of research which shows that larger multiples will make more of a financial gain under MUP due to their greater propensity to sell more alcohol below 45p per minimum unit price than many of our members.

18. We also believe that the supermarkets could employ a range of compensatory measures with which our members cannot compete. For instance, some of the larger multiples have already proven, for example, how easy it is for them to circumvent the will of the 2010 Alcohol Act by advertising that they can still offer multi-buy deals, illegal in Scotland, by delivering them straight from a warehouse in England to the consumer’s door.

19. We believe that this pattern of behaviour will only be exacerbated by minimum unit prices with more consumers buying in bulk online. Indeed, there was a 55 percent increase in UK online alcohol sales between April 2010 and April 2011.\(^8\) With more consumers becoming well-versed in online shopping we believe that this consequence of MUP should not be underestimated.

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\(^8\) IMRG/Capgemini e-retail Sales Index, May 2011
20. Thirdly, we are also concerned about the impact MUP will have on retailers situated close to the border with England. Some retailers have already started to report a loss in business from cross-border trade resulting from the 2010 Alcohol Act. Minimum pricing will only serve to further undermine these businesses.

21. Fourthly, we are concerned about the prospect of increased incidences of retail crime and violent behaviour towards our members as a result of minimum unit pricing. We noted the comments of Dr Laura Williamson, a Welcome Trust Research Fellow at Glasgow Caledonian University’s Institute for Applied Health Research, who stated in The Sunday Times that: “If minimum pricing helps ‘denormalise’ alcohol and changes our drinking culture, those who struggle with alcohol may find it easier to avoid drinking, but no one is really sure of that...The alcohol-dependent often choose cheaper, high-alcohol drinks that will be hit by minimum unit pricing and it is not clear whether they will reduce or stop their drinking because prices go up or if they will find other ways to access alcohol, such as theft or turn to other substances.”

22. For SGF members, retail crime is a very real and serious issue and as the gatekeepers to alcoholic products, and often delivery agents of government policy, we believe that this is an issue which should be considered when proceeding with the Bill.

23. Finally, we believe that any discussion of a ‘windfall’ for retailers through minimum pricing should be tempered vis-à-vis convenience stores by the points we have raised above and through an acknowledgement that the Cabinet Secretary, Nicola Sturgeon, has put on public record her desire to use the Social Responsibility Levy to claw back any extra profits arising from the legislation.

The legality of the policy

24. We note with concern the large and growing body of opinion which raises questions over the legality of MUP under EU law.

25. Most recently, the Parliamentary Under Secretary of State for Public Health, Anne Milton MP, questioned the legality of MUP in evidence to the House of Commons Science and Technology Committee stating: “Our advice is that in itself it is probably illegal as it contravenes European free trade legislation. I know that Scotland is thinking about introducing it. They will be challenged and that will clarify the law. Our advice is that that is illegal.”

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9 On 10th Nov 2010, during the Stage 3 Debate of the Alcohol etc. (Scotland) Bill the Cabinet Secretary stated: “…we suggested that we work together to use the social responsibility levy to claw back increased revenue for reinvestment in our services.”

26. Anne Milton has not been alone in her observations about the legality of the policy. Organisations like the Scotch Whisky Association have pointed to legal precedence within the case history of the European Court of Justice which would suggest that minimum unit pricing could be open to legal challenge and there are a number of academic sources which all question the legality of implementing a minimum unit price for alcohol.11

27. It is our view and the view of our members that whilst there are such a number of concerns being raised about implementing a minimum unit price for alcohol it would be advisable for the Scottish Government to make their legal advice public in order to provide more reassurance of the compliance of the legislation with EU law and other international trade agreements.

Concluding remarks

28. SGF is uncomfortable with any policy which seeks to modify behaviour through price changes alone, not least because this policy seems to abdicate individuals from any sense of responsibility about how much they consume.

29. We are sceptical about the extent to which this policy will have a positive impact on those who are addicted to alcohol and to those who over consume on higher incomes. We believe that it is problematic that such a narrow approach has been taken, an approach we would suggest which singularly fails to account for a range of other variables, such as wealth, addiction, education and culture. It is these intervening variables which can undermine claims that there is a direct causal link between price, consumption and harm.

SGF would welcome the opportunity to provide oral evidence to the Health and Sports Committee. If you require any further information please do not hesitate to contact either John Drummond or David Martin.

David Martin
Public Affairs Adviser
Scottish Grocers’ Federation
7 December 2011

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Alcohol (Minimum Pricing) (Scotland) Bill
Scottish Health Action on Alcohol Problems (SHAAP)

Key point summary

- Alcohol consumption and harm in Scotland are at historically high levels. Although rates have stabilised over the past few years, alcohol-related mortality is currently three times higher than the early 1980s and hospital admissions are more than four times higher.

- Consumption and harm in Scotland has increased as alcohol has become more affordable and supermarket pricing practices have greatly expanded the supply of cheap alcohol.

- Extensive evidence indicates that pricing controls targeted at the cheapest alcohol products in the cheapest retail setting can deliver significant health and social benefits.

- Minimum pricing selectively raises the price of the cheapest alcohol. A 45p minimum price is estimated to reduce the consumption of harmful drinkers by 7.9 per cent, leading to 2,000 fewer hospital admissions and 1,600 fewer criminal offences a year.

- A number of unintended consequences or perceived disadvantages of a minimum pricing policy have been highlighted. The weight of evidence however strongly indicates that the benefits of alcohol minimum pricing will far outweigh any disadvantages.

- Minimum pricing for alcohol is specifically aimed at tackling the high burden of alcohol-related harm that Scotland is currently experiencing. It is a not a revenue-raising measure. If government wishes to raise revenue then it has other means at its disposal for this purpose. The proposed public health levy on large multiple retailers that sell alcohol and cigarettes is one such mechanism.

- Support for minimum pricing is growing across the world. It is ‘a solution whose time has come’.

1. Introduction

1.1 From the mid-1990s to mid-2000s, Scotland experienced one of the fastest growing liver cirrhosis mortality rates in the world. This precipitous rise was attributed to our increased alcohol consumption. Over the past 50 years, the amount of alcohol consumed in the UK has nearly doubled from 5.7 litres of pure alcohol per head (16+) in 1960, to 10.7 litres in 2009. As alcohol consumption has increased, so has the disease burden and social problems related to alcohol. Although levels of consumption and harm in Scotland have stabilised over the past few years, they remain at historically high levels. Today alcohol-related mortality is currently three
times higher than it was in the early 1980s, and alcohol-related hospital admissions are more than four times higher.¹

1.2 Harmful alcohol use can be reduced if effective actions are taken by governments and policy-makers to protect their populations. A substantial scientific knowledge base exists for policy-makers on which interventions are likely to be successful in preventing and reducing alcohol-related harm and those which are not. Repeated empirical research findings demonstrate that one of the most effective and cost-effective ways for society to moderate alcohol consumption and minimise alcohol-related harm is by regulating the price of alcohol.

1.3 Minimum pricing is a tool along with taxation for regulating the price of alcohol. Evidence indicates that pricing controls that are specifically targeted at the cheapest alcohol products in the cheapest retail setting can deliver significant health and social benefits. As yet minimum pricing for alcohol has not been widely implemented, but support for the measure is growing. The Global Strategy to Reduce Harmful Alcohol Use, adopted by consensus at the World Health Assembly in 2010, includes minimum pricing amongst actions countries should consider to reduce alcohol-related harm. Guidance on preventing the development of harmful drinking published by the National Institute for Health and Clinical Excellence in 2010 concluded that there was ‘extensive evidence’ to justify the introduction of a minimum price per unit in the UK. Within Scotland the measure has been widely supported by the police, directors of public health and social work, children’s charities, church representatives and other civil society organisations and actors.

1.4 Minimum pricing is not a panacea or a silver bullet. No-one has ever claimed that it was. However, as part of a comprehensive alcohol strategy, it serves as a vital public health safeguard against the easy availability of cheap alcohol that has proved so detrimental to our health and well-being. It is, as recently stated by the former Chief Medical Officer Sir Liam Donaldson for England, ‘a solution whose time has come’.²

2. Advantages of establishing a minimum retail price for alcohol based on a unit of alcohol

2.1 The main advantage of establishing a minimum retail price for alcohol is that there is compelling evidence to suggest that it will work to reduce harm. A strong correlation exists between the increased affordability of alcohol in Scotland/UK and rising consumption and harm. Lower production costs and cheap supermarket alcohol combined with rising disposable incomes has made alcohol 44 per cent more affordable than 30 years ago.³ Establishing a minimum price for a unit of alcohol is a tool for tackling affordability that specifically works to moderate and prevent some of the problematic alcohol pricing practices that have greatly expanded the supply of cheap alcohol. These include below-cost selling, loss-leading and extensive price discounting.

2.2. Evidence supporting the effectiveness of minimum pricing

Although minimum pricing is a relatively new form of pricing control for alcohol, the evidence underpinning its efficacy in reducing alcohol consumption and harm is not. The most recent meta-analysis of 112 studies of the tax/price-consumption relationship found beverage alcohol prices and taxes significantly related to drinking.
including heavy drinking. If the empirical evidence consistently demonstrates that an increase in the price of alcohol leads to a reduction in overall consumption, then there are strong grounds for assuming that an increase in the price of the cheapest alcohol will lead to a reduction in the amount of consumption linked to cheap alcohol.

2.3 Sheffield University tested this assumption in its modelling research for the Scottish Government. Using the most comprehensive Scottish data available on alcohol sales, expenditure and consumption, as well as statistical information on a range of alcohol-related harms, the study modelled the impact of a number of different minimum pricing and discount-ban scenarios. The findings show that establishing a minimum price is likely to be associated with a reduction in consumption and harms attributable to alcohol. A minimum price of 45p per unit of alcohol for example is estimated to reduce the consumption of harmful drinkers in Scotland by 7.9%, leading to 2,000 fewer hospital admissions and 1,600 fewer criminal offences per year.

2.4 New research from Canada supports the findings of the Sheffield study and provides the first empirical evidence of the effectiveness of minimum pricing as a means of controlling alcohol consumption. Minimum pricing has existed in eight out of ten Canadian provinces for decades; however its impact on alcohol consumption has only recently been evaluated. Initial results of a three-year study by Professor Tim Stockwell from the Centre for Addictions research in Victoria, Canada find minimum pricing associated with a reduction in consumption in the two provinces examined. Further work is being undertaken to assess the impact of minimum pricing in reducing alcohol-related problems.

2.5 A targeted policy measure

All alcohol pricing controls impact most on those who drink the most. However, minimum pricing is seen to be a particularly well-targeted intervention as cheaper alcohol tends to be bought by more harmful drinkers. It is estimated that 64% of low cost alcohol (below 40p a unit) is drunk by men and women consuming more than 50/35 units weekly. If the price of the cheapest alcohol goes up, we can expect the consumption of harmful drinkers to fall.

2.6 Legality of minimum pricing

Both UK competition law and EU free trade law allow for the setting of a minimum price for the retail sale of alcohol by a government or public authority for public health purposes. Article 30 of the EC Treaty states that restrictions on the free movement of goods (that a minimum pricing regime may bring into effect) can be justified if implemented on the grounds of public policy and the protection of health, providing such restrictions are shown to be proportionate and necessary and are not a disguised trade barrier. The European Court of Justice has accepted the right of member states to use pricing measures to control consumption and harm for public health objectives. It is also a matter of “settled case-law” that when considering compliance with the principle of proportionality in the field of public health, member states “enjoy wide discretion” in determining the level at which they would like to protect public health.

2.7 Reference has been made by the Scotch Whisky Association (SWA) to a previous ruling by the European Court on minimum prices for spirits in the
Netherlands, which the court found to be unlawful. It should be noted, however, that the imposition of a fixed minimum price in this case was not for reasons of protecting public health or public order, and the court therefore made no determination on the validity of using minimum pricing for alcohol to achieve public health objectives in this case.

2.8 Using taxation to achieve a minimum price?

It has been suggested that alcohol taxation can be used instead to achieve a minimum price for alcohol. However, it is difficult to replicate the effect of a minimum price using taxation. It is not possible under the current EU-controlled duty regime to tax cheaper alcohol products more than expensive ones. Using taxation to achieve a minimum price that the evidence indicates would reduce harm would require a duty increase on all products by 300 per cent or more. Excise duty for alcohol in Europe is not structured and is rarely applied to address public health concerns about excessive alcohol consumption. The prospect of there being any change to the duty regime in the foreseeable future is unlikely.

2.9 Minimum pricing per unit of alcohol by contrast is a measure that is specifically aimed at tackling the high burden of alcohol-related harm that Scotland is experiencing now. It selectively raises the price of the cheapest alcohol products and the evidence indicates that this may be a more effective approach for reducing the consumption of harmful drinkers than an overall price increase (Fig 1).

Figure 1

3. Perceived disadvantages or unintended consequences of establishing a minimum retail price for alcohol

3.1 Public policies are concerned with advancing collective benefit, but are likely to have a range of impacts on individuals, groups or vested interests within society. It is rare for any policy to achieve its aims precisely without there being any unintended consequences. Part of the policy-making process involves weighing up the benefits of a particular policy against the costs and making an overall assessment of the value of the policy to society. In relation to minimum pricing a number of unintended
consequences or perceived disadvantages of the policy have been highlighted. These include the impact on moderate drinkers, poorer communities, the Scotch whisky trade, cross border/illegal/and internet sales. Each of these points is considered below. It should be noted that many of the benefits of public policy are not easily captured in tangible terms: the value of a human life for instance; or the hope of growing up in a home free from the strain of harmful parental drinking; or living in a community that is not blighted by alcohol-related social disorder. Nevertheless, even using a narrow cost/benefit analysis approach to assessing the impact of minimum pricing, the weight of evidence strongly suggests that the benefits of minimum pricing will far outweigh any disadvantages.

3.2 Impact on moderate drinkers

An argument made against minimum pricing is that it will ‘punish’ responsible drinkers. However, it may be worthwhile asking the question of who speaks for moderate drinkers? Surveys of public opinion repeatedly show that non-drinkers and moderate drinkers are more in favour of regulatory controls on the price and availability of alcohol than heavier drinkers.\textsuperscript{11} \textsuperscript{12} \textsuperscript{13}

3.3 The effect of minimum pricing on moderate drinkers in Scotland will be marginal. Moderate drinkers (18+) in Scotland consume an average of six units of alcohol a week. It is estimated that the extra cost to a moderate drinker of a minimum price of 40/50p combined with an off-trade discount ban is £10/15 per year, or 19/29p a week. Alcohol misuse costs every adult in Scotland £900 a year.\textsuperscript{14}

3.4 Impact on poorer communities

Poorer populations and communities in Scotland experience a disproportionately greater burden of alcohol-related harm. In 2009, people living in the most deprived areas were 7.5 times more likely to be hospitalised and 6 times more likely to die from an alcohol-related condition than those in the least deprived areas. Harmful alcohol use not only damages people’s health, it can have a devastating impact on families and communities, compromising both individual and societal development.

3.5 There are clear health and social benefits in reducing harmful consumption in deprived communities both for individual drinkers and the community as a whole. Analysis of drinking patterns shows that people living in the lowest income groups are the most likely to drink at very heavy levels and this may in part explain the significantly higher alcohol-related morbidity and mortality rates. However, analysis also demonstrates that around 80 per cent of the lowest income quintile either does not drink or drinks moderately, and of those who drink moderately few drink near the maximum recommended weekly limit (average consumption 4.9 units a week).\textsuperscript{15} This analysis demonstrates that harmful drinkers in deprived communities will be most affected by minimum pricing. As a greater percentage of people in the lowest income quintile abstain or drink moderately, they will be less affected.

3.6 Impact on Scotch whisky trade

Around 90 per cent of Scotch whisky is exported from Scotland. As minimum pricing will only apply to alcohol beverages sold in Scotland, more than 90 per cent of Scotch whisky production will be unaffected by the measure. Of the alcohol sold in Scotland in 2010, malt whisky accounted for a negligible proportion of the amount
that retailed below 45p a unit, and blended whisky accounted for less than wine, beer or vodka (Fig 2).16

3.7 The SWA asserts that the introduction of minimum pricing in Scotland will impact on its ability to sell alcohol abroad. However, this claim is not borne out by the facts. Since 2008 there have been five increases in the UK alcohol duty on spirits as well as a VAT rise and during that entire period the Scotch whisky industry has reported year on year record profits on whisky exports.

3.8 Although the Scotch whisky trade generates jobs and income for Scotland, excessive alcohol consumption acts as a break on Scotland’s overall productivity. The cost of alcohol misuse to the productive capacity of the Scottish economy is estimated at £865 million per year.

Figure 2

![Off-trades sales below 45p in Scotland 2010](image)

3.9 Cross-border and illegal sales

The introduction of minimum pricing may result in people travelling to England to take advantage of cheaper alcohol being sold there, but the numbers involved are likely to be small. The cost in petrol of travelling from most localities in Scotland will be far greater than the amount of money that could possibly be saved on the purchase of cheaper alcohol. Sales by unlicensed vendors of alcohol purchased of in England— the so-called ‘white van man’ trade - may increase and should be monitored. However, the prospect of the white van trade being able to replace in volume terms the amount of cheap alcohol currently sold through big multiple retailers and therefore undermining the effectiveness of minimum pricing is not a credible one.

3.10 Internet sales

Internet sales are rising across the UK from a low base, but remain less than 10 per cent of the total retail market. Online alcohol sales represent a fraction of total alcohol sales – less than 5 per cent in 2008.17 Again, the prospect of internet alcohol sales replacing in full the amount of alcohol sold from traditional outlets subsequent to the introduction of a minimum is unlikely, particularly in the case of vulnerable drinkers. Internet purchasing requires a degree of planning and organisation that is
not that evident in a range of drinking behaviours and purchasing patterns associated with alcohol.

4. **Level at which minimum pricing should be set**

4.1 A minimum price should be set at a level the evidence indicates will reduce the burden of harm from alcohol use. Setting an appropriate level requires an analysis of the alcohol market, consumption and expenditure patterns and health and crime data. Modelling work undertaken by Sheffield University has estimated the effects of different minimum prices on alcohol consumption and harm in Scotland and this work is currently being updated. Previous estimates indicated that a minimum price of 40p per unit of alcohol and upwards would deliver significant health and social benefits. Once established, a minimum price would need to be reviewed on a regular basis to ensure its value and therefore its effectiveness in moderating consumption and minimising harm was maintained. It is unlikely to be appropriate to specify what the minimum price should be in primary legislation.

Petrina Macnaughton  
Project Officer  
Scottish Health Action on Alcohol Problems  
9 December 2011

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Alcohol (Minimum Pricing) (Scotland) Bill

Scottish Medical and Scientific Advisory Committee

SMASAC, comprising Specialty Advisers to the Chief Medical Officer across Scotland, considers the principles behind the Bill as being sound. The concept is laudable and strongly to be supported.

SMASAC, and in particular liver specialists, are increasingly aware of the burden of liver disease predominately related to alcohol. In Scotland the total number of alcohol related discharges has increased over the last ten years (an overall increase of approximately 17%), however there has been a greater and unprecedented increase in hospital admissions attributable to alcoholic liver disease. Between 2001 and 2010 there has been a 56% increase in total with a 63% increase in female admissions with alcoholic liver disease and a 53% increase amongst males (figures from Alcohol Information Scotland). Whilst the number of alcohol-attributable deaths in Scotland is alarming (1 in 20 deaths in 2003), the number of patients with a diagnosis of alcoholic liver disease is particularly concerning. Alcohol related harm and alcoholic liver disease in particular disproportionately affect patients in the most deprived areas of Scotland. Mortality of liver disease in Scotland is now approximately double that in England, Wales and Northern Ireland.

Figure N2M
Mortality from chronic liver disease, including cirrhosis, age standardised rates among men aged 15-74 years
Scotland in context of the UK
Compiled by ScotPHO. Source data: WHOSIS (Dec 2004) & GRO(S)

Data from David Leon 'Scottish Mortality in a European Context'

In a European setting, mortality from chronic liver disease in Scotland exceeds that from traditionally high-mortality nations such as Poland and Hungary.

While not all of the rise in liver disease in Scotland can be attributed to alcohol, there is no doubt that alcohol has been a significant contributor to liver disease in Scotland both as a co-factor for other diseases and in its own right. Health care interventions such as liver disease services and liver transplantation cannot cope with the burden of alcohol related liver disease and the requirement for changing culture is much greater and more likely to offer success than putting additional resource into healthcare support. (This is not to say that healthcare does not require additional support.)
Minimum Pricing

There is an argument rehearsed that having a minimum pricing policy for alcohol in Scotland is likely to fail because the level of alcohol associated liver disease is higher in Scotland than in England in spite of alcohol pricing being broadly similar. This argument should not be a reason to do nothing and the problem of alcohol overuse needs to be tackled on a broad front of social policy and health education. This Bill would therefore represent just one of a number of social and health education measures designed to target alcohol overuse in Scotland.

The arguments in favour of minimum pricing of alcohol have been stated fully by several medical bodies including the Royal College of Physicians of Edinburgh and the Scottish Health Action on Alcohol Problems Group. There is a clear correlation between the affordability of alcohol and its ingestion and subsequent alcohol related harm. The number of hospital admissions with alcohol related hepatitis for example correlates very strongly with alcohol affordability.

There is now a large body of scientific evidence particularly from the University of Sheffield which has estimated the impact of such a policy on drinking behaviour. Whilst it should be recognised that the adoption of a minimum pricing policy is relatively untested, that is not a reason not to explore this policy through legislation. The cost, both financial and for society, of not addressing this problem is too great.

The exact level of a proposed minimum price is ultimately a political decision. The Sheffield University study has estimated the effect of a range of minimum prices of levels of health and social harm on Scotland. It was estimated that a minimum price of 40p would lead to a fall in consumption by 2.7%, a minimum price of 45p a fall in consumption by 4.7%, a minimum price of 50p leading to a fall by 7.2% and a minimum price of 55p leading to a fall in consumption by 10%. The estimate is that a 40p minimum price would reduce hospital admission by 3,600 per year and a 50p minimum price by 8,900 respectively. The greatest impact of any minimum pricing would be upon harmful drinkers and a 40p minimum price is the least that should be considered to have any significant impact upon Scotland’s health in the longer term.

Concerns

The only concern SMASAC might have regarding the minimum pricing strategy would be the potential for unintended consequences. These could include an increase in a “black market” of alcohol distribution or possibly the relative increased affordability of illicit drugs as an alternative to alcohol. However such possible consequences are very difficult to quantify. The relative benefits of a minimum pricing strategy, particularly with regard to a reduction in alcohol related liver disease, would likely far outweigh these potential disadvantages or adverse consequences.

Alcohol is linked to violence, domestic and child abuse. By limiting access to
alcohol through pricing there could likely be an effect to reduce these problems. However there is a risk in low income families that an alcohol addicted parent may not be willing to reduce intake after price increase and there may be a risk of increasing real child poverty levels as parents may spend less proportionately of their income on food and family essentials.

Too much focus on alcohol pricing may also distract from other very important issues in the area of alcohol related health concerns. It would be an ideal opportunity if funds generated from this measure could be directed to developing services for people of all ages with alcohol problems. Development of a clear strategy for helping this client group should be given priority. For Children and young people a strategy to improve leisure and educational opportunities more broadly would further support them in keeping away from alcohol.

It is not quite clear whether there would be additional revenue generated from a minimum pricing policy. If this was the case then, as mentioned above, it seems reasonable to expect that a fair proportion of this revenue should be directed to education and healthcare services supporting the burden of alcohol related disease.

There are also concerns that major supermarket retailers may have the option to bypass this bill through online sales. Measures should be taken or assurances should be made to try to prevent this from happening. Retailers ought to share the burden of responsibility for alcohol sales and enter into the spirit of this Bill which is aimed at encouraging a responsible attitude to alcohol.

**Conclusion**

In conclusion, SMASAC is in agreement with the move towards minimum pricing for units of alcohol. It is established through evidence that price affects access to alcohol and that higher price will limit access. This is particularly the case for children and young people. It is currently possible for them to purchase dangerous amounts of low-cost alcohol for pocket money prices. This raises child protection concerns. Alcohol is currently cheaper and more accessible than other leisure activities. The minimum pricing of alcohol would likely have wide ranging social and medical benefits. All evidence would suggest a significant reduction in alcohol related harm and in particular SMASAC would expect a significant reduction in alcohol related liver disease.

Scotland’s stance on minimum pricing of alcohol is viewed with some envy. This is a vital initiative. It is a forward thinking Public Health policy which is fully supported by health professionals working with alcohol related disease.

SMASAC is grateful for the opportunity to comment on this Bill.

Scottish Medical and Scientific Advisory Committee
12 December 2011
Dear Committee Member

**Alcohol (Minimum Pricing) (Scotland) Bill**

Thank you for the opportunity to comment on the above Bill. I have circulated the Bill and accompanying documentation to members of our Joint Central Committee and what follows is a summary of their views. The Joint Central Committee represents the 17,500 constables, sergeants, inspectors and chief inspectors of the Scottish Police Service.

The 2010/11 Scottish Crime and Justice Survey found that victims perceived the offender to have been under the influence of alcohol in 63% of violent crimes. Our members report that excessive consumption of alcohol is a regularly observed factor in all types of crime and antisocial behaviour and dealing with drunken individuals can often be time consuming, difficult and dangerous.

The Scottish Police Federation supports this Bill. It has no firm view on the proposed minimum price or other aspects of the Bill.

Yours sincerely

Calum Steele

*General Secretary*
Alcohol (Minimum Pricing) (Scotland) Bill

Scottish Retail Consortium

Introduction

1. The SRC represents the broad spectrum of Scottish retailing, from large multiples and department stores to smaller independents, selling a wide selection of food and non-food items through many types of outlet. Retailers employ c£239,000 people in Scotland, about 9% of the workforce, and total Scottish retail turnover is estimated at £25bn per annum.

2. Official data put the value of Scottish off-licence sales of alcohol at c£1.5bn in 2009¹, about 6% of the £25bn figure above – though this is an artificially high percentage as unlike most other retail sales it includes a substantial element of excise duty. The corresponding on-trade figure was £2.2bn¹. There were over 6,000 off-licence premises in 2007, 37% of Scotland’s 17,000 total number of licensed outlets². Most grocery stores sell alcohol as part of their offering.

General comments

3. Retailers take their social responsibilities extremely seriously, and have been at the forefront of efforts to tackle alcohol misuse. SRC members led the industry in tackling under-age drinking, with the introduction of the ‘Challenge 25’ scheme well before it recently became mandatory across the licensed trade under the Alcohol etc (Scotland) Act 2010. The scheme has already made a substantial impact on consumers as well as on retail staff, and should be allowed time to prove its effectiveness.

4. Retailers have been extremely active in promoting consistent messages on responsible drinking. They were the first sector to complete the roll-out of unit information and the agreed advice from the Chief Medical Officer on their products. They have supported this through information on their web sites and at point of sale. Retailers contribute around one-third of the Drinkaware Trust’s £5m trade income, as well as their large in-kind contribution through promotion of the Trust’s campaigns and materials. They have also been active in helping to address alcohol misuse at local level through the establishment of Community Alcohol Partnerships. Finally, retailers have been extensively involved in Scotland’s Alcohol Awareness Week and many other relevant initiatives, including the Scottish Government Alcohol Industry Partnership.

¹ http://www.alcoholinformation.isdscotland.org/alcohol_misuse/files/alcohol_stats_bulletin_2011_updated_110413.pdf, Table 2.7
- Note: These numbers of licensed premises are believed to have reduced following the implementation in 2009 of the Licensing (Scotland) Act 2005
5. Retailers across Scotland, large and small, have recently invested millions of pounds implementing the requirements of the Licensing (Scotland) Act 2005 and the Alcohol etc (Scotland) Act 2010. The standards and procedures for compliance, including staff training, in reputable retail outlets have been exceptionally high. The SRC would suggest that the Scottish Government evaluates the effectiveness of these initiatives, both voluntary and regulatory, and all of them focussed on the retail/supply side of alcohol, before introducing new legislation. On top of this legislation, the Scottish Government is currently also proposing in its draft Budget to impose an unjustified and discriminatory new tax costing £110m over 3 years on large retailers of both alcohol and tobacco.

6. The SRC recognises the need to tackle alcohol abuse and that retailers have a role to play in that, alongside the Government and citizens. We believe, however, that action needs to be targeted and disagree with the general principle of the Scottish Government’s Framework on Alcohol which is, avowedly, ‘to adopt a whole population approach’³. Whilst recognising the seriousness of alcohol-related harm, it is clear from the Government’s own statistics that the clear majority of Scots enjoy alcohol within sensible weekly guidelines. Minimum pricing penalises those who are drinking responsibly, with a particular disproportionate effect on responsible low-income consumers (as the Institute for Fiscal Studies (IFS) found in its recent research briefing⁴ on the subject) and shoppers on a tight budget. In an economic context in which households are more stretched than for many years by falling real incomes and rising costs, it has to be questioned whether average consumers will support this measure once the price of the weekly shopping basket is further raised.

7. Targeted interventions against alcohol misuse; targeted enforcement of existing law (specifically the Licensing Act 2005 and Alcohol Act 2010, the impact of which is not yet known or taken into account); a much-increased emphasis on test purchasing; and the use of education, information, campaigning and partnership working to help produce cultural change, represent the approaches to which retailers are committed, and which will work. The retail sector has pioneered further UK-wide alternatives, such as those led by the Wine & Spirit Trade Association’s Retail of Alcohol Standards Group, including involvement in Community Alcohol Partnerships and initiatives under the Westminster Department of Health’s Responsibility Deal.

Minimum pricing

8. Arguments for and against minimum pricing have been much debated. The basis of the SRC’s opposition is that it is an unfair and untargeted measure, penalising the majority of responsible drinkers. Despite the perception of possible increased revenues from introduction of the policy, retailers do not believe that price is or should be the principal factor in

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³ Changing Scotland’s Relationship with Alcohol, February 2009, para. 11
tackling alcohol abuse. The sector’s test for this proposal is simply whether it will work, whether it is sufficiently targeted and whether it is legal.

9. It is accepted that since the 1980s alcohol has become more affordable relative to earnings. However, most other consumer products have also become more affordable as average incomes have exceeded price rises. Therefore it is very difficult to control prices to keep up with earnings and, if this were done, it automatically discriminates against lower earners. Furthermore, median earnings are comparatively lower in Scotland than the rest of the UK\(^5\). So alcohol is relatively less affordable here, countering assertions that Scotland’s apparently greater alcohol misuse problem is caused by affordability.

10. The link between price and the level of irresponsible alcohol consumption is not straightforward. The UK has among the highest duties in Europe, but some countries with significantly lower duties and prices also have much lower consumption. Looking within the UK, Scottish Government data suggest that the average alcohol unit price in Scotland is almost identical to that in England & Wales\(^6\). Until the recent implementation of the Alcohol Act 2010, promotions have also been generally the same. Yet alcohol-related harm appears higher in Scotland than in England. It again follows that the underlying Scottish causes are cultural factors other than price or promotion.

11. The same data also show that a clear trend from on- to off-sales in 2005-9 did not correlate to any rise in overall consumption per head\(^6\). This period is a counter-example to those who often say that recent consumer trends towards the off-trade ‘fuel’ increased overall consumption.

12. If the link between price and irresponsible drinking is examined, the main area of debate over the likely effectiveness of minimum pricing is then to what extent those drinking at hazardous or harmful levels will change their pattern of behaviour in the face of relatively modest price rises (for example, the Business & Regulatory Impact Assessment estimates the extra cost to harmful\(^7\) drinkers at 45p per unit to be £116 per annum – £2.23 per week – and says that this will cause them to reduce their consumption by 7.9%). The SRC notes that minimum pricing will have little effect on the night-time on-trade economy where prices would generally fall above the minimum, and that sections of the on-trade have stated their support for minimum pricing.

13. The SRC is concerned by approaches which distort the market between Scotland and the rest of the UK. It is inevitable that imposing this measure in Scotland will result in a significant added incentive to cross-border and

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\(^7\) Defined as >50 units per week for men and >35 units per week for women
online trade, undermining the effectiveness of the measure and the UK single market, and damaging the Scottish retail sector and economy.

14. When the promotional restrictions in the Alcohol Act 2010 were recently implemented on 1 October 2010, commentators remarked that online retailers ‘got round’ the Act with promotions and deliveries to Scottish customers from England. Supermarkets were again specifically criticised despite there being many other internet-based retailers of alcohol with similar promotions. This type of online retail is not new and is a continuation of an existing marketplace. It is compliant with, not ‘evading’, all applicable legislation. During the passage of the Alcohol Bill, many business organisations consistently pointed out that applying restrictions only to licensed off-trade retailers in Scotland would not affect online retailers, and would therefore give a further incentive to Scottish consumers to purchase online, undermining the objectives and taking trade away from Scottish-based retailers. It is surprising that advocates of the new Bill argue that this experience demonstrates all the more reason why minimum pricing is needed. It will have exactly the same flaws, only to an even greater extent, and will significantly compound the online competitive advantage.

15. The Bill’s Business & Regulatory Impact Assessment is very weak on this point about online sales, noting simply that ‘the Scottish Government is aware of this possible purchasing route but considers that the type of alcohol that will be largely affected by a minimum pricing policy is not routinely purchased through the internet’\(^8\). This complacency ignores the rapid growth of distance sales via personal computers and smartphones, and it appears that little or no rigorous analysis in this area has been undertaken.

16. Legitimate concern about cross-border and online effects has been consistently under-estimated and dismissed by the Scottish Government. On this general theme, the SRC also notes the very recent comments of the Welsh First Minister: ‘As regards alcohol pricing, the major problem – and this will be a problem in Scotland – is that if you have different prices either side of the border, people will just cross the border to buy alcohol on the other side. This will be a problem in Scotland if they proceed with their policy on alcohol pricing’.\(^9\) Some relevant evidence on cross-border effects is available from the introduction of the EU Single Market in the 1990s, and also from stores in Northern Ireland close to the border with the Irish Republic.

17. While SRC queries the link between price and irresponsible consumption and therefore does not support duty rises either, its general view is that if the state is going to intervene in the pricing mechanism, excise duty

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\(^9\) National Assembly for Wales, First Minister's Questions, 29 November 2011
applied on a UK-wide basis, together with a ban on sales below tax\textsuperscript{10}, would be preferable to minimum pricing as a means to do so. The IFS recently arrived at a similar conclusion\textsuperscript{11}. Duty is more flexible than a fixed price per unit for all alcohol, and can be targeted at different products depending on different perceived health, social or economic objectives. Alcohol excise duties raised £9.5bn for the Exchequer in 2010/11\textsuperscript{12} (with VAT on that alcohol providing further revenue). If a duty rise were to create additional revenue – a hypothesis which would be carefully modelled and checked by Treasury statisticians – then at least that money would accrue to the Exchequer for public services, rather than creating any further suggestion that it would be ‘pocketed’ by retailers. It would also avoid some of the competitive distortions to the UK single market and, in the current very challenging economic climate, the unwelcome and unnecessary additional burdens on business which a separate minimum pricing scheme would cause. Incidentally, any proposals for Scotland-only alcohol taxes should be resisted as they would likewise distort the market and undermine Scottish retailers by driving trade online and to England.

18. All price-based measures or tax increases add to incentives for smuggling and the black market. There is already a significant level of duty evasion (recently estimated by HMRC at 3% of the UK market for spirits\textsuperscript{13} and a similar, although uncertain, percentage of the beer market – HMRC give no figures for other alcohol). Illicit supplies are sometimes counterfeit, and often associated with organised crime, but are afforded competitive advantage if legitimate prices increase.

19. Minimum pricing and other pricing or tax interventions penalise, and potentially alienate, the majority of responsible consumers as well as those drinking too much. Unlike the other education and enforcement alternatives, they do not narrowly target problem consumption or irresponsible retailing. The recent IFS research found that 71% of all off-licence units of alcohol retailed for less than 45p in 2010, and that a minimum price at that level would cost at least £1 per week on average for households drinking 7 or more off-licence units per adult per week\textsuperscript{14}. One of the fundamental tenets of better regulation is that legislation should be targeted at the problem which it is aiming to solve. The Scottish Government has argued that minimum pricing is a targeted approach, but the SRC remains unconvinced that it is the most targeted approach which could be devised.

20. To the SRC’s knowledge, no other product with potentially harmful consequences if misused has in recent UK history had minimum pricing applied. Why is it the cure for society’s relationship with alcohol when it

\textsuperscript{10} The Westminster Government intends to introduce such a ban from April 2012, but in England & Wales only – SRC likewise questions why it does not cover the whole UK as a matter of reserved UK competition/sales law
\textsuperscript{11} See footnote 4 above
\textsuperscript{12} http://www.hmrc.gov.uk/about/annual-report-accounts-1011.pdf
\textsuperscript{13} http://www.hmrc.gov.uk/stats/mtg-2011.pdf
\textsuperscript{14} See footnote 4 above
has not been considered for tobacco, for example? It would set a bad precedent for state price controls over other products where government decided to intervene in the market to limit consumption.

21. The Financial Memorandum, and Business & Regulatory Impact Assessment, accompanying the Bill, give estimates of increased revenues to the alcohol trade which could result from the introduction of minimum pricing at various levels. A general comment is that the modelling undertaken by or on behalf of the Scottish Government is by its nature theoretical and does not necessarily take account of all the real complexities of the market and the ways in which both consumers could switch their spending habits, and individual companies would model their own business plans, in response to the changed market dynamics which would follow the enactment of the Bill. Some questionable figures have been quoted in the media as representing a substantial ‘annual windfall for big supermarkets’. Yet smaller retailers who sell products below the minimum price will also be affected, as well as brand owners who will benefit, rather than retailers, in the likely scenario that consumers will switch to their products. The official modelling suggests that there could be significant additional revenues to the on-trade as well the off-trade. As already noted, the modelling ignores any likely shift to online and cross-border shopping.

22. Minimum pricing squeezes out budget brands, distorting competition and the market, and reducing consumer choice. Retailers strongly refute the equation by some Government representatives of value with poor quality: the category includes many own-brand products, sought by cost-conscious shoppers. Own-brand is especially important to grocery retail members of SRC as most, if not all, have own-brand products.

23. Limiting the market for own-brand products will reduce competition between brands – competition which drives wider benefits for consumers including in quality, variety, sustainability and labelling information. It could also effectively create a barrier to new entrants, in that it will be significantly more difficult for them to enter a market dominated by established, entrenched brands if they are unable to compete on price – again reducing consumer choice.

24. Currently, the way in which competition law severely constrains retailers from deciding not to compete with each other on price (or promotion) does not appear to be well understood by the supporters of minimum pricing, who often also criticise retailers. Millions of people enjoy finding quality, choice, promotions and good value when they go shopping, whether for alcohol or anything else; and most then consume the products they buy sensibly and over a period of time. Despite the tough economic climate, retailers have been trying harder than ever to meet customer expectations and help consumers through the deepest recession for many years. Several have continued to create new employment and to invest substantially in Scotland. Increased efforts to stock Scottish products, such as whiskies, and regional ales, should also be mentioned.
25. The Scottish Government has not demonstrated the legality of minimum pricing under UK/EU/WTO competition rules. If retailers themselves were to be involved in any way in suggesting or setting a minimum price, except in the unlikely event that each company did so unilaterally, it would be called a cartel and those involved prosecuted for price-fixing. Government may seek to invoke a public interest exemption, but SRC's general understanding is that it would need to show that there were no alternatives (eg within the framework of excise duty) which were not more proportionate and less anti-competitive. The SRC notes that the UK Government has recently stated that its advice is that minimum pricing is illegal\textsuperscript{15}.

26. Finally, the SRC is disappointed that the Scottish Government has dropped its commitment in the Bill to a statutory post-implementation review and ‘sunset clause’ for minimum pricing.

Ian Shearer
Interim Director
Scottish Retail Consortium
12 December 2011

\textsuperscript{15} ‘Our advice is that that in itself is probably illegal as it contravenes European free trade legislation. I know that Scotland is thinking about introducing it. They will be challenged and that will clarify the law. Our advice is that that is illegal’ – Anne Milton MP, Parliamentary Under Secretary of State for Health at the House of Commons Science & Technology Committee, 26 October 2011
Alcohol (Minimum Pricing) (Scotland) Bill

Scottish Women’s Convention

Background

The purpose of the Scottish Women’s Convention (SWC) is to communicate and consult with women in Scotland to influence public policy. Through the Convention’s policy work, roundtable and celebratory events the SWC strives to have contact with women and relevant organisations. The SWC aims to provide an effective way of consulting with a diverse range of women in Scotland.

The Scottish Women’s Convention has a network of over 300,000 women throughout Scotland.

Introduction

The Scottish Women’s Convention engages with women using numerous communications channels including Roadshow events throughout Scotland, Thematic Conferences and regional contact groups.

Discussions with women reveal the majority are in agreement that overall Scotland’s relationship with alcohol is problematic and challenging. Most also concur that the misuse of alcohol in our society is having a detrimental impact on our economy, health and overall societal wellbeing.

Reactions as to how this should be tackled by the Scottish Government do nevertheless generate a greater variation in opinion. This submission paper reflects the diversity of views provided by the women consulted by the SWC.

Opening Comments

The SWC welcomes, in principle, the Scottish Government’s commitment to tackle the issues initially set out in the 2009 Framework for Action – Changing Scotland’s Relationship with Alcohol. The SWC also fully acknowledges evidence available in the public domain which highlights the seriousness of the problem in Scotland.

The SWC response to the previous consultation undertaken by the Health and Sports Committee re the Alcohol Etc. (Scotland) Bill in January 2010 underlines our position in respect of a number of overarching challenges confronting Scottish society, public services and policymakers in tackling alcohol misuse. The following submission reiterates and expands on this view, specifically with regards to minimum pricing.
The Advantages and Disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol?

Advantages

- The expected aim of the proposed legislation is to reduce alcohol consumption in Scotland. If successful, it may assist public services by a reduction in alcohol fuelled antisocial behaviour and decreasing the impact of alcohol misuse on health services.

- The practice of “frontloading”, where individuals consume cheaper alcohol from off sales premises to drink at home before going on to on to clubs or pubs, might be reduced by enforcement of a minimum price per unit.

- Setting a minimum price will influence the price of cheaper alcohol drinks such as own brand spirits etc. This could have a beneficial influence on reducing the culture of binge drinking, particularly amongst underage groups. Women express concern that young people who are disposed to “getting drunk” are able to buy alcoholic beverages cheaper than equivalent volumes of soft drinks or water.

Disadvantages

- Lower wage earners who consume alcohol responsibly may be unfairly penalised.

- There is no one single policy measure that on its own will solve the problems associated with harmful drinking.

- The focus on minimum pricing may be seen as an insufficient measure if applied in isolation. Women indicate that price mechanisms by themselves will fail to deter harmful drinkers. A package of other measures, including a concerted campaign to address social and cultural patterns of behaviour, is thought to be as imperative.

- Opinions are mixed regarding the potential increased profit margins a minimum price could provide to retailers. Apart from a slight increase in VAT, the increased revenue will remain within the industry. Many women see this as counterproductive as it will not increase funding for public services to support alcohol related issues.

- Women suggest, within both rural and urban communities, that it is becoming easier to acquire alternative stimulants or intoxicating substances. Imposing a minimum price on alcohol could potentially divert individuals towards illegal drug use.

- Retailer promotions which provide alcohol as part of the deal are providing mixed messages to the public. Powerful marketing promotions are thought
to have the potential to neutralise any positive aspects of minimum pricing.

- Women suggest that penalising all consumers for the attitudes and actions of harmful drinkers is ‘an easy option’. It has been suggested that drinkers will continue to ‘find the money to drink’ even with a suggested minimum of around 45p per unit. Money may be diverted from household budget to the detriment of children and overall family wellbeing.

**The level at which such a proposed minimum price should be set and the justification for that level**

The SWC does not believe we have sufficient evidence to comment on what level of minimum price would produce optimum results. Input from a wide range of stakeholders should be considered together with commissioned academic research. If a minimum price is imposed by legislation the SWC believes a review period will allow for impact assessment evaluation.

**Any other aspects of the Bill**

There is a tendency among policymakers to confuse ‘symptoms and causes’ when discussing alcohol related issues. If Scotland is to successfully tackle problems in its relationship with alcohol, there must be resources provided to support communities and individuals dealing with the associated issues as well as legislation. A lack of affordable and available social alternatives can exacerbate dependence relationships.

Imposing minimum prices may be a worthy initiative. Nevertheless, education about responsible drinking is vital to support a long term social change. It must not be assumed that those misusing alcohol are predominantly those living in social or economic exclusion.

If you require further information or copies of this report please contact Isabelle Lannon.

Isabelle Lannon  
Policy Officer  
Scottish Women's Convention  
9 December 2011
Alcohol (Minimum Pricing) (Scotland) Bill

Silverton and Overtoun Community Council

At our recent Community Council meeting, we discussed the general principles of minimum pricing for alcohol.

In Dumbarton we have the usual problems of alcohol abuse – association with crime, domestic abuse, anti-social behaviour, drink driving offences, litter, addiction leading to ill-health, retail abuse of alcohol licensing law, and a diversion of domestic/family income to fund alcohol consumption. We have no evidence that Dumbarton is worse than anywhere else, but it seems reasonable, from anecdotal evidence, that our problems are similar to other towns.

A majority of our councillors would see the main advantage of a minimum alcohol price per unit as a deterrent to alcohol abuse, especially among those least able to afford the cost and those most likely to abuse alcohol. We would support the view that many of the problems outlined above would be reduced if alcohol was more expensive.

Our community council was not unanimous in this view. One disadvantage voiced was that those people really determined to obtain alcohol would not be deterred by an increase in price. They might be even more likely to resort to crime, or spending income to the detriment of their families.

Several people also voiced the opinion that minimum pricing would penalise responsible and moderate drinkers, but a majority felt that this was a price that responsible people should be willing to pay to reduce the over-all harm done by alcohol abuse.

We agreed with the unit price of 45p suggested in the draft Bill.

Rose Harvie
Secretary
Silverton and Overtoun Community Council
14 November 2011
1. Introduction

1.1 The South Ayrshire Alcohol and Drug Partnership (ADP) is grateful for the opportunity to comment on the above Bill.

We note that the main purpose of the Bill is to introduce a minimum price of alcohol below which alcohol must not be sold on licensed premises. The minimum price will be set according to strength of alcohol, the volume of the alcohol and the minimum price per unit.

We further note that responses have been invited on:

- the advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol;
- the level at which such a proposed minimum price should be set and the justification for that level; and
- any other aspects of the Bill.

2. South Ayrshire Alcohol and Drug Partnership response

2.1 Alcohol Related Harm in Ayrshire

In Ayrshire and Arran, more than 150 people die each year directly as a result of alcohol such as through alcohol-related cirrhosis, with a similar number indirectly attributable. For example, 20% of breast cancer deaths are linked to alcohol. There are more than 4000 acute hospital discharges with a diagnosis directly attributable to alcohol, more than 1000 of which are in South Ayrshire.

There is clear evidence that health related harms and deaths occur up to seven times more frequently in people from the most deprived communities than in those from more affluent areas. In Ayrshire and Arran, our GPs have identified a five fold difference in the occurrence of alcohol abuse or alcohol dependence between the most and least affluent areas.

In South Ayrshire, drinking in public remains a high priority for Strathclyde Police and in 2008/09 accounted for 23% of all disorder crimes. Youth Disorder remains one of the most common complaints with under age drinking and rowdy behaviour accounting for 62% of all cases reported.

The South Ayrshire ADP is aware that minimum pricing has not been tested widely, however, given this picture and scale of the problem we face, we are of the belief that any effort aimed at reducing consumption
across the population is worthy of consideration. We also recognise the international evidence that tackling price can help effectively address the problems associated with alcohol misuse as part of a wider package of measures. We are therefore supportive of the Bill.

The South Ayrshire Community Planning Partnership Board, at its meeting of 29 November 2011, gave its endorsement to the ADP’s position.

2.2 The Advantages and Disadvantages of Establishing a Minimum Alcohol Sales Price Based on a Unit of Alcohol

South Ayrshire ADP is in favour of establishing a minimum sales price for alcohol as an integral part of further measures effecting greater control on the availability and promotion of alcohol.

We are convinced that there is sufficient evidence to indicate that the consumption of alcohol is directly related to its price and that the societal costs of alcohol, in terms of the damage to health, social harm and criminal justice elements, have now reached such significant levels that more measures to control consumption are required.

Further, we are encouraged by emerging evidence from Canada which demonstrates a link between price and consumption in areas undertaking minimum pricing schemes. Preliminary findings from the evaluation carried out by Professor Tim Stockwell at the Centre for Addictions Research in British Columbia indicates that there was a reduction in consumption which was consistent with the price set in the two provinces included in the study (i.e. the greater the increase in price the greater the reduction in consumption).

In the absence of powers to control price through taxation - the conventional manner in which this is executed with income generated being retained within Government spending - controls through minimum pricing appear sensible. It is recognised that minimum pricing per unit will result in increased revenue for the retailer, which will offset any drop in sales and can be considered worthwhile for the greater societal benefit achieved through the overall reduction in consumption.

Price per unit is considered by South Ayrshire ADP to be the most appropriate mechanism through which this can be delivered since it relates the strength of an alcoholic beverage to the cost. We would also advocate that the price should be index linked to ensure that minimum pricing keeps up with inflation.

Evidence indicates that people drinking at harmful and dependent levels tend to purchase the alcohol that provides most units for least expenditure and therefore will benefit most from an increase in unit pricing. Minimum pricing is also likely to impact positively on young
people who also favour cheaper drinks. In addition, a reduction in the frequency of front or pre-loading is likely, since the younger drinkers who tend to indulge in this practice will not have the same price incentive to purchase from off sales premises and commence drinking at home or outdoors before concluding the drinking session intoxicated within an on-trade licensed premises. This evidence is also supported by Professor Stockwell's findings.

2.3 The Level at Which Such a Proposed Minimum Price Should be Set and the Justification For That Level

The South Ayrshire ADP is of the view that there requires to be a significant increase in the price of the lowest cost per unit types of alcohol in order to have a significant impact on consumption and ultimately health and social outcomes.

Research indicates that the average price of alcohol is £1.31 per unit in bars, pubs, clubs, restaurants and hotels and 43p per unit in the off-trade. However, more concerning is that, in the off-trade, 59% of vodka is sold at less than 35p per unit and 26% of cider sold at less than 20p per unit.

The ADP recognises the work currently being undertaken by the University of Sheffield to update its modelling work on minimum pricing in line with 2010 Scottish Health Survey findings. However it is our view that, in order to achieve the greatest reduction in consumption, the cost per unit of off-sales alcohol requires to be brought as close to that of on-sales licensed premises as possible.

2.9 Any Other Aspects of the Bill

Efforts to raise awareness in relation to units and recommended limits have had little effect in reducing consumption or in keeping consumption levels within recommended limits. More radical action to reduce the amount of alcohol consumed by the whole population is required and the South Ayrshire ADP is supportive of the Scottish Government in its efforts to introduce minimum pricing is one potential way of achieving this.

There is a need, however to continue to see this Bill as a part of a wider set of measures to address alcohol harm.

Central to this is cultural change around drinking patterns, excessive consumption and associated behaviours (sexual activity, tobacco and illicit substance use, antisocial behaviour and crime). There is a need to reinforce a collective sense of responsibility for changing Scotland’s alcohol culture beyond the drinks industry and licence trade in order to change underlying cultural norms. The power of community involvement and activism in bringing about ownership and lasting change in our communities and the need to acknowledge, develop and
grow the skills, knowledge and assets of communities to take this forward requires to be a central element in the Scottish Government’s strategy and is an underpinning ethos of South Ayrshire’s Alcohol and Drugs Strategy.

In addition, evidence from the World Health Organisation (2003) also demonstrates that restricting availability of alcohol through age restrictions and reducing outlet density would also be effective measures and this requires to be a key priority.

There are also a number of opportunities that do not currently sit within The Scottish Parliament’s remit to legislate. These include the power of taxation of alcohol and the control of its advertising and promotion and, in particular, a reduction in indirect advertisement through the restriction and tighter control of alcohol product placement in the media. The South Ayrshire ADP would urge the Scottish Parliament to press the UK Government to act to address these areas where there is good evidence that raising taxes and applying mandatory restrictions on advertising reduces consumption of alcohol.

The Licensing (Scotland) Act 2005 has already enhanced the controls on alcohol in on-sales premises through amendments to promotions, tighter controls on licensing hours and mandatory server training. This was welcomed as evidence indicates that those with effective stewarding and server training in place will have fewer problems. Current powers are also available to Licensing Boards and Police in relation to known premises associated with frequent disturbances.

In principle, the ADP is supportive of the introduction of a Social Responsibility Levy provided for in the Alcohol etc (Scotland) Bill. However, as off-sales have not been constrained by legislation there is a risk that by placing too great an emphasis on the social responsibility of pubs and clubs this will result in them unfairly being held responsible for behaviour resulting from pre/front loading of alcohol purchased from off licence premises.

As part of a wider package of measures such as these, it is our view that action on minimum pricing will have a significant impact on reducing consumption and ultimately alcohol related harm in our communities.

Faye Murfet
Coordinator
South Ayrshire Alcohol and Drug Partnership
12 December 2011
Alcohol (Minimum Pricing) (Scotland) Bill

South Ayrshire Council

South Ayrshire Licensing Board continues to be concerned regarding the extremely worrying statistics provided by the Health Board regarding the instances of alcohol related problems within the South Ayrshire area. Indeed alcohol related hospital discharges within South Ayrshire are statistically significantly worse than Scottish average. The Board supports the principle of minimum pricing as proposed by the Bill. It accepts that the introduction of minimum pricing will not of itself solve Scotland’s problems with alcohol; nevertheless, it is a useful tool in combating alcohol abuse.

The Board considers that minimum pricing will have a greater effect on off sales than on sales. It considers that this is appropriate since there is now such a high volume of alcohol sold through off sales premises (At least 68% of alcohol sold is sold through off sales according to statistics provided to the Board).

The Board would also welcome further consideration of legislation regarding the question of the caffeine content of alcoholic drinks.

Valerie Andrews
Head of Legal and Administration
South Ayrshire Council
12 December 2011
South Ayrshire Licensing Forum is in support of the proposal of minimum pricing as described by the Bill.

Our members are concerned by the information and statistics provided to us by the Health Board and by the constant press and television reports which highlight Scotland’s poor relationship with alcohol.

We note that there is currently greater regulation of on sales than off sales and welcome the introduction of minimum pricing but recognise that more needs to be done to tackle the increasing problem.

In relation to an actual figure for the minimum price, we understand that 45p per unit was previously mentioned and the Forum feels this would be a good starting point. We would be concerned if the minimum price were to rise as high as 70p as we feel that even with the high (and ever rising) fuel costs it would then be worthwhile for people to travel outwith Scotland and purchase the alcohol to bring in which would defeat the purpose of the proposal.

The Forum welcomes future regulation of Off Sales premises as we understand that over 60% of alcohol is sold through Off Sales and we also believe On Sales premises provide a much safer drinking environment with trained staff, first aiders, stewards and often CCTV.

Robin Russell
Chairman
On Behalf of South Ayrshire Local Licensing Forum
12 December 2011
South Lanarkshire Council, Social Work Resources welcomes the opportunity to provide written evidence to the Scottish Parliament’s Health and Sport Committee on the financial implications of the Alcohol (Minimum Pricing) (Scotland) Bill as laid out in the financial memorandum to the Bill on 18 November 2011 and additional written response required by 12 December 2011.

1. Background

Alcohol (Minimum Pricing) (Scotland) Bill was introduced into the Scottish Parliament by the Scottish Government on 31 October 2011. The main purpose of the Bill is to introduce a minimum price of alcohol below which alcohol must not be sold on licensed premises. The minimum price will be set according to the strength of the alcohol, the volume of the alcohol and the minimum price per unit. The Scottish Parliament Finance Committee and the Health and Sport Committee intends that evidence received will inform its consideration of the Bill at Stage 1.

2.1. The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol

Advantages
The proposal that the price should reflect the unit of alcohol content of the drink is supported. Numerous reports highlight the relative decline in the price of alcohol and an increase in consumption in the U.K. Other reports suggest that raising the price of alcohol is an effective break on consumption, as experienced in other countries, notably Finland where the price of alcohol was adjusted downwards brought about a surge in alcohol related problems.

With Scotland experiencing twice as many alcohol related deaths compared with England, there is clearly a need to take proactive steps to address both consumption and the root cause of excessive alcohol misuse. We recognise that whilst price alone may have an impact in the short term, in the longer term there is a need to address the culture associated with drinking, in particular we recognise a range of measures need to be deployed to break Scotland’s relationship with alcohol.

South Lanarkshire Council provides service in line with the Lanarkshire Alcohol and Drug partnerships strategy (2011-2015) which recognises the significant impact alcohol has on the health and well-being of our population, especially those living in our most deprived communities, where the alcohol related death rate in the most deprived 20% of our population is five times that of the least deprived 20% (ISD 2009).
Scotland’s CMO also reported that deaths from liver disease now account for one in 50 of all Scottish deaths, at a time when the rate in most Western countries is falling. Worryingly since 1991, the average age at which people die from alcoholic liver disease has also dropped from 70 to 55 years of age. Both in terms of direct costs, such as hospital services and the criminal justice service, and indirect costs such as loss of productivity and the effects on families, the impact of alcohol misuse on the Scottish economy is substantial. There are also increasing numbers of 16-24 year olds who are drinking above safe levels, while nationally over 65,000 children are living with parents who are currently experiencing alcohol related problems.

Whilst addiction services have in recent years tended to focus on the young and adult population under 55, the drinking habits of older people have traditionally not been regarded as high priority. There is, however, evidence of an increase in both binge drinking and alcohol dependency in older adults. Alcohol Statistics Scotland 2011 showed that 24% of men aged 65+ were hazardous or harmful drinkers, as were 11% of women in the same age group. Hence, older adults may benefit from age specific targeting and treatment as much as younger groups, and it is therefore reasonable to conclude that a minimum price per alcohol unit will have an impact on levels of alcohol consumption in this population.

South Lanarkshire Council therefore endorse the proposals set out within the Alcohol Bill which adopts a whole population approach to tackling Scotland’s alcohol problem, including the proposed introduction of blanket minimum pricing of alcohol. This proposal is based on the most fundamental law of economics which links the price of a product to the demand for that product. Accordingly, increases in the monetary price of alcohol, including the introduction of a minimum price per unit would be expected to lower alcohol consumption and its adverse consequences.

Studies investigating such a relationship found that alcohol prices were one factor influencing alcohol consumption among youth and young adults. Other studies determined that increases in the total price of alcohol can reduce drinking and driving and its consequences among all age groups; lower the frequency of diseases, injuries, and deaths related to alcohol use and abuse; and reduce alcohol-related violence and other crime.

Indeed the World Health Organisation (2009) also recognise the extent and consistency of the evidence that alcohol-related harm is linked to product price, with a particular impact on younger and heavier drinkers.

Thus, we do not see any disadvantages to a minimum alcohol sales price but would advocate this be one element of a wider range of proposals to address the culture of drinking in Scotland.

Disadvantages
There are no direct disadvantages in adopting this approach from a public health perspective, however depending on how it is implemented it will have little or no impact on those who tend to drink the most expensive drinks (it is
feasible that some retailers will attempt to maintain price differentials). However, there may be other consequences of minimum pricing which need to be considered in any analysis of advantages and disadvantages. First there is the potential increase in profits for alcohol retailers under minimum pricing, and second there could, potentially, be the development of a black market in alcohol (depending on the minimum unit price).”

2.2. The level at which such a proposed minimum price should be set and the justification for that level

South Lanarkshire Council would support a minimum price of £0.50 per unit the justification for this level is taken from the University of Sheffield’s Report (2009) which suggests that as the minimum price threshold increases, alcohol-related hospital admissions and deaths are estimated to reduce. In line with the University of Sheffield’s Report (2009), £0.50 per unit would be supported as the minimum price of alcohol. The evidence presented by the University in relation to this unit cost details hospital admission at £0.40 and £0.50 thresholds and clearly suggests greater impact of minimum pricing at £0.50 without it having a significant impact on social drinkers.

On a broader note, we recognise the level at which the minimum price should be set needs to take into consideration the price of alcohol in other parts of the U.K and other European countries. There is a danger of a return to the ‘White Van Retailers’ selling alcohol purchased in other countries where it is taxed at a lesser extent. There may also be an increase of self importation from other European countries where individuals use their travellers’ allowance or indeed other parts of the U.K where there are no such restrictions.

When setting the price, consideration will also need to be given to reviewing the pricing structure and whether it is linked to inflation or set for a specific period before it is reviewed. In principle we agree with minimum pricing as a mechanism to dissuade individuals purchasing cheap alcohol, however, recognise the complexities around setting a minimum price.

2.3. Any other aspects of the Bill

Many of us have witnessed or been caught up in antisocial behaviours resulting from the worst excesses of Scotland’s drinking culture. There are significant numbers of people in Scotland, including Lanarkshire, who do not necessarily drink above the safe drinking levels, but who nevertheless cause themselves and others problems, often of a violent nature – this group of drinkers are often termed hazardous drinkers. The Sheffield Report (2009) found that minimum pricing is an effective strategy to reduce drinking amongst this population as well as those drinking at levels harmful to their health.

The alternative to introducing a minimum pricing for alcohol should involve the robust enforcement of current restrictions on the purchasing of alcohol. We are aware that many retailers have opted for a proof of age scheme to ensure compliance, we would also advocate the continuation of ‘test purchasing’ to
root out those retailers that sell alcohol to children. The power of advertising is recognised as a significant factor in purchasing alcohol particularly when there are promotional offers, thus the advertising of alcohol could be examined to reinforce the message that ‘alcohol is not an ordinary product’.

It is recognised that existing laws and policies have had a limited impact and the current national framework for alcohol resembles the World Health Organisations recommendations on reducing harm associated with alcohol misuse.

The advantages of introducing a social responsibility levy on pubs and clubs in Scotland could assist to off set the obvious costs i.e. accident and emergency services, policing, cleansing and also hidden costs associated with alcohol such as domestic violence. The impact of alcohol harm to Scotland is estimated at over £2 billion. We are mindful that the increase of harm has primarily been a result of alcohol purchased in off-sales.

The introduction of a social responsibility level we do not feel addresses the issue of ‘front loading’ where individuals consume alcohol in the home environment prior to attending pubs and clubs. These licensed premises could effectively be asked to pay unwittingly for the majority of an individual’s alcohol consumption which did not occur in their pub or club. It is felt; it will do little to reduce the amount of alcohol consumed in pubs and clubs.

In conclusion, setting a minimum price for alcohol and ending deep discounting and promotions across the board will reduce the price gap between the off-licensed and on-licensed trade. Regardless of the level of minimum price set, the combination of these measures will have a major impact on the health of Scotland. It will lower overall consumption with significant health benefits for the Scottish population and will curb the ability of problem drinkers to get drunk cheaply.

South Lanarkshire Council
12 December 2011
Alcohol (Minimum Pricing) (Scotland) Bill
South West Scotland Community Justice Authority

This response is submitted by South West Scotland Community Justice Authority (CJA). Scotland’s eight CJAs are non-political bodies, established via the Management of Offenders etc (Scotland) Act 2005, with the aim of working in partnership to reduce reoffending. South West Scotland CJA covers the areas of Ayrshire and Dumfries and Galloway. Further information on our work is available at www.swscja.org.uk.

South West Scotland Community Justice Authority welcomes the introduction of the Alcohol (Minimum Pricing) (Scotland) Bill and the opportunity to feed in comments to the Committee. Since June 2010, we have been undertaking a focused and ongoing programme of work on alcohol and offending. At the centre of this programme lies our recognition of the significant impact of both alcohol misuse and offending behaviour on our communities.

We acknowledge that both the causes and the solutions are complex and intertwined, and recognise the gap between how we feel about our country (a strong ‘pride’ in Scotland – which is an asset) and what we actually see and experience in our local communities (Scotland’s culture of alcohol – which is a challenge).

Scotland’s relationship with alcohol is complex and enduring, and only a robust and comprehensive package of measures can hope to address this. We believe tackling Scotland’s relationship with alcohol is essential if we are to significantly reduce re-offending, and believe that minimum pricing should form a core part of a wider package of measures to achieve this aim.

We have drafted a Joint Statement on Alcohol and Offending, which has been formally approved by SWSCJCA and two of our four local Alcohol and Drug Partnerships (ADPs). We anticipate that the remaining two ADPs will formally endorse the Statement at their forthcoming meetings.

We have attached our draft Joint Statement as our submission to the Committee – it outlines:

- Our shared interest in reducing re-offending through tackling our relationship with alcohol.
- The link between offending and alcohol consumption.
- The costs of offending and re-offending, and the potential savings to be made through minimum pricing.
- Acknowledgement that we are part of a wide body of support across Scotland in favour of using a pricing mechanism to reduce consumption.
- The additional mechanisms which should make up the wider package of measures, alongside minimum pricing.
This submission responds to the Committee’s request for views on:

- The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol.
- Any other aspects of the Bill.

We do not have a view on:

- The level at which such a proposed minimum price should be set and the justification for that level.

Justina Murray
Chief Officer
South West Scotland Community Justice Authority
12 December 2011

Shared Statement on Alcohol and Offending

1. This Shared Statement on Alcohol and Offending has been developed jointly by South West Scotland Community Justice Authority and the four Alcohol and Drug Partnerships of Dumfries & Galloway, East, North and South Ayrshire in recognition of the significant impact of alcohol misuse and offending behaviour on our communities.

2. The purpose of this shared statement is to outline our shared issues, to acknowledge that both the causes and the solutions are complex and intertwined and to set out our ongoing commitment to work together to address these issues and deliver our shared outcomes.

3. South West Scotland Community Justice Authority was established via the Management of Offenders etc (Scotland) Act 2005, with the aim of working in partnership to reduce re-offending, and to create a safer, strong Scotland. CJAs are non-political bodies, governed by boards of Elected Members representing constituent local authorities, and supported by a range of partners with an interest in reducing re-offending.

4. Alcohol and Drug Partnerships (ADPs) were established following the 2009 launch of a New Framework for Local Partnerships on Alcohol and Drugs. The ADPs replaced the previous model of Alcohol and Drug Action Teams and are embedded in local community planning arrangements. Alcohol and Drug Partnerships are responsible for developing and implementing local strategies for tackling alcohol and drugs.

5. “Changing Scotland’s Relationship with Alcohol: A Framework for Action” recognises that the use (and misuse) of alcohol is embedded in our culture and that it is no longer sufficient to target specific groups in society, rather a ‘whole population approach’ is required. It is estimated there are over one million hazardous drinkers and almost quarter of a million
harmful drinkers in Scotland.\(^1\) In 2009, over-18s in Scotland consumed the equivalent of 12.2 litres of pure alcohol per person.\(^2\)

6. Scotland’s relationship with alcohol is complex and enduring, and only a robust and comprehensive package of measures can hope to address this.

7. The Alcohol etc (Scotland) Act 2010 received royal assent in December 2010 and provides part of this package of measures. We welcome the Scottish Parliament’s support for the general principles of the Act, and specifically for restricting off-sale promotions and promotional activity; requiring licensees to operate an age verification policy; and introducing the broad framework for a social responsibility levy.

8. We welcome the Scottish Government’s commitment to introducing a minimum pricing mechanism in new legislation, as a priority, following the 2011 Scottish Parliament election.

9. Offending and re-offending have significant financial costs for Scotland’s economy and for Scotland’s communities. It is estimated that the total cost of offending represents 4% of public sector expenditure. For South West Scotland this is approximately £170m per annum. In addition the personal and social costs for offenders, victims, families and communities are acute. We have all directly witnessed these costs, through our contact with offenders and the wider criminal justice community, and as members of our own local communities.

10. The link between alcohol consumption and offending is well evidenced, with “a strong association between alcohol consumption and an individual’s risk of being either a perpetrator or a victim of violence” (World Health Organisation 2008\(^3\)). For example:

   - 50% of prisoners report being drunk at the time of their offence.\(^4\)
   - In the summer of 2010, the Strathclyde Police Chief Constable reported that 14 of 18 murders in a 10 week period in Strathclyde were alcohol-related.
   - 70% of assaults presenting to Accident and Emergency Departments are alcohol-related.\(^5\)
   - In 62% of cases, victims of violent crime perceive that their attacker was under the influence of alcohol (this compares to 50% in England). In 30% of cases, victims themselves admit to consuming alcohol immediately before the incident.\(^6\)

11. We believe that reducing alcohol consumption will consequently reduce levels of offending, in turn reducing levels of harm to individuals, families and communities affected by offending.

12. We also recognise the strong parallels between desistance from offending and recovery from addiction. In our wider work to build recovery or
desistance capital, we can achieve shared outcomes around, for example, family and community support or improved employability.

13. We are part of a wide body of support across Scotland in favour of using a pricing mechanism to reduce consumption, including our CJA partners in local authorities, health, police and the third sector.\textsuperscript{vii} We recognise that 81\% of respondents to the Health and Sport Committee’s call for evidence supported minimum pricing on the basis of its health and social benefits.\textsuperscript{viii}

14. Since 1980 alcohol has become significantly more affordable. As it has become cheaper, consumption and alcohol-related mortality have increased.\textsuperscript{ix}

15. Modelling carried out on minimum pricing estimated that the 45p minimum price per unit of alcohol that was proposed in the Alcohol Bill together with an off-sales discount ban would decrease alcohol consumption by 6.7\%. This reduction in consumption was in turn anticipated to:

- Reduce crimes by 4,100 per year including 600 violent offences;
- Directly save £3.5 million per year in crime costs; and
- Gain £2.4 million in consequently increased quality of life savings.

16. Lower income groups have a higher proportion of harmful drinkers compared to higher income groups, and almost two-thirds of all alcohol-related deaths in Scotland are amongst the most deprived population groups.\textsuperscript{x} Similarly research carried out in 2003 identified that a higher proportion of prisoners come from the most deprived local authority wards as compared to less deprived areas.

“Harmful alcohol use diminishes the capacity of individuals, families and communities to build prosperous lives. It effectively entrenches disadvantage” (Scottish Health Action on Alcohol, April 2009).

17. We welcome the introduction of the broad framework for a Social Responsibility Levy, which recognises that although minimum pricing is expected to reduce alcohol consumption, the higher unit price will result in increased income for retailers. We would welcome this funding being made available locally to use to offset the cost of alcohol-related harm and await the Scottish Government consultation on the operation of the levy.

18. We ask all parties and all partners to continue to work constructively together to change Scotland’s relationship with alcohol. In doing so we can contribute to reducing re-offending and building a safer, stronger and healthier Scotland.

19. We will continue to support and develop local interventions which address both the misuse of alcohol and offending behaviour, such as the delivery of alcohol brief interventions in criminal justice settings, early intervention
to divert individuals from prosecution, or the delivery of alcohol treatment requirements as part of a community payback order.

20. Community Justice Authorities are non-political bodies with a strong track record of multi-party and multi-agency working to the benefit of our communities. Alcohol and Drug Partnerships are part of the community planning process in each local authority area and are committed to engaging with local communities to deliver positive outcomes. In endorsing this Shared Statement on Alcohol and Offending, we continue to put the needs of our communities first.

References

A number of the following sources were obtained via the Scottish Parliament Information Centre (SPiCe) Briefing on the Alcohol (etc) Scotland Bill (2010), Alcohol Focus Scotland, BMA Scotland, Scottish Health Action on Alcohol Problems, and the Scottish Parliament’s Health and Sport Committee.

1 York Health Economics Consortium 2010
2 Nielson Industry data, NHS Health Scotland 2010
5 Alcohol Focus ‘In Focus’, July 2010.

viii Supporters of minimum pricing as an effective measure for governments seeking to reduce alcohol consumption and therefore harm include: UK House of Commons Health Select Committee; World Health Organisation; National Institute for Clinical Excellence; Scottish Health Action on Alcohol Problems; Alcohol Focus Scotland; British Medical Association Scotland; The Welsh Assembly Government (Labour – Plaid Cymru coalition).

ix Scottish Health Action on Alcohol, April 2009
x Alcohol Statistics Scotland, ISD, 2009
Alcohol misuse – Jonathan Stewart’s brief analysis based on observations made over 35 years an independent public house licensee and hotelier in Dundee.

5 Jan 2010

Alcoholic drinks sold for little or nothing as “a sprat to catch a mackerel” are persistently linked to violent incidents and social disorder.

The Scottish Licensed Trade Association (SLTA) and The British Institute of Innkeepers (BII) recognise this. They represent independent bar operators who for decades now have campaigned against irresponsible promotions.

Licensed trade organizations representing mainly the large brewers and multiple on-trade retailers, eg the British (and Scottish) Beer and Pub Association. (BBPA) take a different view.

They may condone the pub companies’ seasonal sales or the discounting of ales or lager to below £1.00/ pint. Elsewhere customers are encouraged to trade up to larger spirit and wine measures. Strong mood-altering drinks may be sold at less than the price of packaged water. Some pubcos may corner the market in this way on behalf of shareholders.

The new Licensing (Scotland) 2005 Act is powerless other than to ensuring staff training. Its power to end irresponsible promotions seems restricted to the prevention of happy hours via the 72 hour rule.

Some other factors incl Minimum Pricing

Legislation dictates that wine by the glass must only be offered in multiples of 12.5cls. (slightly too small) or 17.5cls. (just right) Result – most bars offer 17.5 and 25cls, (= one third of a bottle=too large!). Solution – legislate for a circa 20cls wine measure. Scotland’s special metric dispensation for spirits measured in 3.5cls. could be ready too for a reduction to 2.5cls.

Many late night bar/nightclub operators who charge admission of around £3/person offer strong alcoholic drinks at only £1 each. The effect on many young customers is to drink more in order to maximize value for money. The legality of this door entry format has been tested under the new Act and is still permitted.

The Scottish Grocers’ Federation and the Scottish Retail Consortium represent the licensed off-trade retailers including supermarkets, and appear to be comfortable with their members using alcoholic drinks as a loss-leader in order to attract customers to buy their entire weekly food shopping. The
Scotch Whisky Association and the large brewing companies seem to welcome the “pile ‘em high, sell ‘em cheap” attitude normally applied to commodities like soap or cereals. Solitary drinking and “pre-loading” at home are now the norm.

Large supermarket chains may even reclaim VAT on massive bulk orders of alcoholic liquor purchased as “a promotional expense”. The resultant downward pressure on the retail price of alcohol is therefore funded by the taxpayer along with the costs of resulting alcohol abuse.

The Portman Group (strap-line, “promoting sensible drinking”) is funded by the Drinks Industry and apparently exists only to find and highlight solutions for damage limitation to that industry’s social responsibility credentials.

The Advertising Industry requires government supervision too for the tasteless and shocking campaigns involving aggression, violence and sex in the marketing of RTDs ie alcopops. The TV ads show youths throwing furniture around a room (Blue Alcopop). Governments must not allow spirit manufacturers to promote the downing “in an instant” of strong, lurid sweet and sickly “shots” in adverts which appeal to our adolescents. Names like Stiffy’s Shots Cola Kubez may appeal to the wider audience but at what cost to our society?

Architects and Town Planners should be compelled to promote more homely, couthie and compact pub developments in place of the prevalent football pitch sized “drinking factories” where youths stand up to drink. (i.e. “vertical drinking”)

**Minimum pricing per unit of alcohol** would be of huge benefit. It could be perfectly targeted at the vulnerable 11-14 yr age group and if set at 60p/unit will be ideally weighted, increasing the off-sale cost of a 2ltr plastic bottle of 8% ABV cider from £3 to £6. Heavy drinking within older groups would be discouraged.

Moderate drinkers would see little difference and responsible bar operators and moderate customers would be unaffected as overheads dictate that prices are maintained at a socially acceptable level.

Education we need to have 18-21 yr old paid *surveillants* in the schools (used successfully in France) mentoring 11-14yr olds to respect the merits of enjoying a moderate social drink. By contrast, the miseries of alcohol misuse/abuse are made clear.

Closing times should remain unchanged. With seasonal extensions bars can stay open beyond midnight for up to 26 weeks/year.

Minimum age should stay the same, at least until some progress is made.

Those hearing my plea for common sense will accuse me of self-interest, driving up drinks prices in shops and bars. In reality all responsible publicans and on-trade licensees would face selling fewer drinks in order to promote social responsibility.
Publicans don’t want a few harmful drinkers possibly upsetting others in their hostelries. What we do want are many more customers who drink a little - and more often!

In the same way that light-touch regulation has failed in the economy, I fear that the same is true of our drinking culture.

Jonathan Stewart
Past President
The Dundee Licensed Trade Association
2 November 2011
Alcohol (Minimum Pricing) (Scotland) Bill

Nick Stroud

I was made aware of your deliberations over the minimum pricing of alcohol by a media headline along the lines of "Why should responsible drinkers be penalised?".

I like to think I would be classed as a "responsible drinker", and I don't regard myself as being "penalised" by the idea of minimum pricing. I don't see why it would apply anyway -- the only people likely to be seriously inconvenienced by this measure are those who drink what I would consider as being far too much. I feel far more "penalised" by the harm done in our community and throughout Scotland by the excessive consumption of alcohol.

I would be pleased if you could do anything you can to stop the media saying that I would oppose this proposal! If it works, I'm all for it.

Nick Stroud
7 November 2011
The International Coalition Against Prohibition (TICAP) welcomes the opportunity to make a written response to the Alcohol (Minimum Pricing) (Scotland) Bill as introduced into the Scottish Parliament by the Scottish Government on 31st October 2011.

It has to be made clear from the start that there is no International Evidence that shows that any form of minimum pricing will impact on the reduction of alcohol consumption. The single study carried out in Australia that recommended such legislation was never enacted and therefore no factual evidence can show that such measures are of any real value.

Any attempt to introduce Minimum Pricing is in actual fact a way to introduce further taxation measures on the products and consumers, such measures have been proven not to have the desired effect in reducing alcohol consumption. One need only look towards Scandinavia where alcohol had been excessively taxed, yet the prevalence of alcohol misuse remains visible.

The International Centre for Alcohol Policies has created a Briefing Paper to cover 'Taxation of Beverage Alcohol' and I urge this Committee to study the findings within the paper. It must also be highlighted that the Scottish Government’s own Director of Health Policies, Godfrey Robson accepts that pricing does have a role to play, it is not a substantial part of the solution and his views are further developed within a paper entitled ‘If Alcohol Prices Increase, Will it Reduce Binge Drinking’.

This organisation has also taken time to research the subject of ‘Binge Drinking’ again I urge this Committee to read and understand their findings on the subject. where they go as far as offering policy options that can and should be considered by the Scottish Government.

Let us look at the proposal of Minimum Pricing as presented by the Scottish Government and apply it to the brand that is singled out by many to be the biggest problem to drinking habits in Scotland namely Buckfast Tonic Wine. By applying the 40p per alcohol unit on this particular product it is found that the purchase price remains virtually the same, we must therefore assume that this legislation is not about health or pricing but about further control of the people without due consideration of the scientific facts.

In recent times much has been reported on the subject of alcohol misuse, at the same time certain facts have emerged that have not been reported and as a result ‘Corrupted Alcohol Science’ has emerged and is explained in detail by Dr John Luik Senior Fellow of The Democracy Institute, Washington DC & London.
Dr Luik and his colleague Dr Patrick Basham, founding director of the Democracy Institute and an adjunct scholar with Cato Institute’s Center for Representative Government, go even further when they debate the issues associated with Alcohol Advertising Bans (7), again I would urge everyone to read this document.

Accepting that Scotland has perceived issues with regard to Alcohol Consumption, there are many other ways to deal with the problem that would not impact on the sensible social drinker, the Drinks Manufacturer or Hospitality Sectors.

1. The Drinks Manufacturers, not Part Public Funded Pressure Groups, must take the lead role in presenting solutions to the perceived alcohol problems.

2. They can further develop educational programmes as initiated by the Portman Group / Drinkaware Campaign (8) thus presenting safe drinking messages within their global advertising.

3. The Drinks Manufacturers could be encouraged to set up a Charitable Foundation to help fund rehabilitation for those who desire help.

4. The International Centre for Alcohol Policies (9) (ICAP) must be invited to present real and meaningful long-term solutions as they are already advisors to the World Health Organisation.

ICAP published a book called Working Together to Reduce Harmful Drinking (10) is intended to contribute to the World Health Organization’s (WHO) global strategy to reduce the harmful use of alcohol. It explores areas where alcohol producers’ technical competence can and does make a positive contribution to reducing harmful drinking and where industry input has been welcomed by WHO. The book describes each of these areas: producing beer, wine, and spirits; addressing the availability of noncommercial beverages; pricing, marketing, and selling beverage alcohol; encouraging responsible choices; and working with others. The final chapter sets out views of how alcohol producers can contribute to reducing harmful drinking in countries where they are present.

The messages recurring throughout the book are that reasonable regulation provides the context for good alcohol policy, excessive regulation often leads to unintended negative consequences, leading producers have a proud record of making positive contributions to implementing effective alcohol policies—but there are opportunities to do much more.

The book is directed toward a broad readership and will be of interest to policy-makers involved in healthcare but also finance, agriculture, justice, tourism and culture; public health and social policy specialists; health advocates; and beverage alcohol industry members, including those in the supply chain from farming to advertising, hospitality sectors, and retail.
There is also a possible issue regarding the legal aspect of legislating on Minimum Pricing as precedence was set on the 24th January 1978 as the result of a Legal Challenge in the Dutch Courts that ruled the setting of a Minimum Price to be illegal. TICAP expects that the Scottish Government will argue that such actions are taken on Health grounds; this must now be proven by the scientific method as recommended by the World Health Organization who stated in April 2011 that health professionals “to be independent and guided by scientific evidence.”

The Scottish Government Health Secretary claims that Minimum Pricing has been a success in Canada. TICAP raises concerns with regard to the strength of the evidence that the Health Secretary refers to and seek further scientific proof of the claim. We note that the Canadian delegation who gave evidence to the Health and Sports Committee on the 23rd March 2010 concurred with that of the ICAP proposals that pricing was only a small part of the overall package to be considered.

The International Coalition Against Prohibition believes that where Lifestyle Choice is concerned it is the duty of Government to Educate not Legislate. We will now refer to a Dutch Study recently reported:

Long-Term Effects of a Parent and Student Intervention on Alcohol Use in Adolescents

In this Dutch study, promoting parental rule setting and classroom alcohol education together nearly halved the proportion of adolescents who went on to drink heavily. Rarely have such strong and sustained drinking prevention impacts been recorded from these types of interventions.

TICAP also demands that the highest level of Scientific Integrity must be initiated within the legislative process and in partnership with global scientists has created

The Brussels Declaration on Scientific Integrity is a statement of ethical and scientific principles calling for the return to the Scientific Method as the guiding qualifier for the definition of a study as scientific. It demands the setting of exacting standards for the gathering of data in epidemiological studies, the mandatory specification of the margins of error in all studies, and the public and legal rejection of expert opinions based on studies and data where the margin of error is not or cannot be specified. It demands the restoration of the concept of threshold, and calls for the rejection by governments and regulatory bodies of any scientific work that does not meet those standards. It calls for the proscription of the use of unqualified studies as the basis for public policy, regulations, obligations and prohibitions and calls for the dismantling of policies, laws, bylaws and regulations that are based on such studies while causing upheaval in the economy, the destruction of our liberty, and impoverishment through excessive administration costs. It demands a return to an overall ethical approach to science, and to prudent public policy conservatism in the absence of
conclusive experimental proof; we therefore call upon all Cross-Party Politicians to endorse this important document of global significance.

TICAP also acknowledges the appointment of Prof. Anne Glover, Chief Scientific Advisor to the Scottish Government into a similar role within the European Union (15) and would expect her to uphold the principals of Scientific Integrity within the legislative process as an invitation has been extended to her to endorse the above document on behalf of the scientific community throughout all EU Member States.

Bill Gibson MLJ
Chairman
The International Coalition Against Prohibition
12 December 2011

References

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(2) Godfrey Robson
http://www.icap.org/LinkClick.aspx?fileticket=UxmSTP1Rub4%3d&tabid=157

(3) If Alcohol Prices Increase, Will it Reduce Binge Drinking
http://www.icap.org/LinkClick.aspx?fileticket=j1fYkVqyqk%3d&tabid=246

(4) Binge' Drinking

(5) Buckfast Tonic Wine
http://en.wikipedia.org/wiki/Buckfast_Tonic_Wine

(6) Corrupted Alcohol Science
http://brusselsdeclaration.org/download/Luik_Alcohol.pdf

(7) Alcohol Advertising Bans

(8) Portman Group / Drinkaware Campaign
http://www.alcoholissues.co.uk/portman-group-drinkaware.html

(9) The International Centre for Alcohol Policies
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(10) Working Together to Reduce Harmful Drinking
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(11) Ministère public du Kingdom of the Netherlands v Jacobus Philippus van Tiggele. 24th January 1978 Minimum prices of gin. - Case 82/77

(12) Canadian Evidence to the Health and Sports Committee

(13) Long-Term Effects of a Parent and Student Intervention on Alcohol Use in Adolescents:

(14) The Brussels Declaration on Scientific Integrity
http://www.brusselsdeclaration.org

(15) Professor Anne Glover appointed Chief Scientific Adviser for Europe
http://www.scottishscience.org.uk/article/professor-anne-glover-appointed-chief-scientific-adviser-europe
Alcohol (Minimum Pricing) (Scotland) Bill

United Free Church of Scotland

Thank you for giving us the opportunity to respond to the above consultation and this response is on behalf of the members of The United Free Church of Scotland.

We accept that Scotland has a serious problem with alcohol and the statistics show that the misuse of alcohol in the UK is highest in Scotland. The effect of excessive drinking is enormous, particularly on crime, health costs and the cost of policing with this being directly related to its easy availability and affordability compared to thirty years ago. We believe that the only way to tackle this enormous problem is by fiscal means and that the Scottish Government has a duty and a responsibility to take measures for the common good of our society.

As a Denomination we support the concept of minimum pricing and commend the Scottish Government for its determination to tackle this problem which is a terrible blight on our society. However, we are not convinced that on its own the proposals outlined in the present form of the Bill will be as effective as the Government hope. We would suggest the following additional measures:

- Improve the delivery of alcohol misuse education in schools
- Increase the provision of leisure and recreational choices particularly for young people in areas of increased social deprivation
- Restriction of advertising and promotional materials within licensed premises
- Tougher drink driving laws with a reduction in the drink drive limit from 80 to 40 mg per 100 ml of blood. There are some countries who do not allow driving after alcohol is consumed and if this were applied in Scotland the drink drive limit could be set to 5mg per 100ml
- Until the Scottish Parliament has the power to raise taxes there should be a levy on the sale of alcohol in licensed premises to offset the effect of alcohol misuse on the provision of police and health services
- There is a need, once this Bill is on the statute book, for the issue to be scrutinised and revisited on a regular basis as the initial fiscal measures may not have the desired effect

John O Fulton
(General Secretary)
Alcohol (Minimum Pricing) (Scotland) Bill

University of the West of Scotland

Abstract

A minimum unit pricing policy for alcohol is strongly supported. It is proposed that the “unit” price should be 50-55 pence and that this should be “indexed” in order to prevent the relative cheapening of alcohol over time. Given the innovative nature of this Bill it is crucial that the means are put in place to evaluate the impact of minimum pricing, on consumption levels and alcohol related health and social consequences, with a view to making recommendations for adjustment in the light of findings. Recent reductions in reported alcohol consumption may be attributed in part to the prevailing economic circumstances.

Introduction

The study of alcohol use and related health and social consequences was initiated at UWS\(^1\) in 1979 by the establishment of the Alcohol Studies Centre. This study grouping was initially funded in its entirety by the Scottish Home and Health Department and emerged in the wake of the liquor licensing changes (Licensing (Scotland) Act 1976). At that time there was recognition of a lack of research on alcohol issues and even less relevant education for those working with alcohol related problems. A post graduate study programme was established in 1979 and is the fore runner of the current MSc/Post Graduate Programme in Alcohol and Drug Studies, perhaps the largest programme of its kind in the UK, offering full time, part time and online study options. Central to this programme is the view that alcohol, as a legal drug, makes a very significant contribution to the well documented health and social problems in Scotland (Scottish Government, 2008; Barrie, 2012). The high level of problems attributed to alcohol use in comparison to illicit drug use have been reported by McPhee et al (2009), as have harmful levels of alcohol consumption among methadone maintained individuals (O’Rawe, 2009). A study of binge drinking and the design and evaluation of an intervention has been carried out by Marks (2011).

Evidence

This document is set out to reflect the themes outlined in the Scottish Parliament’s Health and Sport Committee’s call for written evidence, dated 1 November 2011.

1. Establishing a minimum alcohol sales price, based on a unit of alcohol, a review of the evidence
2. The level at which such a proposed minimum price should be set and the justification for that level
3. Any other aspect of the Bill.

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\(^1\)The University of The West of Scotland, formerly the University of Paisley.
Establishing a minimum alcohol sales price, based on a unit of alcohol, a review of the evidence

There have been many interventions designed to reduce alcohol related consequences in the last 25 years: Liquor licensing, educational campaigns/programmes, town/city centre drinking bans, proof of age schemes. However their impact on the overall alcohol consumption and in turn alcohol related problems, at a time of high and rising per capita consumption, has been minimal. Such interventions may appear to be more effective as part of a preventive strategy when part of that approach tackles consumption levels but would not provide viable policy alternatives independent of price control measures.

There is a large body of literature attesting to the connection between the price and availability of alcohol and in turn consumption and health/social consequences (Wilson 1940; Babor, et al 2003; Wagenaar et al 2009). Therefore increasing the price of alcohol will reduce consumption and resulting problems, at all levels of drinking, including harmful/dependent drinkers (Kendall et al, 1983). Alteration of price and availability are the most powerful interventions available to policy makers in reducing alcohol related problems. Pricing has been used as a public health measure, as a means of government revenue-raising, and sometimes both, in various countries (Babor et al, 2003). Sales and consumption may be affected by economic factors, whereby at times of recession alcohol may become relatively more expensive, in comparison to other commodities; consequently sales and consumption decrease. Recent economic circumstances in Scotland/UK may in part explain reductions in consumption and consequences in recent years, though consumption and consequences remain relatively high.

Minimum pricing as currently conceived would target those who consume cheaper alcoholic beverages, namely harmful/dependent drinkers and young “binge” drinkers. Those who consume more expensive alcoholic beverages will be unaffected despite evidenced across all social groups for hazardous and harmful drinking.

Advantages

Depending on the level of price increase or setting of a minimum price of alcohol a modest reduction in per capita consumption of alcohol will be achieved, as only lower priced alcohol products are targeted. More specifically minimum pricing could:

- Reduce consumption amongst the heaviest (and dependent) drinkers,
- Decrease the proportion of the population drinking above the recommended safe limits
- Decrease “binge” drinking as well as public drinking among all age groups.

As a result of its effect on purchase and consumption of alcohol it would be expected that a range of health and social consequences would decrease in these sub-populations targeted.
The licensed trade and public houses would benefit in that their prices, which would be largely unaffected by minimum pricing would be more competitive in comparison to off-sale and supermarket outlets. It is clear that the closure of many public houses in Scotland is associated with a transfer of purchasing alcohol from the pub to the off-sales/supermarket, where prices are considerably cheaper.

The Sheffield University study by Meier et al (2009) conducted an independent review of the effects of alcohol pricing and promotion, concluding that general price increases on alcohol exhibited relatively large reductions in mean consumption for the population. Further, minimum pricing options would result in health harm reductions, mostly in relation to chronic rather than acute conditions, and reduce crime. This study further explores the relationship between crime and alcohol consumption and suggests that:

“crime harms are estimated to reduce, particularly for 11-18s because they are disproportionately involved in alcohol related crime and are affected significantly by targeting price rises at low priced products” (Meier et al 2009, p 8).

Further policy options targeting hazardous drinking are effective in reducing alcohol related harm in the work setting, influencing both unemployment and absences among harmful drinkers.

Disadvantages

Commercial interests, who would tend to support minimal regulation or government intervention, may offer strong opposition and perhaps favour certain interventions. These interventions would involve targeted education, or would support changes in labelling on products which have little demonstrable effect in preventing or changing drinking behaviour which affects health (Babor et al 2003). The director of the Portman Group, an alcohol industry lobby group summed up this perspective:

“The health lobby favours restrictive measures on pricing, availability, advertising, and marketing in the belief that this will reduce overall levels of consumption. Leaving aside some of the flaws in that assumption … rather than impose these blunt, ineffective measures that impact on the moderate majority … one should instead educate consumers into drinking responsibly” p21 (Harkins and Poley 2011).

Efforts to circumvent minimum unit pricing are to be expected. Supermarket chains with UK-wide distribution and sales have already indicated that the purchase of alcohol from their outlets based out-with Scotland can be purchased “on-line” at discounts prices available elsewhere in the UK. This was a response to the recent implementation of the policy on banning discount alcohol purchases implemented by Scottish Government. There is potential for the illegal sale and distribution of alcoholic beverages and this
activity would become more lucrative the higher the minimum “unit” price. However this is a common feature of Scandinavian countries, where price and availability policies are in force as public health measures, whilst the importation of cheap alcohol is a recognised consequence. Minimum pricing will have a limited impact on moderate drinkers, who are less well off, on the basis of their limited consumption and the assumption that they consume only those cheaper beverages affected by a minimum unit pricing policy.

The level at which a proposed minimum price should be set and the justification for that level

The University of Sheffield study (Meier al 2009; Meier et al, 2010) set out a range of minimum price levels ranging from 20–70 pence per unit. Negative consequences reduce steeply as price per unit increases thereby demonstrating the potential effectiveness of this policy intervention. In Scotland 80% of alcohol sold from off-sales is at a cost of between twenty-five and fifty-five pence per unit of alcohol, with 75% of cider sold for less than forty pence per unit. In contrast, 8% of beer, 2% of light wine and 1% of spirits are sold at less than twenty-five pence per unit (ISD, 2011). In Edinburgh, 377 individuals with severe alcohol problems, in contact with a range of health services, including specialist alcohol treatment services, reported buying and consuming an average of almost 200 units of alcohol in the previous week, paying on average, forty-three pence and as low as nine pence per unit. The lower the price the more the problem drinkers consumed, and cheapness was commonly offered as the reason for choice of beverage. Problem drinking subjects purchased alcohol more cheaply than the rest of the population and mainly from off-sales. As heavy consumers of the cheapest alcohol available, it is suggested that a small change in purchasing alcohol could have a relatively large impact on consumption (Black et al., 2011).

Lower minimum pricing (less than 50 pence per unit) may demonstrate little impact whatsoever, being similar to current unit prices at the lower end of the market. Lower minimum prices affect beer, cider and spirits more so than fortified or table wines. On the basis of the research evidence it is proposed that a minimum price of 50-55 pence per unit is implemented in order to ensure impact on the target groups. However the consumption of certain brands of fortified wine which have been cited as a consistent feature of drinking in public and public disorder involving younger drinkers would be unaffected by the proposed “unit” pricing. It is understood that the Sheffield study group have been contracted, by Scottish Government, to update their pricing options (Meier al 2009; Meier et al, 2010) using more up to date drinking survey data.

Any other aspects of the Bill

Concern has been expressed that as a result of minimum “unit” pricing there will be an increased profit to producers and retailers. This is not an argument against minimum unit pricing per se. If the increased revenue remains with the producers and retailers it will be subject to taxation. Alternatively a proportion of these revenues could be channelled directly toward offsetting the costs of alcohol related problems in Scotland.
Historically taxation on beverage alcohol has diminished in relative terms over time, due to inflation, effectively making alcohol cheaper. Whichever “unit” price is confirmed mechanisms should be put in place to ensure that the “minimum price” is not eroded over time by inflation.

Given the innovative nature of this Bill it is crucial that the means are put in place to evaluate the impact of minimum unit pricing policy at an early stage and in turn make recommendations for adjustment in the light of findings. Research must be designed such that the impact of this policy can be disentangled from the down turn in alcohol consumption, which is associated with economic circumstances.

Ken Barrie  
Senior Lecturer in Alcohol and Drug Studies  
University of the West of Scotland  
12 December 2011

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Alcohol (Minimum Pricing) (Scotland) Bill

West Dunbartonshire Alcohol and Drug Partnership

West Dunbartonshire Alcohol and Drug Partnership have considered the above call for written evidence and indeed the subsequent submission made on behalf of the West Dunbartonshire Community Health and Care Partnership, West Dunbartonshire Council, West Dunbartonshire Licensing Board and West Dunbartonshire Licensing Forum.

While the ADP fully support the content and detailed information contained within that submission the ADP are of the opinion that the misuse of alcohol has on the social and economic regeneration of West Dunbartonshire and the rest of Scotland is such that a separate response from the ADP is appropriate.

I will not repeat the evidence provided within the aforementioned communication but will re-affirm that the problems associated with the misuse of alcohol by and on the population of West Dunbartonshire will continue to be of an unacceptably high level unless significant steps are taken to reduce to the overall consumption of alcohol.

The numbers of hospital discharges and alcohol related deaths are only part of the problem. Incidences of domestic violence or violent crimes fuelled by alcohol, the number of failed relationships, un-sustained tenancies, levels of unemployment and costs to employers through alcohol related sickness are only a few of the other socio economical impacts that alcohol has on the population of West Dunbartonshire.

Whilst, there is national evidence which demonstrates that the availability of alcohol, particularly in relation to unit cost has an effect on the amount of alcohol consumed it is clear that the cost of alcohol is only one of many ways in which we can tackle the unhealthy relationship Scotland has with alcohol.

This will not be achieved by the work of ADP’s alone, neither will it be achieved solely through legislative changes; it is only by working in partnership that we can hope to change the drinking habits of the population of areas like West Dunbartonshire and indeed Scotland as a whole.

With this in mind I write on behalf of the West Dunbartonshire Alcohol and Drug Partnership to indicate our support of the Alcohol (Minimum Pricing) (Scotland) Bill as part of a co-ordinated programme of action across national and local governments and in partnership with the every community in Scotland.

The ADP would want to encourage continued close working relationships between Scottish Government and other partners in providing a holistic range of options, including the establishment of minimum pricing, that are needed to address the broad and complex problems associated with the misuse of alcohol.

R Keith Redpath, Chair
West Dunbartonshire ADP
12 December 2011
The following evidence is submitted on behalf of West Dunbartonshire Council; West Dunbartonshire Community Health and Care Partnership; West Dunbartonshire Licensing Board; and West Dunbartonshire Alcohol and Drugs Partnership. The Community Health and Care Partnership is a Joint Committee between West Dunbartonshire Council’s Social Work Committee and NHS Greater Glasgow and Clyde’s Community Health Partnership.

It is noted that the Committee invites evidence on the following points:

- The advantages and disadvantages of establishing a minimum alcohol sales price based on unit of alcohol.
- The level at which a proposed minimum price should be set and the justification for that level.
- Any other aspects of the Bill.

This response will consider these issues in turn.

1. West Dunbartonshire Local Data

Prior to setting out our joint views on the advantages and disadvantages, it may help the Committee to provide local evidence on the extent of alcohol related problems in West Dunbartonshire. During 2009 to 2010 West Dunbartonshire Licensing Board, together with its partners, particularly the ADP and Strathclyde Police, obtained extensive data on alcohol related issues in West Dunbartonshire. These formed the Board’s overprovision policy, which applies to pubs, nightclubs and off-sales within 15 out of 18 geographical areas within West Dunbartonshire. It appears that West Dunbartonshire is the only area in Scotland which has to date gathered such extensive evidence. Accordingly, it is hoped that this local evidence will supplement the national evidence detailed in the Policy Memorandum accompanying the Bill.

Figures were obtained regarding the crime rate and police incident rate relating to certain alcohol related crimes, the alcohol related hospital admissions rates and alcohol related death rates across 18 separate areas of West Dunbartonshire. The Board also obtained further evidence from Environmental Health, Strathclyde Fire and Rescue, Social Work and Strathclyde Police. Appendix 1 details the figures across the 18 intermediate data zones. The shaded areas of Appendix 1 are those where the rate was above the average for the Strathclyde Police force area for crimes and police incidents and which are above the Scotland rate for alcohol hospital admissions and alcohol related deaths. The figures are normalised to represent the number per 100,000 of the population to enable comparisons to be made.
Updated health information on alcohol related deaths 2008/2010 and emergency admissions 2009 and 2010 are attached at Appendix 2. The key conclusions from this local information are:-

- Based on the 2008 data, every single area of West Dunbartonshire was above the Scottish average for alcohol related hospital admissions. In 5 cases, the figures were more than double the Scottish average.
- Fifteen out of the 18 areas were above or average for 3 out of 4 of the alcohol related figures for:
  (a) Crime rate;
  (b) Police incident rate;
  (c) Hospital admissions rate; and
  (d) Death rate.
- It is estimated that 6% of the West Dunbartonshire population are addicted to alcohol and a further 2% to drugs.
- Out of 408 local authority areas across the UK, West Dunbartonshire Council had the fifth highest alcohol related death rate for males (previously third) and had the twelfth highest for females. It is understood that two of our neighbouring authorities had the two highest death rates for males.
- West Dunbartonshire Survey information showed that 62% of males and 51% of females were exceeding the recommended weekly limits for alcohol consumption. This compares with a Scottish figure of 42% for males and 34% for females.
- A 2004 Audit by West Dunbartonshire Social Work Department found addiction problems in:
  o 50% of all cases held by the Children and Families Team;
  o 72% of all cases held in the Criminal Justice Team; and
  o 61% of accommodated children and young people cases.
- In a 2009 Review by local police, between 60% and 100% of reported domestic incidents involved alcohol as a factor for the suspect, victim, or both.
- Strathclyde Police statistics showed that over 70% of those charged with violent offences were under the influence of alcohol and/or drugs at the time of the offence. Analysis of police holding cells in Clydebank in 2009/2010 identified that only 41% of total prisoners were identified as sober at point of reception. As most warrants are planned and executed at a time unlikely to encounter drunkenness, anecdotal police evidence suggests that for other arrests there is nearly a 90% link between alcohol and local crime/ anti-social behaviour.
- There is a clear link between fires and alcohol and smoking. In 2010 West Dunbartonshire had the highest level of fire related fatalities in the Strathclyde area, as well as the highest level of fire related anti-social behaviour. It also had the second highest level of house fires for the region.
A survey was undertaken in Whitecrook, Clydebank, in 2008 to identify where members of the public bought alcohol. From this survey it was evident that 85% bought their alcohol outwith the area, at the nearest supermarket (Asda). The conclusion was that members of the public would travel 2 to 3 miles to obtain low cost alcohol, usually from supermarkets. This means that for health problems it is difficult to clearly link these to the number of premises in the same area. In this case the problems occurred in Whitecrook but the alcohol was bought in Clydebank Central.

The broad conclusions from the survey data were that there were three key problems:

- Alcohol related deaths, hospital admissions, domestic abuse, fire, crime and police incidents outwith town centres - predominantly linked to low cost alcohol from large supermarkets.
- Youth crime and disorder/underage and outdoor drinking - alcohol generally obtained from off-sales, often by agent purchase.
- Crime and disorder on Friday and Saturday nights in town centre - while the attractiveness of pubs and nightclubs and the night time economy is one factor in this, the increasing trend of preloading at home before going down town means that these problems often have their root in the consumption at home of cheap alcohol, the majority of which is obtained from supermarkets.

2. The Advantages and Disadvantages of Minimum Pricing

It is clear from the foregoing data that alcohol is one of the most significant problems facing West Dunbartonshire and its regeneration. These problems have an impact on the area’s ability to attract new business, to train a suitable workforce, on work absence rates and on the attractiveness of the area as a place to live and work.

The question of the advantages and disadvantages of minimum pricing inevitably leads to a comparison of the pros and cons of minimum pricing compared to the alternatives. Looking at the alternatives these are:

**Focus on cultural change without legislation**

Lobbyists for supermarkets and major drinks companies will suggest that minimum pricing or taxation changes are not required and that the Scottish government should attempt to change drinking culture. Effectively this represents the ‘do nothing’ option and will achieve nothing. Government attempts to change drinking culture have been unsuccessful. Meanwhile, marketing and pricing policies of supermarkets and drinks companies have been a significant contributor to the present problem culture, encouraging increased consumption and increased preloading. To date there has been little evidence that the large supermarkets and drinks companies will, in the absence of legislation help to change the culture of drinking. For example, in October 2011 the introduction of irresponsible promotions to off-sales simply resulted in Tesco offering the same multi-deals from a delivery centre in England and other supermarkets lowering the price of single units.
More effective use by Licensing Boards of their existing powers

It may be suggested that the present legislation is adequate and the problem lies in Licensing Boards not using their powers to their fullest extent. West Dunbartonshire Licensing Board has been unique amongst Boards across Scotland in adopting an overprovision policy which applies in 15 out of 18 areas. However, an overprovision policy cannot reduce the number of premises, cannot reduce the availability of alcohol, and will have little impact in the short to medium term on alcohol related problems. It should also be noted that the recent case of Brightcrew -v- City of Glasgow Licensing Board stated that when dealing with Applications, Licensing Boards require to make a direct causal link between alcohol related problems and the sale of alcohol in specific premises. This makes it very difficult for Boards to use health information obtained on ‘whole population basis’ and to apply this to individual premises. In short, West Dunbartonshire Licensing Board, having used the licensing legislation to its fullest extent, has no hesitation in stating that licensing legislation will not, on its own, result in significant improvements to Scotland’s health related alcohol problems.

Alternative Proposals

The West Dunbartonshire bodies would commend to the Parliament the evidence contained in the Policy Memorandum showing a clear link between alcohol related problems and the price and availability of alcohol. It welcomes the fact that the UK government, the Westminster Parliament Labour opposition, the Scottish government and almost all opposition parties in the Scottish Parliament all accept this link. Our position is that the greater the increase in price, the greater the beneficial impact on alcohol related problems in West Dunbartonshire. Depending on the price per unit at which minimum pricing is set, it has the potential to result in the greatest immediate increase in alcohol prices and the quickest reduction in alcohol related problems. Assuming a minimum price of at least 45p per unit, the alternative proposals will result in a smaller increase in price and a less beneficial impact:

- UK government - in January 2011 the UK government proposed a ban on sales of alcohol below the rate of duty plus VAT. This appears to result in the following pricing:
  
  440 ml lager can at 4.2% - 38p;
  1 litre cider at 4.5% - 40p;
  750 ml wine at 12.5% - £2.03; and
  1 litre vodka at 37.5% - £10.71.

- It is clear from the foregoing figures that this proposal will have no impact whatsoever on the price at which alcohol is sold and will therefore have little, if any, impact on alcohol related problems.

- The recommendation from the Scottish Labour Party in August 2010 was that there should be a UK floor price for alcohol which should be above the total cost of production, duty and VAT. Duty rises were to be the main lever for achieving price increases. There are a number of potential weaknesses with this approach. Firstly, the UK government has signalled that it will do
something different and, accordingly, this is unlikely to happen within the lifetime of the present UK government. Secondly, it may be difficult to get accurate data on the total cost of production. Thirdly, while duty rises could eventually result in similar pricing levels to those proposed by the Scottish government, this would depend on the willingness of successive UK governments to raise duty. Inevitably such increases would reflect the level of problems across the UK and rule out an approach more tailored to Scotland’s greater alcohol related problems.

- Alcohol and caffeine - it is understood that one of the proposals which emerged from the Commission appointed by the Scottish Labour Party was that there should be a legal limit on the caffeine level in alcoholic drinks. While we would be in favour of this, this measure is largely targeted at the link between alcohol, caffeine and violence and disorder. It would not deal with the major alcohol related health problems. It is also noted that increasingly high caffeine soft drinks are being used as mixers with vodka.. Nevertheless this is a worthwhile proposal which should supplement rather than substitute for minimum pricing.

The disadvantages of minimum pricing have been suggested as the following:

- Litigation - it is undoubtedly the case that the proposal will be challenged by major supermarkets and drinks companies in court. There are different legal views on the validity of the proposal. At the very least the act, once passed, will be bogged down in litigation, possibly ending up in the European courts. Until then the Act cannot be brought into force. Nevertheless our view is that this is a risk worth taking. Otherwise there will be no effective measure to control the sale of low cost alcohol from supermarkets and Scotland’s problems with alcohol will simply get worse.

- It has been suggested that minimum pricing will simply result in greater profits for supermarkets. This can be answered in several ways. Firstly, the whole point of minimum pricing is to reduce the volume of alcohol sold and improve Scotland’s alcohol related problems. It is not aimed at the supermarkets and the fact that this might increase their profits is irrelevant in the context of alcohol related health, crime and disorder figures. Secondly, if there is an intention that supermarkets should help pay for the problems that their activities create, then this can be recovered either through the public health levy or the social responsibility fee. Thirdly, it is understood that supermarkets sell much of their low cost alcohol at below cost price. It is understood that no VAT is paid on this and there are tax advantages in claiming back below cost sales as an expense of promotion. Accordingly, minimum pricing will in fact result in an increased VAT and tax take. If the Committee are at all concerned at this issue, it is recommended that they obtain independent taxation advice on the taxation treatment of below cost sales of alcohol.

- It has been suggested that minimum pricing will lead to unregulated sale of cheap alcohol being purchased across the border. If the Committee are concerned about this, it would be worthwhile to obtain the views of ACPOS. It is understood that the view of Chief Constables is that this is not a significant concern. If minimum pricing was successful in Scotland then it
would probably follow into England and Wales in due course. It is also noted that legislators in Wales and Northern Ireland are also looking at minimum pricing, as is Manchester.

- That minimum pricing would impact on hard pressed family budgets. This is only the case if families continue to purchase their present level of alcohol. As national figures show that 22.8 units per person over 18 are purchased each week in Scotland, a reduction in the volume of alcohol purchased would be a good thing. To be blunt, the whole point of increasing price is to give the public a genuine dilemma as to whether they can afford to continue drinking at the present rate. If there is no challenging price per unit then they will simply continue to drink at the present rate.

- The whisky industry argue that minimum pricing will damage the whisky trade, both nationally and internationally. West Dunbartonshire has a number of major whisky distillers and bonds within its area. We are also keen to ensure that the whisky trade in not inconvenienced. It is, however, difficult to see any good reason why minimum pricing would affect the whisky trade, except at the very lowest level of discount supermarket whisky. It should, however, be noted that most whisky producers are part of multi-national drinks companies. It may be that the primary concern of these drinks companies is the effect of minimum pricing on cheap vodka, cider etc and the whisky issue is really being used as a tactic to stop increases to other drinks etc. Accordingly, it is important that the Committee drill down to find concrete data on the actual impact of minimum pricing on Scottish whisky.

3. The Level at which a Minimum Price should be set

The update on Alcohol Sales and Price Band Analysis 2011 Report by NHS Scotland collected data on pricing levels. It noted higher off-trade sales (compared to on-trade sales) were particularly marked in the 30p to 44.9p per unit range and for spirits, especially vodka. It noted that in 2010 the average price of a unit of alcohol through the off-trade in Scotland was 45p per unit and 134p per unit through the on-trade. A minimum unit price of alcohol would therefore impact much more on the off-trade than on on-trade. Indeed, many in the on-trade support minimum pricing as a means of levelling the playing field and supporting the night time economy. Given the value to Scotland of its night time economy, this is a material consideration.

The NHS Report also noted that as the price of alcohol increased between 2008 and 2010, the proportion of alcohol sold through the off-trade under different price thresholds changed. In 2008, 57% of off-trade sales were sold at less than 40p per unit and 81% at less than 50p per unit. By 2010 this had dropped to 45% at less than 40p per unit and 73% at less than 50 per unit. Their conclusion was that if a minimum price per unit was introduced, changes in alcohol prices and disposal incomes would need to be monitored to assess whether they might influence the potential effect of a minimum unit price on consumption and harm. It is noted that the Scottish Government proposes to re-run the Sheffield University model to give up-to-date evidence as to what the proposed minimum price should be.
As minimum pricing will be challenged in the courts, it is important that the level at which the price is set is backed up by robust evidence. It is also important that the level is set by secondary legislation, allowing changes to be made. When minimum pricing is introduced, the supermarkets and major drinks companies will try to continue to sell as much alcohol as possible and will alter their marketing and pricing structure accordingly. In these circumstances we agree with the proposal that the price should be set in secondary legislation, following a re-run of the Sheffield University model and that ministers should have the power in secondary legislation to vary the minimum price as circumstances change.

In broad terms our view is that the higher the minimum price, the greater the improvement in alcohol related health problems, crime, disorder, fires, domestic abuse, addictions etc. While agreeing that the price should be set on the basis of as much evidence as possible, our view is that initially it should be set at approximately 50p per unit.

4. Any other aspects of the Bill

One further matter which may repay some research is in relation to the pricing structure of contracts between the big drinks companies and the major supermarkets. We have heard that major drinks companies, in an effort to achieve year on year increases in sales, will provide a substantial refund to major supermarkets if they increase their sales percentage each year. It has been suggested that the need to obtain this discount or refund is a key driver in supermarkets selling alcohol at less than market value. If so, the pricing policies of the major drinks companies could be a significant contributor to Scotland’s alcohol problems. If the opportunity arises it may be worthwhile for the Committee to seek clarity from the major drinks companies on this point.

We are happy that this evidence is published by the Parliament and treated as a public document. Should the Committee wish to hear in person from those submitting this evidence then we are happy to attend the Committee.

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Head of Legal, Democratic & Regulatory Services
West Dunbartonshire Council

Helen Weir
Addiction Action Officer
Alcohol and Drugs Partnership
Dumbarton

Andrew Fraser
Head of Legal, Democratic and Regulatory Services
West Dunbartonshire Licensing Board et al

12 December 2011
Alcohol (Minimum Pricing) (Scotland) Bill

West Lothian Council and the Community Health & Care and Tobacco, Alcohol & Drugs Partnerships

A. Purpose of Report

To respond to the Scottish Parliament's Health and Sport Committee call for written evidence on the general principles of the Alcohol (Minimum Pricing) (Scotland) Bill, which was introduced by the Scottish Government on 31 October 2011.

B. Recommendation

That the PDSP considers the appended draft response and recommends submission to Council Executive for approval.

C. Summary of Implications

I Council Values
- Focusing on our customers' needs
- Being honest, open and accountable
- Working in partnership

II Policy and Legal (including Strategic Environmental Assessment, Equality Issues, Health or Risk Assessment)
Measures included in Alcohol (Minimum Pricing) (Scotland) Bill 2010 will impact favourably on health and harm related to alcohol misuse in West Lothian.

III Implications for Scheme of Delegations to Officers
None

IV Impact on performance and performance indicators
It is expected that the proposed measures will contribute positively to performance indicators related to reduction of alcohol misuse and community safety.

V Relevance to Single Outcome Agreement
The intended outcome of the Alcohol (Minimum Pricing) (Scotland) Bill 2010 is consistent with commitments in the Single Outcome Agreement, both in respect of health and well-being and community safety.

VI Resources - (Financial, Staffing and Property)
No direct impact on resources.

VII Consideration at PDSP
None

VIII Other consultations
The proposed submission reflects West Lothian Tobacco, Alcohol and Drug Partnership’s alcohol strategy, which was widely consulted on.

D. Terms of Report

The Scottish Parliament’s Health and Sport Committee has called for written evidence on the general principles of the Alcohol (Minimum Pricing) (Scotland) Bill, which was introduced by the Scottish Government on 31 October 2011.

West Lothian Tobacco, Alcohol and Drug Partnership Alcohol Strategy 2009 reflects the concerns of the Scottish Government in respect of the damaging impact of alcohol misuse, both to individuals and to communities:

“Alcohol misuse is damaging the health, happiness, safety, and prosperity of both ourselves and our children. With increasing consumption over the last 50 years has come a tide of rising harm, not limited to health nor experienced solely by the drinker but spilling over on family and friends, communities, employers, and Scotland as a whole. By tackling alcohol misuse and by supporting and encouraging communities to make more positive choices about alcohol availability and provision, we can help them to maximise their potential both individually and collectively “

Consistent with this position, the Council Executive supported the main provisions of the Alcohol etc (Scotland) Bill (see minutes of 9 February 2010) which also included a commitment to a minimum sales price for a unit of alcohol and submitted evidence to that effect.

It is recommended that the council again contributes to the call for evidence in support of the minimum pricing provisions of the Bill. Appendix 1 provides the recommended submission.

E. Conclusion

The Scottish Government’s proposals on minimum pricing for alcohol are consistent with our local Alcohol Strategy. Council Executive has already contributed evidence in support of this position and it is recommended that the submission in Appendix 1 is submitted as evidence to the Scottish Parliament’s Health and Sport Committee.

F. Background References

1. Council Executive, 9 February 2010, item 23a
3. West Lothian Tobacco, Alcohol and Drug Partnership Alcohol Strategy 2009

Appendix 1: Response to call for evidence on Alcohol (Minimum Pricing) (Scotland) Bill
Appendix 1

Evidence contributing to West Lothian Community Health and Care Partnership’s support of principles of the Alcohol (Minimum Pricing) (Scotland) Bill

West Lothian Tobacco Alcohol and Drugs Partnership (TADP) has a well established strategy based on addressing the alcohol use of the whole population as the most effective harm. Central within this is strong support for the introduction of minimum unit pricing as a powerful intervention to reduce health and social harm arising from Scotland’s profoundly unhealthy relationship with alcohol.

There is a clear view within the international public health community that price is a central factor in alcohol-related harm:

There is extensive and consistent evidence that raising the price of alcohol reduces alcohol-related harm….There is consistent evidence that price has an impact on younger and heavier drinkers.¹

In Scotland and the UK, alcohol has become greatly cheaper to buy over the last 20 years, particularly in the off-sales sector. The figures in the graphs below are based on a comparison of the retail price of alcohol and average household income. As can be seen, there has been a consistent rise in the affordability of alcohol (i.e. a reduction in its economic price) other than in the last few years, when average household income has reduced.

![Figure 14: Affordability of alcohol by type and price 1987-2009](http://www.alcoholinformation.isdscotland.org/alcohol_misuse/files/alcohol_stats_bulletin_2011_updated_110413.pdf)

¹ WHO, Effectiveness and cost-effectiveness of policies and programmes to reduce the harm caused by alcohol.
The effect of this price reduction (at UK level) can be seen in figure 15: as alcohol has become cheaper, consumption has risen.

**Figure 15: Alcohol consumption in the UK (per person 15+) relative to price, 1960-2002**

![Figure 1: Consumption of alcohol in the UK (per person aged 15+) relative to its price 1960-2002](source: The Academy of Medical Sciences)

The strength of this association is described in a recent analysis:

> As the price of alcohol relative to income has declined, the amount of pure alcohol consumed by the population has increased…. Per capita alcohol consumption in the UK has gone up by over 15 per cent in the past couple of decades and doubled since the 1960s.

> Even accounting for a recently reported recession-related drop in consumption, more alcohol is drunk per head today than was ten years ago.

> Nearly 1 million people in Scotland currently drink at hazardous and harmful levels, and over 10 million drinkers in England are exceeding recommended weekly drinking limits. As alcohol consumption has increased, so have levels of alcohol-related harm.4

Local evidence reflects the national picture and displays trends reinforcing the links between health harm and cheap alcohol; figures on consumption and on local alcohol related deaths and alcohol related hospital discharges show a steady rise over at least 20 years (as the affordability of alcohol has increased) followed by a recent drop during the economic downturn (which effectively increased the price of alcohol). These figures strongly suggest the importance of price in West Lothians level of alcohol related harm.

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3 Scottish Health Action On Alcohol Problems (2010) Getting the price of alcohol right
4 Scottish Health Action On Alcohol Problems (2010) Getting The Price Of Alcohol Right
In line with our local policy, we have undertaken considerable work within our communities developing support for effective alcohol interventions and attempting to increase awareness and understanding of the role that societal attitudes to alcohol play in affecting alcohol related harm.

Although arguments are often advanced that culture, rather than affordability and availability is the factor which needs to be addressed to tackle alcohol misuse, we would suggest that culture is dynamic and, despite much mythmaking on the subject of Scots and alcohol, we have not always had unusually high levels of alcohol abuse historically.

Further, it should be noted that the way in which alcohol is sold is not a neutral factor in the culture of alcohol use; widely available, heavily marketed and cheaply sold alcohol sends clear messages about the desirability and normality of heavy drinking. In addition to the well demonstrated direct benefits of increasing effective price, the measures proposed in the bill seem an important that Scotland is acknowledging and addressing its unhealthy relationship with alcohol.

We strongly support the principles underpinning the Bill and are happy to provide any further local information which may be needed.
West Lothian Licensing Forum (WLLF) welcomes moves to change Scotland’s relationship with alcohol and supports much of what is proposed in this Bill, with and understanding that the measures set out in the Bill are seen to be part of a wider approach to tackling alcohol misuse, as proposed in Changing Scotland’s Relationship with Alcohol: A Framework for Action. WLLF share the approach outlined in the Framework for Action, which states: ‘alcohol misuse is a complex issue involving a multitude of factors, including socio-economic, cultural, educational, community-based, health-related, or linked to individual behaviours and choices. This means there is no ‘miracle cure’ or ‘one size fits all’ solution.’ WLLF Believes that there is sufficient evidence to support the view that as alcohol becomes more affordable, consumption increases, and that as the price increases consumption goes down.

Alcohol related deaths account for 1 person every 3 hours in Scotland. ¹ The scale of the problem requires radical action and strong leadership. The Alcohol (Scotland) Bill recognises that alcohol abuse requires to be tackled at a population level via a comprehensive package of measures that are targeted both at problem drinkers and at the wider population. Moderate drinkers effectively subsidise harmful and hazardous drinkers, the current policy of low alcohol prices means that responsible drinkers are subsidising the behaviour of the 25 % of the population drinking harmfully².

Our views on the advantages and disadvantages of minimum pricing

Advantages
The WLLF acknowledges the evidence of the harmful effects of excessive alcohol consumption. The benefits of minimum pricing are wide ranging across different sectors of our society, these include heavy drinkers and their families, price sensitivity is most apparent here and if the drinker is drinking less, families and the drinker will both benefit. Many in the trade support minimum pricing, as cheap off trade alcohol is now recognised by many in the trade as their biggest threat.

The University of Aberdeen has shown that what is lost in volume of sales will be replaced by the increase in profits. Small retailers will be on a level playing field with supermarkets.

Minimum pricing may be seen as an insufficient measure if applied alone. It would have more of an impact as part of a package of other measures such as a properly constructed national education programme about the effects of alcohol on society with special emphasis on the dangers of irresponsible alcohol consumption. Implementing a minimum price may assist public

¹ Alcohol Attributable Mortality and Morbidity-Alcohol Population Attributable Fractions for Scotland, ISD, 2009
² Prof Anne Ludbrook (2008) Minimum Pricing of Alcohol – An Economic Perspective
services with the expected aim of reducing alcohol fuelled anti social behaviour and have a less detrimental impact on the NHS.

Disadvantages
As acknowledged by the Scottish Government the Sheffield Report predicts that all minimum price scenarios modelled result in increased revenue for the alcohol industry (off and on trade). The Competition Assessment suggests the possibility that retained profits are passed on to consumers through lower prices/higher quality on other products.\(^3\) However, this is not the only effect. Another possible outcome is that higher revenues increase the incentives for retailer to sell more alcohol. This is recognised in the recent House of Commons Health Select Committee\(^4\).

Introducing a minimum price for alcohol may not persuade long-term problem drinkers or those who drink to get drunk to change their behaviour. The policy is designed to make everyone drink less, moderate and problem drinkers alike. The cheapest drinks tend to be favoured not only by those who drink excessively but also by those with less disposable income\(^5\).

We note, however, that in peer reviewing the University of Sheffield study, CEBR disputed the reliability of the price elasticities employed and therefore the validity of Sheffield’s findings, in their research the University of Sheffield authors assume a steady state, estimating the possible impact of minimum pricing without consideration of other key factors, they do not, for example take account of the potential increase in illegal imports, a likely consequence of any market distortion through the introduction of minimum unit price\(^6\).

Our views on the level at which such a proposed minimum price should be set and the justification for that level

WLLF would expect minimum pricing to be set at the level at which the greatest health benefits would be felt by greatest number of people. This level should be set and subsequently varied by the Scottish Ministers subject to the control of the Scottish Parliament.

Minimum pricing may go some way in reducing Scotland’s overall levels of alcohol consumption. However, redefining the cultural norm in Scotland will require a whole population approach which supports and encourages more responsible drinking, as well as increasing awareness and understanding, in order to empower and enable individuals to make more positive choices.

The University of Sheffield research in 2008 indicates that setting a price of 50p per unit would result in a significant reduction of alcohol related harms whilst ensuring that alcohol remains affordable for moderate drinkers. Alcohol

\(^3\) Competition Assessment paragraphs 30 and 32
\(^4\) First Report of Sessions, 2009 on Alcohol (HC151-1)
http://www.publications.parliament.uk/P9/CM200910/CMSELECT/CMHEALTH/151/151i.PDF
consumption would be reduced across all population groups with the most significant reduction in harmful drinkers (10.3 %). Concurrent with the obvious health benefit to the people of Scotland would be a significant reduction of alcohol fuelled crime and disorder with a consequential improvement in the safety of our communities. The 50p price per unit is also in line with the recommendations of the Chief Medical Officer, Sir Liam Donaldson made in his Annual Report on the State of the Nations Health 2008 and supported by Professor Ian Gilmore, Chairman of the Royal College of Physicians.

The recent research quoted above, also examined the ‘Effect on Consumption and Harm’ of a 50p per unit cost. This study showed that a minimum price of 50p would reduce consumption on average by 6.9 %. Consumption in the 11-18 year old groups would drop by 7.3%. 18-24 hazardous drinkers would be reduce consumption by 3 %, harmful drinkers by 10.3 % and moderate drinkers by 3.5%. This study demonstrated what has been advocated by Members of the Medical Profession and students in Alcohol Policy and Public Health for many years, that alcohol price directly affects consumption across all types of drinking.

Other aspects of the Bill

The Scottish Government has stated that the estimates decrease in alcohol sales would be more than offset by unit price increase, leading to overall increases in revenue from alcohol sales. While WLLF appreciates this rationale, the benefits of minimum pricing would be maximised if a proportion of the resulting monies were reinvested in alcohol related services and initiatives.

Scottish Parliament could lobby Westminster to increase taxation on selected products, e.g. cider, where the duty paid per litre is 26p compared to 65p for a similar volume and strength of beer, Westminster could reduce the levy on lower strength beer and increase it on higher strength brews to encourage the alcohol industry to shift production from higher to lower strength beers. This would give drinkers an incentive to drink lower strength alcohol, which could reduce alcohol related harm. This approach has been tried in Australia, where 40 % of the beer market now has an alcohol content of less than 3.8 %, and alcohol consumption has decreased by 24% since 19807.

West Lothian Licensing Forum

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7 Stockwell T, Working with the Alcohol Industry on Alcohol Policy – should we sometimes sit at the same table ?, Addition, 102, pp 1-3
Alcohol (Minimum Pricing) (Scotland) Bill

Whyte and Mackay

Introduction

Whyte and Mackay Ltd is one of the world’s leading suppliers of own label and branded Scotch whisky. The company, headquartered in Glasgow, has a bottling plant in Grangemouth, owns distilleries at Invergordon, Dalmore, Isle of Jura, Fettercairn and Tamnavulin, and operates distribution facilities in Bathgate.

Despite our global aspirations, we are heavily dependent on the UK market with a disproportionate amount of our business being generated here. We are the industry’s leading supplier of own label whisky for the majority of the UK’s grocery retailers, and we account for more than an 80% share of that market. Own label products account for almost a third of whisky sold in this country. We employ 487 people, of which 88% are based in Scotland.

Alcohol in Scotland

Whyte and Mackay shares the concern of Government about the unacceptably high levels of alcohol abuse in Scotland and the impact this has on the nation’s health and society in general.

As a producer and supplier of alcohol we take our responsibilities very seriously and continue to raise the standards of our marketing, promote best practice and be socially responsible. We are an active member of Drinkaware and a signatory of the Responsibility Deal. We also participate in the Scottish Government Alcohol Industry Partnership.

Minimum Pricing

Although we understand why the Government is keen to look at hard hitting initiatives like minimum pricing, we are strongly of the view that it will not be the deterrent the Scottish Government hopes it will be.

Effectively, minimum pricing would penalise the majority of consumers who drink alcohol responsibly, and will have little or no impact on the minority who have alcohol dependency issues.

We also believe there will be a series of unintended consequences which could seriously undermine the Government’s efforts to tackle this important problem longer term.

“For Calais, Read Carlisle”

There is strong evidence to suggest that minimum pricing will fuel illicit trade in alcohol, particularly where a pricing differential exists between two
countries. A minimum price regime in Scotland would create price disparities with England and will encourage cross-border activities. There would be no control over selling practices and the alcohol could be sold on an unregulated and cheaper basis, and sold by those involved in organised crime.

Furthermore, we currently estimate that approximately 5% of all alcohol sales are through the internet and mail order routes. This is expected to grow substantially. It would not be unreasonable to expect that new internet and mail order firms may be established in England to offer advantageous prices to Scots drinkers.

**Conclusion**

Whyte and Mackay has always been and continues to be committed to playing its part in tackling the serious problem of alcohol misuse in Scotland and in the UK.

However we feel that minimum pricing is the wrong approach. It will have a disproportionate impact on our business, and will have unintended consequences which will undermine the positive work being done to date by all stakeholders.

John Beard
Chief Executive Officer
Whyte and Mackay
9 December 2012
Alcohol (Minimum Pricing) (Scotland) Bill

Wine and Spirit Trade Association

The Wine and Spirit Trade Association (WSTA) is the UK organisation for the wine and spirit industry representing over 340 companies producing, importing, transporting and selling wines and spirits. We want a future for our industry in which it remains competitive and contributes to the UK’s economic growth – and one in which our products are made, sold and enjoyed responsibly.

Summary

- It is wrong in principle to introduce a measure that assumes a link between price and reducing harm that is not supported by the evidence. Consumption in Scotland has been dropping since 2004 but the anticipated reduction of alcohol related health harms have not followed.
- It is wrong in principle to propose a measure which unnecessarily impacts all consumers of alcoholic drinks regardless of whether or not they have anything to do with alcohol misuse. Policy on alcohol misuse should address those who have the problem, not the majority who don’t.
- We think it is inconsistent with the operation of the free market for the state to intervene on price. This view is supported by European Competition Law, itself intended both to prevent barriers to free trade and to protect the consumer interests.
- Minimum unit pricing could have a number of unintended consequences including reducing choice for consumers, increasing internet, cross border and illicit sales. We would urge the committee to consider the impact these unintended consequences could have on the presumed effectiveness of the policy and the impact a growing illicit trade could have on health in Scotland.

1. The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol

1.1 The WSTA opposes the introduction of a minimum alcohol sales price based on a unit of alcohol as there is no evidence to suggest that minimum unit pricing will be effective in tackling alcohol misuse, and there are substantial grounds to believe the policy breaches EU law.

Hitting the majority of the consumers and those who can least afford it most

1.2 We believe that the most effective way to address the problem is to focus attention and resource on those who mis-use alcohol rather than the majority of responsible drinkers. The most recent statistics published by the Scottish Government demonstrate that progress is being made, over the past two years alcohol-related hospitable discharges have declined by 8.8% from 43,054 in 2007/08 to 39,278 in...
The Government’s own statistics show that the majority of people in Scotland are drinking within the Chief Medical Officer’s recommended weekly limits – with 73% of men and 82% of women drinking within the limits\(^1\). Why waste resources on punishing the responsible majority when a more targeted approach could have a greater impact on reducing alcohol related harm in Scotland.

1.3 A minimum unit price of 50p would hit 73% of alcohol sold in the off-trade in Scotland affecting the vast majority of consumers. 92% of vodka, 72% of whisky, 77% of beer and 63% of wine prices in the off-trade would rise overnight as a result of a 50p minimum unit price.\(^2\) In the current economic climate consumers are particularly concerned about the impact of inflation on their weekly grocery bills and minimum unit pricing will push up prices for the majority of consumers in Scotland.

1.4 This scenario is particularly concerning when we look at the impact of a minimum unit price on the lowest income groups. The recent report by the Institute for Fiscal Studies (IFS) showed that ‘A minimum price would have a larger effect on low-income households.’ Even though ‘Poorer households are less likely to consume alcohol and pay lower prices when they do.’\(^3\) The Government has been clear that minimum unit pricing will have the biggest impact on those in low income groups even thought its own statistics show that 76% of men and 84% of women in the lowest income quintile do not drink or drink moderately.\(^4\) We would urge the Committee to look closely at the impact of minimum unit pricing on those that can least afford it.

1.5 The Sheffield Study data predicted a smaller drop in consumption at 50 pence per unit than has already been achieved. At 50 pence per unit the study predicted a 6.7% drop in overall consumption; however the data also shows that consumption in Scotland has dropped by 9.3% since 2003 without any price intervention. If consumption is already dropping why is the Scottish Government pushing ahead with a policy that will have little additional impact, is this a proportionate and fair response?

Lack of evidence to support a link between price and harm

1.6 Minimum unit pricing assumes a link between price and harm that is not supported by evidence. No one disputes the notion that there is a link between price and sales; all available research points to lower prices resulting in increased sales. While studies do not prove the

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1 Scottish Health Statistics, 2010
3 Institute for Fiscal Studies, Briefing note BN12, Alcohol Pricing and Taxation Policies
reverse it seems safe to assume that if a bottle of wine was suddenly priced at £20 rather than £4 then unit sales would decline. However, we vigorously dispute the notion that lower prices cause irresponsible consumption and harm. Evidence from across the world substantiates this view that there is no simple link between price and alcohol misuse. In fact, in Europe alone, it seems that those countries with the highest taxes on alcohol and the highest prices are those where alcohol misuse is a problem. World Health Organisation statistics show binge-drinking in Italy and Spain, where prices are low, at a much lower level than in Finland or Iceland where prices are high. Alcohol is one of the most heavily taxed products in the UK, with 82% of the average price of a bottle of vodka and 57% of the average price of a bottle of wine, accounted for by tax. Despite these high taxes and prices we are yet to see the corresponding drops in alcohol related harm that health experts predict.

1.7 The Sheffield model estimated that a 1% fall in alcohol consumption would yield a saving per year of £0.2514bn. This is comprised of a reduction in crime harms, health harms and employment harms from alcohol misuse. Official statistics show that alcohol consumption in the UK has been falling since 2004. In fact over a seven year period it is down by 12% (Scottish consumption dropped by 9.3% since 2003). If the Sheffield formula was correct this decline should have been accompanied by a corresponding decrease in the numbers admitted to hospital for alcohol-related problems and a reduction of £9bn in the costs of alcohol related harm. Yet we are consistently told by Government and health professionals that more people are requiring hospital attention for alcohol-related problems and the financial burden arising from alcohol-related harms is increasing. This would strongly suggest that there is no direct correlation between overall levels of alcohol consumption and alcohol harm.

Impact on problem drinkers

1.8 We fear that minimum unit pricing will have little impact on those who mis-use alcohol and we would urge the committee to look at the impact the policy will have on problem drinkers specifically. The Sheffield study shows that heavier drinkers are less responsive to price changes than moderate drinkers, in terms of their overall consumption. The study suggests a 10% general price increase across alcohol products would lead to a 2.1% reduction in alcohol consumption for heavy drinkers. The evidence suggests that a heavy drinker both accustomed to regular consumption and wishing to continue consuming at this level is less likely to be deterred by general price rises. Minimum unit pricing is likely to have the perverse effect of both failing to address those who have a problem with alcohol and punishing all those on low incomes, regardless of whether or not they have a problem.

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5 HMRC data. See https://www.uktradeinfo.com/index.cfm?task=bulletins
Legality

1.9 We support the calls from the Subordinate Legislation Committee for the Scottish Government to announce the price at which it intends to set the minimum unit price. Our legal advice thus far suggests that minimum unit pricing conflicts with the terms of UK and European Competition law and World Trade Organisation rules. In the Business and Regulatory Impact Assessment of the Bill the Scottish Government indicates that it has been keeping the European Commission and the Office of Fair Trading informed about its proposals. We would urge the Scottish Government to publish the legal advice it has received about its proposals and any advice it has received from the European Commission and the Office of Fair Trading. It is important to note that UK Health Minister, Anne Milton MP recently confirmed that the Department of Health’s legal advice is that the Scottish Government’s proposal will prove to be illegal under European Law.7

1.10 The Law Society of Scotland has also indicated that the policy could be subject to Legal challenge. Minimum pricing on spirits was ruled illegal by the European Court of Justice in 1978. Article 28 of the EU Treaty and Article III of the rules governing world trade (GATT) regard minimum pricing as a barrier to trade. At a European level the then Vice President of the European Commission Mr Verheugen, in a written answer referred to the Court of Justice and points out that it: “has ruled that national rules fixing retail prices for alcoholic beverages could constitute measures having an equivalent effect to quantitative restrictions on imports contrary to Article 28 EC. This would be the case if, for example, prices were set at such a level that imported products were placed at a disadvantage in relation to identical domestic products, either because they could not profitably be marketed in the conditions laid down or because the competitive advantage conferred by lower cost prices was cancelled out. In other words, a minimum price fixed at a specific amount may, according to the circumstances, have an adverse effect specific to the marketing of imported products and thus constitute an obstacle to the free movement of goods within the Internal Market.”8

1.11 John Fingleton, Chief Executive of the UK’s Office of Fair Trading, made clear that setting a minimum price on a product “has a number of undesirable effects”. He said: ”It would reduce the incentives of firms to compete, innovate and cut costs. So the dynamic benefits of competition are lost…………It is the job of competition authorities to

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7 Oral Evidence, House of Commons Science and Technology Committee, 26 October 2011, Q92: http://www.publications.parliament.uk/pa/cm201012/cmselect/cmsctech/uc1536-ii/uc153601.htm

8 http://www.eurocare.org/library/latest_news/european_commission_responds_to_question_on_minimum_alcohol_retail_prices
highlight to government where such a short term fix can have serious and long-lasting negative effects. 9

Unintended consequences

1.12 Introducing a minimum unit price for alcohol would artificially alter the shape of the market place with some interesting and unintended consequences. The IFS points to a number of unintended consequences of the policy as follows “Consumers can of course react in other ways: for example, cross-border shopping (buying alcohol in other countries where it is sold more cheaply and bringing it back to the UK), buying cheaper illicit alcohol where no UK tax is paid or even home-brewing.”10

Cross Border

1.13 In areas close to the border there will be an added incentive to shop in England as opposed to Scotland. It is likely that as well as buying alcohol consumers will also choose to buy their weekly groceries in England. This will have a significant impact on retailers with stores in the Scottish Borders. The creation of differing pricing structures within the UK market could lead to significant shifts in consumer behaviour where people choose to travel, or access the black market, to buy products at a lower price. Indeed, the First Minister of Wales recently acknowledged this problem saying: “As regards alcohol pricing, the major problem—and this will be a problem in Scotland—is that if you have different prices either side of the border, people will just cross the border to buy alcohol on the other side. This will be a problem in Scotland if they proceed with their policy on alcohol pricing.”

1.14 Parallels can be drawn with the situation in Newry, Northern Ireland which saw significant increases in sales when Irish duty rates were increased by 50 euro-cents duty on a bottle of wine in October 2008. If prices were to be higher in Scotland than the rest of the UK it is likely that consumers may travel to England to access lower prices. Ultimately, the level of cross border trade was such that the Republic of Ireland reduced its excise duty rates on alcohol in 2009 with the Finance Minister Brian Lenihan stating: “Recent CSO data show that 44 per cent of cross border shoppers buy alcohol. To protect exchequer revenue and stem the flow of cross border shopping, I have decided to reduce excise duty on alcohol products.” It is disingenuous of the Scottish Government to say that groceries and not alcohol was the main driver of cross border trade between Eire and Northern Ireland.

10 Institute for Fiscal Studies, Briefing note BN12, Alcohol Pricing and Taxation Policies
Internet sales

1.15 Internet sales are the fastest growing part of the market with an estimated value of approximately £800 million. It is unrealistic for the Government to assume that consumers will not seek to purchase their alcohol from internet providers based outside of Scotland where they can take advantage of better offers. A recent report from the British Retail Consortium shows that general on-line sales are a significant and growing part of UK sales: “In 2010, total non-store retail sales in the UK were estimated at £30.3bn, of which internet sales comprised £23.4bn. By the beginning of 2011, the internet was responsible for nearly 10% of all retail sales, up from 6% in 2009. A quarter of the UK’s most popular websites are online retail sites.”\(^{11}\)

1.16 Whilst these figures are UK wide it would be fair to assume that a significant proportion of Scottish sales are already made online and the introduction of minimum unit pricing is likely to encourage Scottish consumers to look for offers on-line from retailers based outside of Scotland to the detriment of Scottish based businesses. Ofcom’s consumer research in April 2011 suggested that 72% of adults used their broadband connection for purchasing goods and services, making it the third most popular online activity after emailing and web browsing.

Illicit trade

1.17 There is a risk that if some people are priced out of the legitimate market, they will simply turn to illicit sources from which to obtain their drinks. There is very strong evidence to suggest that price increases fuel illicit trade in alcohol, particularly where there is a disparity between one country and another\(^{12}\).

1.18 We know this too from our experience in the UK when high tax on alcohol and high prices helped cross-Channel buying in France. Research carried out by the industry with the Treasury at that time showed that people were coming from as far afield as Aberdeen in vans to cross the channel to purchase large quantities of alcohol. At its height the cross-channel industry represented approximately 13% of all UK alcohol consumption.

1.19 HMRC considers lost duty to the Treasury from black market sales of alcohol to be a significant problem. It is unrealistic to say that this is not a problem in Scotland and one which would not be exacerbated by the introduction of minimum unit pricing. We would urge the Government to take this issue seriously and put in place a clear action plan to ensure that minimum unit pricing does not bring with it an increase in duty fraud.

\(^{11}\) British Retail Consortium (Oxford Economics & Oxford Institute of Retail Management) UK Retail: Leading Globally, Serving Locally

**Putting jobs at risk and reducing choice**

1.20 Introducing a minimum price for alcohol would artificially alter the shape of the market place with some interesting and unintended consequences. It would undoubtedly put further jobs at risk within the UK’s alcohol industry.

1.21 Consider the impact for example on products which sell at the less expensive end of the market. In the case of spirits this segment includes both own brand and a range of less expensive non-marketed brands. A minimum price of 50p per unit of alcohol would mean that a 1 litre bottle of own-brand spirits at 40% abv would cost £20. At such a level the own-brand product has lost its competitive advantage and would be competing in the same price range as branded products which are supported by large marketing and advertising budgets. Who is going to buy own-brand products or those that traditionally retailed at a lower price, when for the same price you can buy premium branded product? Reducing competition between brands will also have an impact on consumers as experience shows that competition helps to drive wider benefits for consumers.

1.22 Minimum unit pricing will have a differential impact on wines according to country of origin by virtue of their alcoholic strength. Wine strength varies widely, with hotter climates such as Chile and Australia characteristically producing wines of 13% abv or more compared to wines from cooler Northern European climates of around 9% abv to 11% abv. A minimum unit price would make the former more expensive per bottle. Notwithstanding the possible competition law issues this raises, the implications are fairly obvious. It seems unlikely that countries whose products now face an unfavourable market in which to compete, courtesy of minimum pricing, will wish to look favourably towards UK exports, such as Scotch Whisky.

1.23 These market distortions would undoubtedly impact on jobs. Producers of less expensive and own-brand products employ thousands of people in the UK. It would seem particularly odd during such testing economic circumstances to pursue a policy which risks further job losses.

2. **The level at which such a proposed minimum price should be set and the justification for that level**

2.1 There is no evidence to suggest that minimum unit pricing will be effective in tackling alcohol misuse, and there are substantial grounds to believe the policy breaches EU law. It is for Government to make a policy decision based on the evidence available to it and the Scottish Government has been clear about its intent to introduce minimum unit pricing in Scotland, it will therefore be for Government to set the price and the justification for why the price has been set a specific level.
2.2 However, as minimum unit pricing is untested we do believe that any new legislation should be assessed and evaluated for its impact and effectiveness. This is in line with best regulatory practice and will provide Scottish Ministers with an opportunity to intervene should many of the concerns that the industry has highlighted come to fruition such as, the adverse impact on lower-income groups, increases in cross-border or illicit sales.

3. Any other aspects of the Bill

3.1 When assessing the likely impact of minimum unit pricing it is important to take into account the wider legislative environment. For instance a number of changes to the promotion and sale of alcohol were introduced on 1 October and it is important to take account of the impact of these changes before introducing further legislation. Similarly the Scottish Government has also announced its intention to introduce an additional tax on large retailers selling alcohol and tobacco. No regulatory impact assessment has been published to accompany the proposal but it is important to note that a tax that seeks to raise £30-40 million per year from retailers would require them to make additional sales of at least £1 billion to cover the costs of the additional tax to their business.

3.2 Any proposal to introduce minimum unit pricing should maintain the sunset clause which was introduced in the Alcohol etc (Scotland) Act 2010 to ensure that the policy’s effectiveness is independently reviewed against evidence based criteria and the objectives set out by Government for the policy. If the independent assessment determines that minimum unit pricing is not having the effect the Government intended, the policy should be repealed.

3.3 We are opposed to the suggestion that Ministers can raise the level at which a minimum unit price should be set at regular intervals. It is important with any legislative change that reasonable time is given for the impact to be fully considered before more significant changes are made. We would also urge that any future increases to the level at which a minimum unit price should be set would be subject to consultation with the industry and subject to a full debate and vote in parliament. Ministers have talked about minimum unit pricing as a mechanism to reduce the amount of alcohol being sold. Our view is that policy should be focussed on tackling the minority of consumers who mis-use alcohol where as minimum unit pricing is a general policy impacting on all consumers.

Aileen Keyes
Policy & Campaigns Manager
The Wine and Spirit Trade Association
9 December 2011
Alcohol (Minimum Pricing) (Scotland) Bill

Pricing mechanism

Wine and Spirit Trade Association

We welcome the opportunity to comment on the proposals discussed during the oral evidence to the Health & Sport Committee on the Alcohol (Minimum Pricing) (Scotland) Bill about the mechanisms that could be used to change the minimum unit price should the Bill be passed.

Our response to this paper should not be viewed as implicit support for minimum unit pricing. We continue to remain opposed to the policy on the grounds that there is no evidence to support its effectiveness and that it will prove to be illegal under EU law.

Implementation

As with all legislation we would urge the Scottish Government to allow a suitable time period between implementation and review, to ensure that the impact on consumer behaviour can be properly assessed. Allowing a period of at least 2 years from implementation will ensure that a meaningful analysis of the changes can be made and will also allow for a better understanding of any compensating behaviour by consumers.

Parameters for evaluation

Clear parameters of success must be set out before any decision can be reached on the review mechanism for the minimum unit price. It will be important that the evaluation considers better the impact of the policy on consumption and its impact on levels of alcohol harm. It is difficult to assess the effectiveness of a policy if the criteria against which its success will be measured are not clearly set out. For instance, will success be measured against the outcomes predicted to be achieved by the most recent version of the Sheffield Modelling or will new targets be set against which the relative success of minimum unit pricing will be measured?

The evaluation should also consider the policy’s impact on moderate consumers, low income groups, illicit trade and cross-border trade and on different types of business (retailers, producers, online etc). In order to demonstrate proportionality under EU law the policy will have to take into account its impact on a range of factors.

The UK government has announced that it will be reviewing the methods used to measure alcohol related hospital admissions. The Scottish Government should ensure that any evaluation acknowledges the impact that the changes to the methodology could have on the perceived impact of the policy. For instance, if a change to the methodology at UK level leads to a reduction in the number of hospital admissions captured by the data the evaluation should recognise this as a methodological change and not a reduction as a result of the policy.

Index-linked mechanism

We do not support an index-linked mechanism for reviewing the price. As outlined above any review should take into account a wide range of factors and an index-linked mechanism would not consider the impact the policy is
having on reducing levels of alcohol harm. Index-linking the price mechanism would cause significant problems with contracts negotiated between retailers and manufacturers and would make budgeting, planning and pricing exceptionally difficult for retailers who could have thousands of products to deal with.

**Re-run the Sheffield modelling**

Of the two options outlined in the paper we would favour a review at 2 year intervals based upon a methodological study to evaluate the effectiveness of the policy. This would provide a greater degree of stability for businesses operating in Scotland and could take into account a wider range of factors as outlined above.

The review mechanism for minimum unit pricing requires considerable attention and detailed consideration. We would therefore urge the Scottish Government to hold a full consultation prior to reaching any decision to ensure that views from all interested parties are taken into account.

Wine and Spirit Trade Association
Alcohol (Minimum Pricing) (Scotland) Bill

WM Morrison Supermarkets

1. Introduction

1.1 Morrisons has 56 stores and employs over 14,000 people in Scotland.

1.2 Morrisons welcomes the opportunity to respond to the Health and Sport Committee consultation on the Alcohol (Minimum Pricing) (Scotland) Bill. This response raises some of the concerns that Morrisons has around both the principle and the practicality of minimum pricing for alcohol. It also highlights some of the measures that Morrisons is taking to help people drink responsibly and offers suggestions for the best way for Government to target the minority of people who misuse alcohol without penalising the majority of the people of Scotland.

1.3 As a retailer, our business depends on understanding our customers and meeting their needs and aspirations. We are well placed to respond efficiently and effectively to changing customer preferences and to help manage responsible attitudes towards alcohol. Any intervention by the Scottish Government in to how alcohol is currently retailed should work with the market. It should also ensure that any imposed market distortions do not skew the market unfairly or adversely affect the majority of Scottish people who drink responsibly.

1.4 Morrisons is a member of the Wine and Spirits Trade Association and the Scottish Retail Consortium. We endorse the points made in the submissions of both bodies.

2. Morrisons – Retailing alcohol to the people of Scotland to help them drink responsibly

2.1 Morrisons fundamentally disagrees with the principle of a minimum alcohol sales price based on a unit of alcohol. We believe that it is for retailers to control the price at which goods are sold, notwithstanding the application of tax and duty. This guarantees effective price competition and the best possible deal for the consumer across the whole store. The vast majority of our customers drink responsibly and largely within recommended guidelines. We do not believe that they should be punished in an attempt to change the behaviour of a small minority that misuse alcohol.

2.2 Where a health risk exists from excessive consumption of a product on sale, it is the responsibility of retailers to ensure that the consumer has sufficient information to make an informed choice about their own consumption level.
2.3 Alcohol is a product for adults. It can be enjoyed socially. It can also be a cause of harm. Morrisons wants customers to be able to choose to enjoy quality alcohol products responsibly. Along with other retailers, we led the industry in tackling under-age drinking, with the introduction of the ‘Challenge 25’ scheme well before it recently became mandatory across the licensed trade under the Alcohol etc (Scotland) Act 2010.

2.4 We have been active in promoting consistent messages on responsible drinking. Retail was the first sector to complete the roll-out of unit information and the agreed advice from the Chief Medical Officer on own brand products. We have supported this through further information on our web site and at point of sale. Off sale retailers contribute around one-third of the Drinkaware Trust’s £5m trade income, as well as a further, far more substantial in-kind contribution through promotion of the Trust’s campaigns and materials.

2.5 Large and small retailers across Scotland have collectively had to invest millions of pounds implementing the requirements of the Licensing (Scotland) Act 2005 and the Alcohol etc (Scotland) Act 2010. The standards and procedures for compliance, including the training of colleagues, have been exceptionally high. We would suggest that the Scottish Government evaluates the effectiveness of all these initiatives before introducing new legislation which we believe will punish ordinary hardworking citizens of Scotland.

2.6 Alcoholic Products are an important part of our retail offer. We take our responsibilities seriously and ensure that our range includes a good choice of ‘no-to-low’ alcohol content products. We also do not stock products that could appeal unduly to people aged under 18. At the point-of-sale our alcohol policy ensures stringent service standards to exclude the sale of products to those under 18, as well as those trying to purchase for others under the age of 18 (proxy purchasing).

2.7 Morrisons is proud to offer customers quality, choice and value. Our alcohol product range is tailored to help people drink responsibly. We have:

- Extended our range to increase the choice of zero and low alcohol content products;
- Introduced a Morrisons ‘value’ brand of 2% alcohol by volume to our own label lager and bitter;
- Increased our range of wine with 10% alcohol by volume or less;
- Discontinued the sale of products that we consider to be designed in such a way as to encourage excessive alcohol consumption, e.g. we removed pre-packaged shots in September 2006; and
- Removed cider products with excessively high alcohol by volume from our shelves.
- On every own brand label we display clear unit information, CMO guidelines, a responsibility message, a warning about consuming alcohol while pregnant and the drinkaware website.
2.8 We have also played a substantial role in further UK-wide alternatives, such as those led by the Wine & Spirit Trade Association’s Retail of Alcohol Standards Group, including involvement in Community Alcohol Partnerships. In addition, we have signed up to initiatives under the Westminster Department of Health’s Responsibility Deal.

3. The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol

3.1 Morrisons believes that minimum pricing of the nature set out in the Bill is a blunt and inequitable instrument which applies to all Scottish people regardless of their drinking habits or their susceptibility to excessive drinking. It would be fairer and more effective to target individuals or groups whose pattern of alcohol consumption places them at risk of harm. Under the current proposals the majority of people in Scotland who drink responsibly will be unfairly penalised in the hope of reducing harm amongst a small few.

3.2 The Policy Memorandum which accompanies the Bill states that:

“Moderate drinkers’ (i.e. those who drink within sensible drinking guidelines) are estimated to be only marginally affected, simply because they consume only a moderate amount of alcohol and also because they do not tend to buy as much of the cheap alcohol that would be most affected by minimum pricing.”

This judgement is based upon the conclusions of a study undertaken by the School of Health and Related Research (ScHARR) at the University of Sheffield. In fact, the Scottish Government relies on the conclusion of the ScHARR research for the bulk of its modelling on minimum alcohol pricing. However, it is our opinion that the ScHARR research significantly understates the impact of minimum pricing on ‘moderate drinkers’. The ScHARR conclusion that ‘moderate drinkers’ will face “very little cost increases” is based largely on a broad and misleading definition of ‘moderate’. It defines a moderate drinker as anyone who drinks within Government sensible drinking guidelines (21 units for a man, 14 units for a woman). However, it calculates financial impact on the basis of the average consumption within this range, which is 5-6 units a week (the equivalent of two glasses of wine). Given that the average weekly consumption level amongst all drinkers is 16 units (well within Government guidelines for a man), the financial impact on moderate drinkers is likely to be significantly higher than ScHARR estimates.

3.3 It is also highly questionable as to whether or not minimum pricing will have a sufficiently large impact in reducing incidences of harmful drinking to justify such a wide-ranging, punitive measure. There is significant evidence that price elasticity works differently amongst problem drinkers depending on how price increases are implemented. Heavier drinkers are, in fact, less responsive to price changes than moderate drinkers in terms
of overall consumption. Whilst they are more likely to switch from one drink to another if the price of the former exceeds the latter, they are less likely to reduce their overall alcohol consumption in the event of a general, across the board price increase.¹²

3.4 The only certainty of minimum pricing is that it would impose higher costs to customers. This is neither proportionate nor fair. In particular, if alcohol can still be purchased online from outside Scotland, we believe it would be discriminatory to the Scottish people as UK citizens. In addition, we maintain that the setting of minimum prices is fundamentally at odds with the principles of competition law both in the UK and in the EU.

3.5 Concentrating the responsibility for adjusting the minimum price per unit of alcohol in the hands of a minister or ministers completely removes the accountability for price from retailers. This means that ministers and ministers alone will be responsible for alcohol pricing. It also means that alcohol pricing will be subject to political as well as health considerations.

3.6 There is a strong argument that targeted interventions toward problem drinkers would be substantially more effective and more proportionate than the imposition of minimum pricing. In 2008, a team from the Department of Health on a visit to Canada discovered that brief interventions through routine health care provision delivered between 2.5 and 6 times the level of reduction in problem drinking than could be delivered by a 25 per cent increase in alcohol duty.³

3.7 As a retailer, there is much that Morrisons can do in partnership with the Government to communicate consistent messages to the consumer about the responsible consumption of alcohol. For example, the recent introduction of the “Know your drinks” point of sale information is an important supplement to the “Know your limits” campaign. The Government should also consider working with industry to highlight that the consumption of alcohol with food is one of the best ways to drink alcohol responsibly. Morrisons would also be pleased to work with the Scottish Government to ensure effective, efficient and consistent communication of alcohol information on product labels.

3.8 In addition to the Fife Alcohol Partnership Group, Morrisons commends the Community Alcohol Partnerships (CAP) that have been developed by the Retail of Alcohol Standards Group. The results from the numerous existing examples of CAPs demonstrate that enforcement combined with education and community involvement can, in a targeted way, tackle under-age drinking effectively.

³ Department of Health, Note of Health Fact Finding Visit to Canada, September 2008
4. Any other aspects of the Bill

4.1 The Bill as it stands fails to take any account of the award of cash equivalents by retailers (such as loyalty points given to customers based on the amount of money they spend) to compensate for statutory price increases. This is a serious omission. Not all retailers offer such schemes; therefore proceeding without any restriction on this practice could lead to a significant distortion of the market in favour of those retailers with loyalty programmes. In effect, this could end up undermining the objectives of the bill.

4.2 In particular, we believe that this would have a detrimental effect on small shops that do not have the infrastructure capabilities to deliver a loyalty programme for their customers. The likely effect of a minimum price is that many retailers independently would choose to sell certain products at the lowest possible allowed price under the legislation. Those retailers that run loyalty programmes therefore would have a particular advantage – and many other retailers would have no way of competing with this.

4.3 If minimum pricing is to proceed, it is vital that the bill is amended to ensure that all retailers are treated equally.

Guy Mason
Head of Government Affairs
Wm Morrison Supermarkets plc
12 December 2011
Alcohol (Minimum Pricing) (Scotland) Bill

YouthLink Scotland

1. Introduction

1.1 YouthLink Scotland is the national agency for youth work. It is a membership organisation and is in the unique position of representing the interests and aspirations of the whole of the sector, both voluntary and statutory. We are pleased to have the opportunity to submit evidence on this Bill, and welcome the fact that strategies to tackle alcohol misuse are being discussed. This response focuses on the implications of minimum pricing on young people, and considers whether the proposals will have a positive impact on reducing harm and changing attitudes and behaviours.

1.2 There is an urgent need to address Scotland’s deeply problematic relationship with alcohol. A range of evidence suggests that the cost of alcohol misuse to Scotland’s economy and society is staggeringly high. Alcohol Focus Scotland’s figures suggest that 17.5% of all deaths in the 16-24 age group in Scotland were estimated to be caused by attributable alcohol conditions.¹ This is clearly unacceptable and we welcome any measures that can potentially contribute to a reduction in damage to young people.

2. Young people, alcohol and minimum pricing

2.1 The modelling provided in the Explanatory Notes for the Bill is based on the level of 45p per unit. The effect of the 45p per unit minimum price will be to increase the cost of cheap, high-strength drinks such as white cider, supermarket own-brand vodka and super-strength lager. There is evidence that these drinks are the most likely to be consumed by the heaviest drinkers and that there will be a fall in consumption among this group if a minimum price is introduced.

2.2 Some studies suggest that young people and the heaviest drinkers are most ‘price sensitive’², as they have limited spending power. However, we need to look at what young people are drinking in order to ascertain whether a minimum price will have a significant effect on their consumption patterns.

2.3 Young people aged 13-16 are most likely to consume alcopops, with beer being the second most popular drink. This is borne out by both the latest available Scottish Schools Adolescent Lifestyle and Substance Use Survey (SALSUS) of around 10,000 Scottish pupils³ and a 2011 Joseph Rowntree Foundation study of 5,700 13-16 year olds.⁴ The 2009 Being Young in Scotland survey asked young people what was most appealing about

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² Independent Review of the Effect of Alcohol Pricing and Promotion Part A DoH 2008
³ http://www.drugmisuse.isdscotland.org/publications/abstracts/salsus.htm
alcoholic drinks, with the most popular answer being ‘taste/flavour’ (69% of 17-25 year olds; 36% of 11-16 year olds). ‘Low price’ was cited by only 22% of 11-16 year olds, behind taste and ‘friends drink it’ (28%). 17-25 year olds were more influenced by price with 42% saying low cost was the factor that made drink appealing, making this the second most popular response.

2.4 The alcopops and beer consumed by young people are typically not as cheap or as strong as drinks such as white cider, own-brand vodka and super-strength lagers. The SALSUS 2008 report found that most young people reported drinking normal strength beer as opposed to strong beer. If the 45p minimum price per unit was adopted then the minimum price for a 700ml bottle of alcopops at 5% ABV would be £1.57. Our market research suggests that supermarkets are already typically selling alcopops at this price, or above. If the minimum price is set above the 45p level then it may be the case that this will have an impact on young people who purchase alcohol, however many young people obtain alcohol in their homes and do not directly purchase it themselves.

2.5 There is a need to investigate the role of marketing and its influence on young people’s alcohol choices. Alcohol advertising is not devolved, whereas tobacco and food safety are. The Changing Scotland’s Relationship discussion paper notes that France has seen a reduction in alcohol consumption over the past 20-30 years (para 20). Although there are many factors implicated in this reduction, advertising restrictions have been identified as contributing to the decline. French legislation aims to protect children and young people from alcohol advertising by banning alcohol promotion on television before 9 pm and internet adverts which feature disguised alcohol marketing. We believe that the Scottish Government should pursue the issue of devolving powers in relation to alcohol advertising with the UK Government. The glamorisation of alcohol through sport must also be tackled by the Scottish and/or UK Governments, and alcohol endorsement of sports competitions should, we believe, be removed.

2.6 Minimum pricing, while a welcome measure that is likely to impact on the heaviest drinkers, is only one measure in the strategic approach to tackling alcohol misuse. It could be argued that people will continue to drink problematically, whatever the price, and that minimum pricing doesn’t address the reasons behind why people are doing so.

2.7 According to a study by the Joseph Rowntree Foundation of 5700 young people aged 13-16, the most significant factors in young people’s drinking patterns are: peer influence; family influence (lack of parental supervision and witnessing family drinking/drunkenness); attitudes and expectations (positive attitudes towards drinking); easy access to alcohol (most young people surveyed accessed alcohol in the home): and the local context (social norms about excess drinking and drunkenness). In our nation

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5 CELLO mruk research, Being Young in Scotland 2009
6 http://www.drugmisuse.isdscotland.org/publications/abstracts/salsus_national08.htm p.95
there is a culture of excessive drinking and a view that drunkenness is acceptable, and our young people are not immune from these views.

2.8 We believe that in addition to minimum pricing the Scottish Government must focus its strategic framework on the key predictors that can be most easily influenced. Reducing the ease with which alcohol can be purchased by making it less affordable, while an important measure, is unlikely to have a significant impact alone.

2.9 Peer and parental influence are of paramount importance. We believe that efforts to improve alcohol misuse among young people are best directed at supporting youth work opportunities and educating parents. The forthcoming National Parenting Strategy needs to address Scotland’s drinking culture in an honest and frank manner which is not stigmatising, in order to resonate with the widest possible audience. It is important to promote parental responsibility and positive role-modelling in order to foster a healthy attitude towards alcohol. The impact will be limited if it is left until the antenatal stage. The educational work on parenting should start early, and be embedded within Curriculum for Excellence and use a variety of delivery methods including a youth work approach which engages with young people on their own terms.

2.10 Since peers are a key influence, there is a clear need to encourage young people to engage in positive activities. The Changing Scotland’s Relationship framework states that the Government’s intention is to “continue to support a number of third sector organisations to provide youth work and/or diversionary opportunities.” CashBack for Communities funding is cited in the framework as the Government’s main tool for delivering activities that expand young people’s horizons and increase the opportunities they have to develop their interests and skills in an enjoyable, fulfilling and supported way. YouthLink Scotland is a delivery partner for the administration of the CashBack funds and we agree that the CashBack funding has had a considerable impact on improving the capacity of youth work organisations to deliver positive opportunities for young people. However this short-term, project-based funding is not the same as long-term investment in the youth work infrastructure.

2.11 Youth work cannot achieve the aims stated by the Government in the framework if it is not properly resourced beyond the short term. In line with the Government’s focus on prevention, investment must be made in generalist services which are available to all young people, not just targeted interventions for those who are identified as being ‘at risk.’ Young people should be able to access youth work opportunities which meet their needs, but this right is not being met as young people do not have equal access to youth work provision across Scotland. The positive words expressed by the Government in relation to reducing the harm to young people caused by alcohol must be matched by action, in terms of funding and resources for youth work services across the country.
2.12 The Social Responsibility Levy and Public Health Levy could go some way to helping address this inequality and we urge the Scottish Government to develop its plans for these levies, ensuring that proceeds are invested in preventative measures and young people’s services in particular. We believe that investment in youth work will help prevent negative behaviours and attitudes towards alcohol as well as providing positive opportunities, diversionary activities and early intervention. We welcome the decision by the Scottish Government to appoint a Minister for Youth Unemployment, as increasing levels of unemployment among young people may lead to more people turning to drink and other drugs as a means of ‘escaping’ from their problems.

3 Advantages and disadvantages of minimum pricing – general arguments

3.1 A reduction in harmful drinking will contribute to positive health outcomes, a reduction in crime, less harm being caused to children and young people and more prosperity as people are able to enter or re-enter the workforce and take up training and educational opportunities. A decline in the overall rate of drinking may, in turn, contribute to a cultural change in relation to the acceptability of excessive consumption.

3.2 Studies of consumer behaviour cited in the Policy Memorandum suggest that people may respond to a rise in the cost of alcohol by spending the same amount overall but buying fewer alcoholic products; continuing to buy the same products and increasing their spending; or switching to alternative products. The modelling indicates that minimum pricing will lead to a decrease in consumption and an increase in spending among hazardous and harmful drinkers.

3.3 It could be argued that a rise in the cost of alcohol will be disproportionately felt by those on low incomes. Not all those who are on low incomes and who purchase cheap alcohol are problematic drinkers, however there is a potential risk of a negative impact on children and young people in families where an increasing amount is being spent on alcohol but less on other household items.

3.4 There is a question over whether minimum pricing will have any impact on the ‘middle class drinkers’ who are consuming at problematic levels but who buy more expensive alcoholic products which will not be affected by the price increase. Families are affected by problematic drinking regardless of social class and levels of income, and one disadvantage of minimum pricing is that it does not affect all problematic drinkers equally.

3.5 The indicators of the social value that will accrue from reduced levels of alcohol consumption are very encouraging – but will it will also be necessary to address the root causes of problematic drinking in order to maximise the social value created by minimum pricing. Overall, however, we are persuaded by the evidence in favour of minimum pricing in terms of the positive social and economic benefits it is likely to bring.
4. Conclusion

4.1 YouthLink Scotland welcomes the decision to introduce minimum pricing and is of the view that it will help reduce alcohol consumption levels in Scotland, which is to be welcomed. A reduction in consumption will create social value in the form of savings to health services, a reduction in crime and an increase in productivity. Most importantly, it has the potential to reduce harm to young people and to contribute to a change in socio-cultural attitudes to alcohol consumption. Minimum pricing was supported in a statement issued by the Youth Commission on Alcohol, which was jointly established by the Scottish Government and Young Scot in 2009.

4.2 Minimum pricing will have the most direct effect on the heaviest drinkers, who tend to consume the cheapest, strongest alcohol drinks. It is also likely to have an impact on those on lower incomes and the strategic framework needs to address measures to foster attitudinal and behavioural change in all income groups across Scottish society.

4.3 Research suggests that while young people may be price-sensitive, this is not the only factor influencing their drinking behaviour. Therefore, we suggest that the national parenting strategy must substantially address alcohol and that youth work opportunities for young people must be provided and funded at an adequate level so that all young people in Scotland have equal access to positive activities that are appealing and engaging, and that can help equip them with the skills they need to develop their self-esteem and confidence. In turn, this will help them to build positive relationships with their peers and stand up to negative influences.

Barbara Schuler
Policy Officer
YouthLink Scotland
8 December 2011
BRIEFING PAPER ON EVALUATION PLANS FOR MINIMUM UNIT PRICING

Purpose

1. This briefing paper has been produced to inform Members of the Health and Sport Select Committee of the existing and proposed plans for evaluating alcohol minimum unit pricing (MUP) in Scotland should it be introduced by the Scottish Parliament.

Background

2. There is consistent evidence to support a positive relationship between affordability and consumption. Econometric modelling evidence suggests that MUP will be effective in reducing consumption among the whole population, including hazardous and harmful drinkers.\(^1,\(^2\) In addition, alcohol pricing policies have been identified as a potentially important intervention to reduce health inequalities.\(^3\) However, the evidence for MUP is necessarily limited by the lack of examples of MUP, although empirical evidence is now emerging from Canada.

3. If MUP is implemented, it will be crucial to undertake robust evaluation to inform Scotland’s people and their Parliament of its impact. Such an evaluation needs to assess the extent to which MUP contributes to a reduction in alcohol-related harm in the population as a whole and in particular groups, and the extent and impact of any unintended outcomes or displacement effects, particularly those differential effects which may impact negatively on health inequalities.

The MESAS Portfolio

4. NHS Health Scotland leads the evaluation of Scotland’s alcohol strategy through the Monitoring and Evaluating Scotland’s Alcohol Strategy (MESAS) programme.\(^4\) MESAS is responsible for evaluating the key components of all elements of alcohol strategy such as licensing reforms, delivery of alcohol brief interventions and the ban on quantity based price promotions. MESAS also analyses routinely collected data to assess changes in price, consumption and alcohol-related harms at a population level. Such data will be used to provide the foundation for an evaluation of MUP should it be implemented:

- Firstly, trends in the average price of alcohol sold in the on and off-trades, and the price distribution of alcohol (total and by drink type) sold in the off-trade will be analysed over time and compared to England & Wales. This would determine what impact MUP has had on average price in general and on the availability of the cheapest alcohol in particular.

- Secondly, the volume of alcohol (total and by drink type) sold in the on and off-trades over time and in comparison to England & Wales would be analysed to determine the impact of MUP on the sale of alcohol. Sales data would be analysed alongside self report survey data to determine if there are changes in drinking patterns or consumption and whether such changes differ by age, deprivation and gender.

- Thirdly trends in alcohol-related harms (for all and by sub-groups e.g. age, sex and deprivation) will be assessed using routine data over time and compared to England & Wales. The need to use robust and reliable data means that the focus of this would be on morbidity and mortality but there would be some assessment of change in alcohol-related crime where the data are available. The relationship between price, consumption and harm would be analysed, both over time and between Scotland and England & Wales, to enable the actual impact of MUP to be determined.
5. In 2010, a MESAS scoping study concluded that a full study of the economic impact of alcohol policy at that time was not feasible or warranted. If MUP is implemented, MESAS will give further consideration to this.

6. The focus of MESAS is using routinely collected data and hence cannot answer all questions of interest; in particular, individual level changes in drinking and acute health harms not captured by routine data; the possible unintended consequences of MUP and the differential (positive or negative) impact on particular groups. MESAS will therefore be complemented by other studies.

Evaluating the impact on heavy drinkers

7. A study led by Dr. Gill and Prof. Chick at Queen Margaret’s University is already in place to determine the impact of MUP on heavy drinkers in contact with specialist services. It will use a longitudinal design to determine if MUP results in change in consumption, type of beverage, price paid or substitution to industrial/illicitly produced alcohol or drugs in these drinkers, and whether any changes are differentially patterned, for example by deprivation. A Newcastle study arm will help enable the researchers to determine if any observed change in behaviours in Scotland is attributable to MUP.

Intended and unintended consequences, behavioural and attitudinal change

8. A collaboration of researchers from a number of academic and NHS organisations have submitted a bid to the National Institute of Health Research for a grant to fund additional studies that would significantly contribute to the evaluation of MUP. This proposal aims to build on the existing MESAS research programme to assess:

1. Changes in drinking behaviours and selected acute health harms not captured by routine data
2. Possible displacement/substitution effects related to source of alcohol (legal and illegal), food expenditure; and/or use of other drugs,
3. Whether MUP implementation contributes to changes in public attitudes to alcohol use.

9. MUP may affect population sub-groups differently. This research will therefore look at potential disproportionate effects by comparing the impact across different socioeconomic groups. Given MUP has only just been introduced to Parliament, these evaluation plans are still in development and subject to funding.

Summary

10. NHS Health Scotland is leading an internationally peer reviewed, multi-component evaluation of the impact of Scotland’s alcohol strategy. Working closely with the academic sector we are currently developing the study portfolio to ensure that the impact of minimum pricing on consumption and harm is monitored, and that any differential impacts between groups or unintended consequences are fully understood.

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1 Purshouse R et al. Model-based Appraisal of Alcohol Minimum Pricing and Off-Licensed Trade Discount Bans in Scotland: A Scottish adaptation of the Sheffield Alcohol Policy Model version 2: SchHARR, University of Sheffield; 2009.
Finance Committee

Remit and membership

Remit:

1. The remit of the Finance Committee is to consider and report on-

   a) any report or other document laid before the Parliament by members of the Scottish Executive containing proposals for, or budgets of, public expenditure or proposals for the making of a tax-varying resolution, taking into account any report or recommendations concerning such documents made to them by any other committee with power to consider such documents or any part of them;

   b) any report made by a committee setting out proposals concerning public expenditure;

   c) Budget Bills; and

   d) any other matter relating to or affecting the expenditure of the Scottish Administration or other expenditure payable out of the Scottish Consolidated Fund.

2. The Committee may also consider and, where it sees fit, report to the Parliament on the timetable for the Stages of Budget Bills and on the handling of financial business.

3. In these Rules, "public expenditure" means expenditure of the Scottish Administration, other expenditure payable out of the Scottish Consolidated Fund and any other expenditure met out of taxes, charges and other public revenue.

(Standing Orders of the Scottish Parliament, Rule 6.6)

Membership:

Gavin Brown
Kenneth Gibson (Convener)
John Mason (Deputy Convener)
Mark McDonald
Michael McMahon
Elaine Murray
Paul Wheelhouse

Committee Clerking Team:

Clerk to the Committee
Jim Johnston

Senior Assistant Clerk
Fergus Cochrane

Assistant Clerk
Lucy Scharbert

Committee Assistant
Jennifer Bell
INTRODUCTION

1. The Alcohol (Minimum Pricing) Scotland) Bill (“the Bill”) was introduced in the Parliament on 31 October 2011.

2. Under Standing Orders Rule 9.6, the lead committee at Stage 1 is required among other things, to consider and report on the Bill’s Financial Memorandum (FM). In doing so, it is required to consider any views submitted to it by the Finance Committee (“the Committee”).

3. At its meeting on 16 November 2011, the Committee agreed to seek written evidence from a number of organisations identified in the FM as being potentially affected by the Bill. Submissions were received from—

   • Aberdeen City Council
   • Dumfries and Galloway Council
   • Highland Council
   • Highland Alcohol and Drugs Partnership
   • National Association of Cider Makers
   • NHS Grampian
   • NHS Lanarkshire and Lanarkshire Alcohol and Drugs Partnership
   • North Ayrshire Council
   • Scottish Ambulance Service
   • Scottish Grocers Federation
   • Scotch Whisky Association
   • South Lanarkshire Council
   • Wine and Spirit Trade Association.

4. At its meeting on 21 December 2011, the Committee took evidence from the Scotch Whisky Association (SWA) and the Scottish Grocers Federation (SGF), in addition to the Bill team. The Official Report of the evidence session can be found on the Parliament’s website, at:

THE BILL

5. The Policy Memorandum accompanying the Bill states that the main purpose of the Bill is to introduce a minimum price of alcohol below which alcohol must not be sold on licensed premises. The minimum price will be set according to the strength of the alcohol, the volume of the alcohol and the minimum price per unit. The formula used to calculate the minimum price of alcohol is set out in subsection 1(3) of the Bill.¹

THE FINANCIAL MEMORANDUM

6. The FM accompanying the Bill states that section 1 of the Bill will introduce a requirement to set a minimum price of alcohol which is considered to carry a significant financial impact. It advises that section 2 of the Bill is a technical provision and will result in no financial impact and therefore is not covered in the FM.² Section 2 makes provision for the expiry of amendments made by a section that is not contained in the Alcohol Etc. (Scotland) Act 2010 ("the Alcohol Act").

7. The FM refers to the modelling undertaken by the School of Health and Related Research at the University of Sheffield ("ScHARR") and its work is the basis of much of the FM. The ScHARR work modelled 21 separate scenarios, including minimum pricing on its own and minimum pricing together with an off-trade discount ban. The results for 10 of these scenarios show the estimated impact of minimum price thresholds alone on alcohol consumption and health, crime and employment related harms. Minimum prices per unit from 25p to 70p were modelled.³

8. The FM then sets out the costs on the Scottish Administration (paragraphs 33 to 35), local authorities (paragraph 36) and other bodies, individuals and businesses (paragraphs 37 to 66). Paragraph 72 of the FM contains a summary table of all the financial implications of the Bill.

9. A Business and Regulatory Impact Assessment (BRIA) was published on 16 November 2011. This included updated information from businesses on the financial implications of the Bill.

SUMMARY OF EVIDENCE

Statement of Funding Policy

10. The FM states that there is estimated to be a net effect of an increase of between £1m and a reduction of £65m in receipts to the Exchequer taking the range of prices from 25p to 70p, depending on the minimum price per unit of alcohol set. The FM goes on to state that—

¹ Alcohol (Minimum Pricing) (Scotland) Bill. Policy Memorandum
² Alcohol (Minimum Pricing) (Scotland) Bill. Financial Memorandum, paragraph 18
³ Alcohol (Minimum Pricing) (Scotland) Bill. Financial Memorandum, paragraph 28
“There are no costs to the UK Government which fall within the terms of the Statement of Funding Policy.”

11. The Committee noted that a similar statement regarding an estimated reduction in receipts to the Exchequer was made in the FM accompanying the Alcohol Act. However, on that occasion, the FM stated that—

“Under the terms of the Statement of Funding between Scottish Ministers and the UK Government, the reduction in VAT and duty falls as a cost to the Scottish Administration.”

12. Given the different position taken by the Scottish Government on the applicability of the Statement of Funding Policy (“SFP”) in respect of this Bill, the Committee agreed at its meeting on 16 November to seek the views of the Chief Secretary to the Treasury. A copy of the correspondence is attached at Annexe A.

13. In her response to the Committee, the Economic Secretary to the Treasury noted the “potential impact” of the policy on the UK Government. The UK Treasury expressed concern about the conclusion reached by the University of Sheffield on the impact on Exchequer receipts and concerns about the methodology used by the University to model its results. The Treasury indicated that initial analysis undertaken by the HM Revenue and Customs suggested that the Exchequer revenue costs of introducing minimum pricing in Scotland, as presented in the FM, were too low. The letter concluded—

“While recognising the competence of the Scottish Government to take forward this policy and welcoming the Scottish Government’s attempts to develop a wider strategic approach to tackling alcohol abuse, I would expect the Scottish Government to take account of the potential impact on exchequer receipts when setting minimum prices under the legislation.”

14. In its evidence to the Committee, the Bill team responded to UK Treasury comments. It pointed out that ScHARR had not modelled in more detail the lower costs to the UK Government in later years “in the form of lower social security and unemployment costs and the higher tax take that derives from increased economic output.”

15. The Bill team went on to state—

“...the bill looks to an increase in the productive Scottish economy, some of which will filter back to the Treasury. However, we have not modelled where the balance will eventually lie.

The supply side of the industry is very complex. Industry representatives have already said that they do not know how things will play out. There

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4 Alcohol (Minimum Pricing) (Scotland) Bill. Financial Memorandum, paragraph 64
5 Alcohol etc. (Scotland) Bill. Financial Memorandum, paragraph 58.
could be an increase in VAT from other products in the economy as well. It is quite difficult to tease out all the second and third-round impacts.”

16. The Bill team indicated that the latest ScHARR modelling would be finalised at the end of January and that it might be possible to run figures based on that element of the modelling to assess the potential increase in receipts to the overall economy.

17. In terms of the applicability of the SFP, the Bill team added that “the letter did not actually say that the Treasury felt that the statement of funding policy would kick in—that is the view that we take in the Scottish Government.”

18. The Committee notes that the response from the UK Treasury appears to be ambiguous on the application of the SFP to the Bill and considers that the response is unhelpful to its deliberations.

19. While recognising that there may be longer term economic benefits resulting from the Bill from which the UK Treasury might also benefit, the Committee notes the UK Treasury view that the estimated exchequer revenue costs as set out in the FM are too low.

20. The Committee recognises, nonetheless, that much of the evidence presented and projections made both by those supporting and opposing minimum unit pricing is, by its nature, theoretical.

21. The Committee considers that the lead committee may wish to pursue these issues in its evidence session with the Cabinet Secretary for Health, Wellbeing and Cities Strategy.

Estimated savings

22. The FM indicates that, based on the modelling undertaken by ScHARR, minimum unit pricing is estimated to lead to reductions in health, crime and employment harms and that the higher the minimum price per unit, the greater the estimated reduction in alcohol-related harms. The FM states that the greatest health benefits accrued from minimum pricing are seen amongst hazardous and harmful drinkers.

23. On the basis of a minimum price per unit of 45p, the FM estimates that the societal value of these harms in the first year is estimated at around £52m made up as follows: NHS cost reductions (£6m), value of QALYs (Quality-adjusted life years) saved (£14m), crime costs saved (£2m), value of crime QALYs saved (£1m) and employment related harms avoided (£28m). The

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10 Alcohol (Minimum Pricing) (Scotland) Bill. Financial Memorandum, paragraph 39
societal value of the harm reductions over the 10 year period is estimated at £721m.\textsuperscript{11}

**Assumptions**

24. A number of industry organisations challenged the assumptions made in the FM, the key contention being that while an increase in price might reduce consumption it did not follow that harmful drinking would be tackled. For example, the National Association of Cider Makers (NACM) indicated that “the ScHARR model does no more than demonstrate that if you raise the price of a product consumption falls.” It stated that “no evidence has been produced to substantiate the thesis that minimum unit pricing will be effective in tackling alcohol misuse other than the basic mechanism that as the price of a product goes up then the consumption of it in general goes down.”\textsuperscript{12}

25. Likewise the SGF described the ScHARR modelling as “theoretical”\textsuperscript{13} and stated that “there is no causal link between consumption and the harmful effects of drinking” pointing out that “intervening societal issues affect the situation.”\textsuperscript{14} While the SWA stated that—

“..we do not believe that the minimum pricing policy would address the consumption problems. It is a blanket approach that would not cause a fall in the number of harmful and hazardous drinkers.”\textsuperscript{15}

26. The Wine and Spirit Trade Association (WSTA) also disputed the notion that lower prices cause irresponsible consumption and harm and indicated that evidence from across the world substantiated the view that there is no simple link between price and alcohol misuse.\textsuperscript{16}

27. By contrast, the Committee notes that a number of NHS boards and health-related bodies were supportive of the assumptions made in the FM. For example, NHS Grampian supported the use of the ScHARR evidence to inform the assumptions, noting that there was evidence for the effectiveness of minimum pricing in reducing consumption of alcohol and its associated harms and that the greatest impact would be on harmful drinkers.\textsuperscript{17} Highland Alcohol and Drugs Partnership also agreed that there would be a significant reduction in alcohol related admissions and that, as a result, healthcare costs would be estimated to reduce.\textsuperscript{18}

28. Likewise, the joint submission from NHS Lanarkshire and Lanarkshire Alcohol and Drugs Partnership (LADP) indicated that they supported the financial assumptions made within the Bill, supporting a minimum price of £0.50 per unit.\textsuperscript{19} Applying the ScHARR model at a local level, NHS Lanarkshire and

\textsuperscript{11} Alcohol (Minimum Pricing) (Scotland) Bill. Financial Memorandum, paragraph 44
\textsuperscript{12} National Association of Cider Makers. Written submission.
\textsuperscript{16} Wine and Spirit Trade Association. Written submission
\textsuperscript{17} NHS Grampian. Written submission
\textsuperscript{18} Highland Alcohol and Drugs Partnership. Written submission
\textsuperscript{19} NHS Lanarkshire and Lanarkshire Alcohol and Drugs Partnership. Written submission
LADP concluded that a 40p and 50p minimum price would equate to a reduction of 367 hospital admissions and 907 hospital admissions per annum respectively in Lanarkshire alone and would equate to £6.1m and £16.3m savings in health and social care costs.  

29. Finally, the Scottish Ambulance Service (SAS) stated that the impact on its organisation would be “in productivity and efficiency gain and allowing our service to concentrate on people with healthcare needs not related to alcohol consumption of the binge drinking type.” The SAS also stated that—

“We still do not see the detail of how the estimates on impact on healthcare were calculated.”

30. However, NHS Grampian emphasised that it was crucial that the impact of minimum pricing on consumption was evaluated and that the long-term population level outcomes were monitored.

31. In its evidence to the Committee, the Bill team responded to the comments from industry organisations and stated that—

“In the upper, harmful drinkers category, which comprises men who drink more than 50 units a week and women who drink more than 35 units a week, all the evidence suggests that, irrespective of the level at which they are drinking, everyone will respond to a price increase and that is predominantly those who drink most heavily and young people who buy cheap drink. Indeed, a Royal Edinburgh hospital study that was carried out by Jonathan Chick showed that those who drink incredibly heavily predominantly drink very cheap alcohol. …They switch as much as they can until they get to the cheapest drinks and then reduce consumption in response to price.”

32. In its evidence to the Committee the Bill team emphasised that the SchARR modelling was based on 100 separate studies. However, the Committee was keen to establish the range of evidence that the Scottish Government had considered in developing its minimum unit pricing policy.

33. In supplementary written evidence the Bill team indicated that Scottish Government officials had considered both UK and international evidence including NICE and WHO guidance and supplied a list of sources used to help in formulating the policy and preparing the documents that accompany the Bill.

34. In its oral evidence to the Committee, the Bill team stated that—
“Sheffield’s work contains the work of a great many other studies from around the world and from different time series. The model takes account of the maximum that it can take account of.

We look at every piece of information and every argument that we think has a bearing on aspects of the policy. We are by no means limiting ourselves to one advice source.”

35. The Committee recognises that there are conflicting views from stakeholders on the use of the ScHARR modelling and the extent to which minimum unit pricing will change the habits of harmful drinkers. The Committee notes that while concerns have been expressed regarding the modelling, that no evidence to contradict the ScHARR modelling of impacts upon harmful drinking has been presented to the Committee. Should the Bill become law, the Committee considers it crucial that the impact of minimum unit pricing is evaluated, particularly its impact on harmful drinking, including establishing whether and the extent to which the policy has resulted in savings to the NHS and the justice system.

Employment-related benefits

36. Paragraphs 43 to 44 and Table 4 in the FM set out the estimated employment-related benefits deriving from a minimum unit pricing policy. Table 4 of the FM shows that £28m of the £52m first year benefits are due to employment-related impacts. Within this total, £2m is due to a reduction in sickness absence, while £26m is due to reduced unemployment. The £26m is based on an assumption that there will be 1,200 fewer unemployed people. The Committee notes that the estimated £26m savings resulting from reduced unemployment are listed in the FM as a first year benefit.

37. The Bill team was asked how realistic it was to assume that 1,200 people would be able to find work given the current economic climate. It responded that—

“For a longer-run policy such as minimum pricing, one must look to the long run in assessing impacts. Shorter-term impacts in the economy as a whole will inevitably mean that the figures look better or worse, but we argue that the long run needs to be looked at.”

38. The Bill team indicated that the “benefit relates to employability and the change in the individual.” Within this context, the Bill team was asked about investment to support people who have drink-related problems to get back into employment. The Bill team emphasised that the Bill must be seen in the context of a much wider framework for action, which “includes record investment in alcohol treatment services.”

27 This sentence was agreed to by division. For: 6 (Kenneth Gibson, John Mason, Mark McDonald, Michael McMahon, Elaine Murray and Paul Wheelhouse), Against: 1 (Gavin Brown)
39. The Committee recognises that the Bill is part of a wider framework to tackle alcohol consumption in Scotland. However, given that the FM sets out the estimated employment-related savings, considers that it would have been helpful if the FM could also have identified the costs and savings associated with assisting harmful drinkers who reduce their alcohol consumption as a result of minimum unit pricing back into employment.

40. The Committee agrees that it is necessary to consider the long term benefits and understands the Bill team’s comments to mean that within the 10-year timeframe the average annual estimated employment savings may vary depending on the vagaries of the economic cycle.

Costs to individuals

41. Table 6 in the FM includes information regarding the costs to individuals of a minimum unit pricing policy. The Committee sought clarification on some of these figures. The Bill team confirmed that, on the basis of a 45p minimum unit price, in year one the cost to individuals would be £96 million, while the benefits would be £52 million.\(^{31}\)

42. In supplementary written evidence the Bill team pointed out that Table 6 also included the financial valuation of harm reductions in health, crime and employment. It advised that there were wider crime and societal costs not included in Table 6, which included a reduction in harm to children and families of those who drink excessively and a reduction in antisocial behaviour within communities that currently experience high levels of alcohol misuse.

43. The Bill team confirmed that the 10 year figures in Table 6 were cumulative and discounted and assume that drinkers will respond to the price increase. It stated that—

“Different groups of drinkers will respond in different ways. People’s sensitivity to price increase will be different. The figures on the changes in how much people spend are based on the assumption that they will reduce their consumption but increase their spending, because the price floor will mean that they cannot buy at a very low price.” \(^{32}\)

44. The Committee notes that while the FM lists a range of costs and benefits relating to the Bill, the Committee heard evidence that there are a range of wider societal benefits to which costs and benefits have not been modelled and considers that the lead committee may wish to probe this further with the Cabinet Secretary.

Impact on low-income population

45. Certain industry organisations expressed concern regarding the impact of minimum unit pricing on the finances of private individuals. For example, the WSTA expressed the view that the FM did not assess fully the impact that such

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a policy would have on the majority of consumers in Scotland, particularly those on the lowest incomes.33

46. This latter concern was shared by the SGF which stated that minimum pricing “was a regressive policy that will affect low-income families and individuals more than people who can afford to buy more expensive alcohol.”34

47. Reference was also made to the proposed public health levy and concern expressed that minimum unit pricing might lead large stores to shift their costs on to other items to compensate for the drop in alcohol sales, leading to an increase in the prices of other items. In its evidence to the Committee the Bill team argued that—

“The supplement is such a small percentage of the profit that they make, never mind of the turnover in those individual outlets or of the group turnover or profit. One would never say that any price impact, however, small could ever be immaterial, but it is just that it is such a small percentage that it is difficult to see how any meaningful impact would arise.”35

48. The Committee notes the concerns of the WSTA and the SGF regarding the impact of minimum unit pricing on low income households, but is also aware of the evidence from NHS Lanarkshire and LADP which noted that “the alcohol related death rate in the most deprived 20% of our population is five times that of the least deprived 20%.”

49. The Committee considers it important that the impact on minimum pricing on people with low incomes should continue to be evaluated, should the Bill become law.

Costs on local authorities

50. The FM estimates minimal costs on local authorities following introduction of the Bill,36 due to additional duties on Licensing Standards Officers (LSOs). Several local authorities commented on this issue in their submissions to the Committee. For example, Aberdeen City Council indicated that if the Bill becomes law local authorities will be required to produce and circulate new sets of conditions for current licence holders and considered that there may also be additional costs in terms of enforcement of minimum pricing conditions by LSOs, clerks and licensing boards.37

51. For its part, Dumfries and Galloway Council considered that “the proposed licence condition would put a massive amount of pressure on LSOs.”38 It suggested that an increase in fee levels could only “kick in” from the next fee period (from 1 October) and stated that—

33 Wine and Spirit Trade Association. Written submission.
36 Alcohol (Minimum Pricing) (Scotland) Bill. Financial Memorandum, Table 9
37 Aberdeen City Council. Written submission
38 Dumfries and Galloway Council. Written submission
“In any event locally the annual fees are presently at the maximum: there is therefore no leeway locally to recoup for additional work.”\(^{39}\)

52. Highland Council noted, however, that the FM includes consideration of the potential need to raise licensing fees to cover the additional costs and considered that “this measure will enable us to meet any additional costs.”\(^{40}\)

53. Several local authorities were clearly supportive of the principle of the Bill. For example, North Ayrshire Council considered that minimum pricing of alcohol was the best way forward to begin the longer term process for dealing with alcohol consumption in Scotland.\(^{41}\) While South Lanarkshire Council endorsed the proposed introduction of minimum pricing for alcohol and anticipated that—

“There will be no direct financial implications for the organisation which put a strain on current resources.”\(^{42}\)

54. In evidence to the Committee, the Bill team sought to address concerns raised by local authorities, particularly relating to the impact on LSOs, by pointing to the ban on smoking in public places. It suggested that following the “right preparation”, that legislation “was introduced highly successfully and without imposing a significant additional long-term burden on those officers.” The Bill team indicated that the Scottish Government considered that minimum pricing could be achieved in the same way.\(^{43}\)

55. The Committee notes that there is a range of views on the likely impact of a minimum unit pricing on local authorities, possibly reflecting the differing impact that the policy might have on individual local authority services.

56. The Committee notes the concern raised by Dumfries and Galloway Council regarding its inability to raise licensing fees where the local maximum level had been reached and suggests that the lead committee may wish to seek clarification on this point from the Cabinet Secretary.

Costs on businesses

57. The FM indicates that “all minimum price scenarios modelled result in estimated increased revenue to the alcohol industry (excluding VAT and duty)” in both off and on-trade sectors. It notes, however, that it was beyond the remit of the modelling to consider where the change in revenue may accrue, ie whether the estimated increase benefits retailers, wholesalers or producers, or all of them to some extent.\(^{44}\)

58. A number of industry organisations challenged the benefits that the FM suggested would accrue to their members as a result of minimum pricing.

\(^{39}\) Dumfries and Galloway Council. Written submission

\(^{40}\) Highland Council. Written submission

\(^{41}\) North Ayrshire Council. Written submission

\(^{42}\) South Lanarkshire Council. Written submission


\(^{44}\) Alcohol (Minimum Pricing) (Scotland) Bill. Financial Memorandum, paragraph 47.
Reduction in sales and jobs

59. Both the SWA and the SGF suggested that minimum unit pricing could result in a loss in sales to their respective members. For example, the FM quotes the SGF as stating that its members estimated that a minimum price per unit of 50p would result in a reduction in sales of 10% and a 70p minimum price per unit would have an estimated reduction in sales of 25%.

60. Likewise, the FM states that the SWA estimated that a minimum price per unit of 50p would result in a reduction of Scotch whisky sales in Scotland by 23%. As a result, the SWA estimated that whisky sales in the Scottish off-trade would be reduced by at least £30 million a year. These figures are adjusted in the BRIA which quotes the SWA as estimating that a minimum price of 50p would result in a reduction of Scotch whisky sales in Scotland by 15% which equates to a reduction in sales of £23 million.

61. During the oral evidence session both organisations were asked whether the unit price would make a big difference to the impact on their members, including on the number of jobs. The SGF suggested that a price of 40p to 45p could reduce turnover by 10 per cent, but indicated that a price below 45p would be less of a problem. However, it was unable to provide “a specific figure” on the total number of jobs that could be vulnerable as a result of minimum pricing.

62. The SWA responded that—

“...26 per cent of the trade is own label, so the companies in that sector of the market would be hit straight away. Almost three quarters of Scotch whisky is sold below 50p per unit in Scotland, so the impact would be felt across the board in branded and own-label business.”

63. The SWA suggested that minimum pricing could put at risk around 250 – 400 jobs in those companies whose business model is heavily weighted towards supplying own-label and value brands.

64. In its evidence to the Committee, the Bill team indicated that it had found it difficult to see how there will be significant negative employment consequences in Scotland as a result of minimum unit pricing and that “if anything we thing that there will be positive consequences because of the current adverse impacts of the wrong kind of alcohol use.”

65. While recognising that the updated ScHARR data might provide different results, the Bill team indicated that—

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45 Alcohol (Minimum Pricing) (Scotland) Bill. Financial Memorandum, paragraph 53.
50 Scotch Whisky Association. Written submission.
“So far, we have not seen a clear point at which a small change in price means a very big change in demand........While there is a link between employment and sales or consumption, it suggests that a small change in price would not lead to a magnified impact on employment or profitability.”

66. The Committee notes the views of the SGF and the SWA regarding the potential impact of minimum unit pricing on sales and on jobs in the Scotch whisky and off-sales sectors. It further notes that the Sheffield study indicates positive impacts to the on-sales sector. Should the Bill become law, the Committee considers that the Scottish Government should continue in its dialogue with relevant industry organisations with a view to obtaining specific data on whether minimum unit pricing has affected sales and jobs in these sectors.

Impact on Scottish whisky exports

67. A key concern of the SWA is the potential impact on Scotch whisky exports, particularly given that exports make up more than 90 per cent of its business. The SWA stated that an econometric analysis of the markets in South Korea and France suggested a potential £85 million reduction in Scotch whisky exports in these two markets alone. Widening that assessment, it calculates that Scotch whisky exports could fall by 14.5% (£500 million) annually. In oral evidence to the Committee, the SWA explained its methodology—

“We compared how Scotch whisky is currently priced with a 50p unit price and the uplift that that would give. When we apply that percentage uplift to the Wagenaar model of elasticity, it shows that for a 10 per cent increase in price, there is an 8 per cent decline in the market. We applied that to our export markets to get the figure.”

68. The SWA advised that its figures were based on its contention that should the Scottish Government be successful and overcome potential legal impediments to a minimum unit pricing policy, then this model would be copied in other countries, who would introduce their own trade barriers. It indicated that “it is the principle that we are concerned about rather than the mechanism.”

69. The SWA emphasised that any negative impact on Scottish whisky exports would have a direct impact on the Scottish economy, pointing out that the industry currently spends £1.1 billion annually with local suppliers and that investment of some £1 billion in production and manufacturing capacity has occurred in the last four years.
70. The SWA accepted that it was unable to give an indication of the impact on jobs in Scotland as a result of their predicted reduction in Scotch whisky exports, stating that it “would not like to even guess what the figure would be.”

71. In response to questioning from the Committee, the Bill team stated that—

“It is difficult for us to say that there will be nil impact, but we are not persuaded by the figures in the Scotch Whisky Association’s claims. We have not seen the details of the model, but it is based on a great many assumptions. The relationships that inevitably lie at the core of a model that speculates on export impacts are nowhere near as well understood as those in the Sheffield model…”

72. The Bill team confirmed, however, that it had not sought the views of Scottish Development International (SDI) or the enterprise agencies on the potential impact of minimum pricing on Scotch whisky exports and agreed to do so. In supplementary written evidence, the Bill team reported that SDI had advised that it was the international trade and investment arm of the Scottish Government and worked closely with industry and individual businesses to both increase exports and attract inward investment. SDI advised that, within the context of this, “it would not be appropriate to give SDI views on issues broader than this role.”

73. The Committee notes the concerns of the SWA regarding the potential impact of minimum unit pricing on whisky exports, but is concerned by the lack of evidence presented to the Committee to support this assertion. The Committee notes that the Scottish Government consulted the food and drink sector team at Scottish Enterprise as part of its deliberations, and it recommends that the Scottish Government should undertake regular reporting on whisky export volumes and value, in consultation with the enterprise agencies and SDI. It is not clear to the Committee why SDI does not feel it is appropriate for it to give views on the potential impact of the Bill.

Impact on smaller retailers

74. The SGF also expressed concern that the larger multiples would disproportionately benefit from any hypothetical increase in profit resulting from minimum unit pricing. It stated, for example, that it would expect that some producers would take the opportunity under minimum pricing to increase their prices to trade in order to benefit from the increased revenue determined by a retail price increase. The SGF pointed out that this would erode any expected

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61 Scottish Government. Supplementary written submission
62 The second part of this sentence was agreed to by division. For: 6 (Kenneth Gibson, John Mason, Mark McDonald, Michael McMahon, Elaine Murray and Paul Wheelhouse), Against: 1 (Gavin Brown)
63 Scottish Grocers Federation. Written submission
financial gain for smaller and independent retailers which have less bargaining powers with producers than, for example, supermarkets.64

75. The SGF claimed that—

“Some of the larger multiples have already proven how easy it is for them to circumvent the will of the 2010 Alcohol Act by advertising that they can still offer multi-buy deals, illegal in Scotland, by delivering them straight from a warehouse in England to the consumer’s door.”65

Internet sales
76. The FM considers the loss of trade due to increased internet sales and concludes that the vast majority of consumers will not be affected as they are unlikely to purchase the type of alcohol that will be affected by a minimum pricing policy through the internet.66

77. In its written submission to the Committee, the SGF challenged this assumption stating that—

“The FM underestimates the potential of minimum unit pricing to drive up cross-border and internet sales.”67

78. It indicated that the online grocery sector is expected to more than double in size over the next five years from £4.8 billion in 2010 to £9.9 billion by 2015 and pointed to research indicating that “there was a 55 per cent increase in UK online alcohol sales between April 2010 and April 2011.”68

79. Likewise, the WSTA stated that it was “unrealistic” for the Scottish Government to assume that consumers would not seek to purchase their alcohol from internet providers based outside Scotland where they can take advantage of better offers and pointed to a recent report from the British Retail Consortium showing that by the beginning of 2011, the internet was responsible for nearly 10% of all retail sales, up from 6% in 2009.69

80. In its evidence to the Committee the Bill team acknowledged that the increase in internet buying was significant, but stated that—

“Until now, internet sales have been based largely on wine, although there is a bit of a specialist spirits market and a specialist beer marker. In wine, even when companies are offering a first-case-for-half-price deal, for example, the price per unit is, at best, down towards 45p. However, the standard prices that customers revert to after that introductory offer are very clearly above the level that ministers have previously looked at in relation to

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64 Scottish Grocers Federation. Written submission
65 Scottish Grocers Federation. Written submission
66 Alcohol (Minimum Pricing) (Scotland) Bill. Financial Memorandum, paragraph 57
67 Scottish Grocers Federation. Written submission
68 Scottish Grocers Federation. Written submission
69 Wine and Spirit Trade Association. Written submission
minimum pricing. It would take a fundamental change in the marketplace for minimum pricing to have a significant impact.\textsuperscript{70}

81. The Committee notes the evidence suggesting that internet sales are predicted to increase in the future and showing that there was a 55\% increase in UK online alcohol sales between April 2010 and April 2011.

82. The Committee notes, however, the evidence from the Bill team that the focus of internet sales to date has been based largely on wine, which traditionally retails at a higher unit pricing rate than that currently being considered by the Scottish Government.

83. However, the Committee recommends that given the significant increase in internet buying in recent years that, should the Bill become law, the Scottish Government should monitor trends in internet sales to assess the scale of any potential impact of minimum unit pricing on the pattern of alcohol sales.

Cross-border concerns

84. The FM also considers the impact of cross-border trade and accepts that there may be a loss of trade due to an element of cross-border alcohol tourism in order to take advantage of those areas in the UK that do not have minimum pricing in place. It concludes, however, that the majority of the population in Scotland live a considerable distance from the English border and suggests that the time and travel cost involved would be likely to outweigh any savings on the price of alcohol.

85. Nevertheless, the SGF expressed concern regarding the impact on retailers situated close to the border with England and stated that “some retailers have already started to report a loss in business from cross-border trade resulting from the 2010 Alcohol Act.”\textsuperscript{71} Likewise, Dumfries and Galloway Council noted that while the FM suggests that the cost of petrol and wear and tear on the vehicle would not make cross-border shopping worthwhile for someone based in Glasgow “this is not the case in many areas within Dumfries and Galloway.” It stated that—

“Crossborder sales might very well be financially worthwhile and if so this would deleteriously impact on the local licensed trade.”\textsuperscript{72}

86. The SWA indicated that there was evidence from all over the world that cross-border shopping takes place and stated that “Something like 50 per cent of the Norwegian market is supplied through cross-border shopping.”\textsuperscript{73} It emphasised that—

\textsuperscript{71} Scottish Grocers Federation. Written submission
\textsuperscript{72} Dumfries and Galloway Council. Written submission
“The impact of the legislation must be assessed and there is no benchmark for the level of cross-border shopping that currently takes place and no assessment of where that might go.”

87. In its evidence to the Committee, the Bill team emphasised that it came down to economics. It pointed out that the least populated UK border was the Scottish-English one. It suggested that “People would have to travel longer distances, which would make the activity less economically viable, so it would happen less.”

88. The Committee notes that the discussion on cross-border sales in the FM uses, by way of illustration, a round trip from Glasgow to Carlisle to support its conclusion that the cost and time of travel would likely outweigh any savings on the price of alcohol. The Committee considers that it would also have been helpful for the FM to include assessment and analysis of the potential impact of cross-border sales for individuals and businesses based close to the border.

89. The Committee considers that it would also have been helpful if the FM had provided an assessment of the current level of cross-border trade between Scotland and England to provide a benchmark with which to compare.

Illicit trade
90. The WSTA also raised concerns about illicit trade (or white van man activity). In its oral evidence to the Committee, the SGF stated that—

“It takes only a couple of hours to get to Carlisle down the M74. People can load up cheap vodka and other cheap products and sell them in various place where illegal sales take place around the country.”

91. In its evidence to the Committee, the Bill team accepted that there might be “a bit of growth” in the area of illegal sales. However, it pointed out that while tobacco was light, alcohol was a heavy and bulky product, which meant there were “inherent limits on how it can be sold to people.”

Off-sales and on-sales
92. The Committee also sought to establish the extent to which minimum unit pricing might impact on the habit of pre-loading, that is, drinking at home before going out to a licensed premise and whether there might be a shift from off-sales to on-sales. The SGF did not think that the introduction of minimum unit pricing would change the habit of pre-loading.

93. The Bill team indicated that it expected “the difference between on-sales prices and off-sales prices to shrink… The shrinking differential would have

some impact on alcohol consumption, and it would have some impact on the settings in which alcohol is consumed. The on-sales sector would benefit from that.”

94. In a supplementary written submission, the Bill team confirmed that Table 5 in the FM showed the estimate for the increased spend with a minimum price of 45p, was coincidentally, the same for the off and on trade sectors, at £48million. It explained that—

“In the case of the off trade it results from an increase in revenue to the retailer of £67m, but a decrease in duty and VAT of £19m. For the on trade, it is an increase in revenue to the licensed premise of £37m and an increased tax take to the UK Government of £11m.”

CONCLUSION

95. The Committee directs the lead committee to the specific comments made throughout this report on certain aspects of the FM.

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81 Scottish Government. Supplementary Written Submission
ANNEXE A: WRITTEN EVIDENCE

LETTER FROM THE CONVENER TO THE CHIEF SECRETARY TO THE TREASURY

The Finance Committee of the Scottish Parliament is currently considering the Financial Memorandum (FM) produced to accompany the Alcohol (Minimum Pricing) (Scotland) Bill.

The purpose of the Bill is to introduce a minimum price for alcohol below which alcohol must not be sold on licensed premises. The Scottish Government commissioned the School of Health and Related Research at the University of Sheffield to undertake analysis using Scottish data to model the potential effect of the introduction of minimum pricing of alcohol. Minimum prices per unit from 25p to 70p were modelled.

Paragraphs 62 to 64 of the FM consider the estimated costs on the UK Government. In particular, paragraph 64 of the FM states that there is estimated to be a net effect of an increase of between £1m and a reduction of £65m in receipts to the Exchequer taking the range of prices from 25p to 70p. The FM goes on to state that there are no costs to the UK Government which fall within the terms of the Statement of Funding.

As part of its scrutiny of the FM, the Committee agreed to seek clarification from the UK Treasury on whether it shares this view.

A copy of the Bill and accompanying documents is attached with this letter (the FM is contained within the explanatory notes) and can be found on the Parliament’s website at:
http://www.scottish.parliament.uk/parliamentarybusiness/Bills/43354.aspx

LETTER FROM THE ECONOMIC SECRETARY TO THE TREASURY TO THE CONVENER

Thank you for your letter of 17 November regarding your committee’s consideration of the Financial Memorandum produced to accompany the Alcohol (Minimum Pricing) (Scotland) Bill.

I am grateful for the sight of the Financial Memorandum, given the potential impact of the policy on the UK Government. I am aware of the modelling done by the University of Sheffield, but have some concerns about the conclusion reached on the impact on Exchequer receipts. In particular we have concerns about the methodology used by the University of Sheffield to model their results. Initial analysis undertaken by the HMRC suggests that the Exchequer revenue costs of introducing minimum pricing in Scotland, as presented in the Financial Memorandum, are too low. While recognising the competence of the Scottish Government to take forward this policy and welcoming the Scottish Government’s attempts to develop a wider strategic approach to tackling alcohol abuse, I would expect the Scottish Government to take account of the potential impact on exchequer receipts when setting minimum prices under the legislation.
1. **Dialogue with Scottish Development International (column 450)**

As agreed The Bill Team contacted the SDI direct seeking views and received the following response:-

"Scottish Development International is the international trade and investment arm of the Scottish Government. We work closely with industry and individual businesses to both increase exports and attract inward investment.

Within the context of this, it would not be appropriate to give SDI views on issues broader than this role. However, as part of our day to day work with businesses, industry and foreign investors we routinely feedback their views into Government and Ministers on a variety of issues relevant to the international trade and investment agenda."

2. **Figures for what percentage of the £96 million set out in table 3 of the Financial Memorandum would be borne by moderate, hazardous and harmful drinkers? (column 459)**

Within the Financial Memorandum Table 3 shows the estimated increase in spend, on average, per head, per annum for drinkers in 3 different groups across the range of minimum price scenarios from 25p to 70p.

<table>
<thead>
<tr>
<th>Minimum Price per unit</th>
<th>Moderate drinkers</th>
<th>Hazardous drinkers</th>
<th>Harmful drinkers</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Change in mean annual consumption per drinker–all beverages (%)</td>
<td>Change in spend per drinker per annum (£)</td>
<td>Change in mean annual consumption per drinker–all beverages (%)</td>
</tr>
<tr>
<td>25p</td>
<td>+0.0</td>
<td>+1</td>
<td>+0.0</td>
</tr>
<tr>
<td>30p</td>
<td>-0.0</td>
<td>+2</td>
<td>-0.0</td>
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<tr>
<td>70p</td>
<td>-10.9</td>
<td>+24</td>
<td>-17.6</td>
</tr>
</tbody>
</table>
Table 5 shows the estimated aggregate increased spend per annum, per drinker group and across the total drinker population.

| Table 5: Effect on drinkers for total population (£m): 45p minimum price per unit |
|---------------------------------|----------------|----------------|----------------|----------------|
|                                 | Scotland       | Moderate       | Hazardous      | Harmful        |
| **Total change in value of sales for population** | **Off-trade per annum** | **48** | **11** | **21** | **15** |
|                                 | **On-trade per annum** | **48** | **10** | **24** | **13** |
| **Total per annum**             | **96** | **21** | **45** | **28** |

3. Could clarification be provided on Table 5 in the FM, in particular the figures of £48m, which seem to suggest that the increase in off-trade and on-sale sales per annum would be the same (post meeting request).

The table does indeed show that the estimate for the increased spend with a minimum price of 45p, was coincidentally, the same for the off and on trade sectors. This is the increased spend for the consumer, however it is not the increased revenue to the retailer.

In the case of the off trade it results from an increase in revenue to the retailer of £67m, but a decrease in duty and VAT of £19m. For the on trade, it is an increase in revenue to the licensed premise of £37m and an increased tax take to the UK government of £11m.

4. Information about the wider crime and societal costs not included in table 6 (column 461)

| Table 6: Summary of financial valuation on health, crime and employment alcohol related harms: minimum price |
|-------------------------------------------------|-------|-------|-------|-------|
| Minimum price per unit                          | Costs to individuals per annum | Health (including QALYs) | Crime (including QALYs) | Employment |
| per annum                                       | £m    | £m    | £m    | £m    |
|                                                 | Year 1 Over 10 years | Year 1 Over 10 years | Year 1 Over 10 years | Year 1 Over 10 years |
| 25p                                              | 9     | +1    | +15   | 0     | 0     | 2     | 14    |
| 30p                                              | 20    | 0     | 10    | 0     | 2     | 4     | 33    |
| 35p                                              | 39    | 4     | 91    | 1     | 7     | 9     | 75    |
| 40p                                              | 66    | 10    | 236   | 2     | 17    | 17    | 145   |
| 45p                                              | 96    | 20    | 452   | 4     | 31    | 28    | 237   |
| 50p                                              | 123   | 32    | 715   | 6     | 50    | 41    | 338   |
| 55p                                              | 148   | 46    | 1019  | 8     | 71    | 53    | 442   |
| 60p                                              | 169   | 60    | 1331  | 11    | 92    | 64    | 533   |
Table 6 is a summary table containing financial estimates of costs to the individuals per annum, and the financial valuation of harm reductions in health, crime and employment in year 1 and, cumulatively over 10 years, across a series of minimum price policy scenarios. All estimates are taken from the 2nd Sheffield report prepared for the Scottish Government: *Model Based Appraisal of Alcohol Minimum Pricing and Off-licensed Discount Bans in Scotland using the Sheffield Alcohol Policy Mode (9v2): An update based on newly available data.*

The costs to individuals are the aggregated per annum estimated increase in spend. This is consistent with the figure given in table 5 for the 45p example, £96m, expressed as the total increase in spend.

The 10 year, cumulative, figure given is discounted at 3.5% in line with current Treasury guidance.82

The financial value of harm reduction across all the policy scenarios was estimated incorporating:

- direct cost to the healthcare services, based on health service costs
- direct costs to the criminal justice system based on costing work previously carried out for the Home Office83
- cost of lost economic productivity due to unemployment, based on age specific gross annual earnings
- a financial valuation of health gain (per Quality Adjusted Life Year84 (QALY))
- for non property crime, a financial value for the crime impacts on the quality of life (per QALY of crime victims)

Although inclusion of the QALY values goes some way to measuring the societal value of the harm reduction, it inevitably underestimates. A reduction in alcohol related health and crime harm is likely, for example, to reduce harm to children and families of those who drink excessively. This is not quantified. It might also lead to a reduction in the fear of crime – this is not quantified. A community which currently experiences high levels of alcohol misuse may benefit, at the community level, from say a reduction in antisocial behaviour. This is not quantified. So although there is an estimate of the value of the benefits to those directly affected by alcohol, there is no estimate of the value of changes in harm to others.

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82 Discounting involves multiplying a financial value by a discount rate to compute its present value (the 'discounted' or 'present' value).
84 A quality adjusted life year is a measure of health outcome which combines quantity of life with quality: where 0 = death and 1 = 1 year in full health. Measured in this way a QALY of 0.5, for example, could be 6 months at full health or 1 year in a health state valued at 0.5.
The Sheffield report contains very detailed disaggregated tables containing estimates of the impact across the range of minimum price and minimum price + discount ban scenarios modelled. The BRIA, also prepared to accompany the Bill, has more detailed table of benefits and their financial valuation (section 5, costs and benefits) than the Financial Memorandum. In retrospect the summary table 5 in the Financial memorandum may have been insufficiently detailed.

5. What reports/research/evidence did the Scottish Government consider, in addition to the research carried out by the School of Health and Related Research at the University of Sheffield, in formulating its policy on minimum pricing of alcohol. (post meeting request).

There is strong evidence from numerous studies, including systematic reviews, that levels of alcohol consumption in the population are closely linked to the retail price of alcohol. As alcohol becomes more affordable, consumption increases. As the relative price increases, consumption goes down. The Wagenaar systematic review, for example, considered 100 separate studies reporting over 1,000 statistical estimates over the last 30 years and found that there was a consistent relationship between price and consumption of alcohol: when prices go down, people drink more and when prices go up, people drink less. The RAND Europe report The affordability of alcoholic beverages in the European Union: Understanding the link between alcohol affordability, consumption and harms supports the link between alcohol price/income/affordability and consumption, and the direct link between alcohol price/income and harms, and states that this provides strong support for the use of alcohol pricing policies as a potentially effective measure to curb hazardous and harmful drinking in Europe. A 2011 RAND Europe report sponsored by the Home Office confirmed previous findings: that increasing the price of alcohol can be effective in reducing alcohol harms.

SG officials considered both UK and international evidence including NICE and WHO guidance. The following is a list of sources used to help in formulating the policy and preparing the documents that accompany the Bill. In addition the SG considered the views and information supplied to them by various groups and individuals in the course of the consultation exercise and, more recently, in a repeat exercise to invite the industry to provide their assessment of potential impacts.


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85 Wagenaar A.C., Salois M.J., Komro K.A Effects of beverage alcohol taxes and prices on consumption: a systematic review and meta-analysis of 1003 estimates from 112 studies Addiction: 2009, 104
17. Delivering for Mental Health and Substance Misuse: Consultation Draft, Scottish Executive, 2007
18. Definition of Scotch Whisky, 3.1.i
    http://www.opsi.gov.uk/si/si2009/uksi_20092890_en_1#li1g3
22. Food and Drink Key sector report (2009), Scottish Government

24. GDP deflators: http://www.hm-treasury.gov.uk/data_gdp_index.htm


31. Hexagon Research and Consulting : analysis of Consultation responses to Alcohol strategy


35. IMRG/Capgemini e-Retail Sales Index: June 2011 http://www.imrg.org/ImrgWebsite/User/Pages/Press%20Releases-IMRG.aspx?pageID=86&parentPageID=85&isHomePage=false&isDetailData=true&ItemID=5321&specificPageType=5&pageTemplate=7


37. ISD Scottish *School Adolescent Lifestyle and Substance Use Survey* (SALSUS) 2008: National Report, Information Services Division, 2009


45. NHS Health Scotland: datasetAlcoholSalesScotland EnglandAndWales 1994–2010


47. NHS QIS: *Harmful Drinking Two: Alcohol and Assaults*, NHS Quality Improvement Scotland, 2006


50. OFT guidance on competition assessments


52. Petrie D et al. (2011) *Scoping study of the economic impact on the alcohol industry of pricing and non-price policies to regulate the affordability and availability of alcohol in Scotland*.

53. Prime Minister’s Strategy Unit Alcohol Harm Reduction project: Interim Analytical Report, 2003


55. Rabinovich, L et al., *The affordability of alcoholic beverages in the European Union: Understanding the link between alcohol affordability, consumption and harms* (RAND report)


65. Stockwell Professor Tim. *Alcohol pricing for public health: Alcohol General principles, the devil and the detail..* Presentation to Scottish Health Action on Alcohol, Edinburgh, Scotland, September 28,
70. World Health Organisation *Global Burden of Disease Project*,
71. World Health Organisation:(2010) *Global Strategy to Reduce the Harmful Use of Alcohol 2010*
73. WHO: *Interpersonal Violence and Alcohol Policy Briefing*, World Health Organization
75. AA Running Costs tables: http://www.theaa.com/motoring_advice/running_costs/
SUBMISSION FROM ABERDEEN CITY COUNCIL

Consultation
1. Did you take part in the consultation exercise for the Bill, if applicable, and if so did you comment on the financial assumptions made?

No comment.

2. Do you believe your comments on the financial assumptions have been accurately reflected in the Financial Memorandum?

No comment.

3. Did you have sufficient time to contribute to the consultation exercise?

No.

Costs
4. If the Bill has any financial implications for your organisation, do you believe that these have been accurately reflected in the Financial Memorandum? If not, please provide details.

No comment.

5. Are you content that your organisation can meet the financial costs associated with the Bill? If not, how do you think these costs should be met?

Any significant costs may ultimately require to be recovered through increased the licence fees.

6. Does the Financial Memorandum accurately reflect the margins of uncertainty associated with the estimates and the timescales over which such costs would be expected to arise?

No comment.

Wider Issues
7. If the Bill is part of a wider policy initiative, do you believe that these associated costs are accurately reflected in the Financial Memorandum?

No comment.

8. Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation or more developed guidance? If so, is it possible to quantify these costs?

If minimum pricing is to be introduced as a mandatory condition local authorities will be required to produce and circulate new sets of conditions for current licence holders.
There may also be additional cost in terms of enforcement of minimum pricing conditions by Licensing Standards Officers, Clerks and Boards.
SUBMISSION FROM DUMFRIES AND GALLOWAY COUNCIL

Consultation
9. Did you take part in the consultation exercise for the Bill, if applicable, and if so did you comment on the financial assumptions made?

N/A

10. Do you believe your comments on the financial assumptions have been accurately reflected in the Financial Memorandum?

N/A

11. Did you have sufficient time to contribute to the consultation exercise?

N/A

Costs
12. If the Bill has any financial implications for your organisation, do you believe that these have been accurately reflected in the Financial Memorandum? If not, please provide details.

No. Although mention is made of the possibility of increasing fee levels this could only “kick in” from the next fee period (from 1 October). In any event locally the annual fees are presently at the maximum: there is therefore no leeway locally to recoup for additional work.

13. Are you content that your organisation can meet the financial costs associated with the Bill? If not, how do you think these costs should be met?

No. As 4. The proposed licence condition would put a massive amount of pressure on LSOs. The Explanatory Notes to the Bill emphasise only the responsibility of the LSOs and Boards without mentioning that failure to comply will be an offence and therefore also a police matter.

14. Does the Financial Memorandum accurately reflect the margins of uncertainty associated with the estimates and the timescales over which such costs would be expected to arise?

Unknown.

Wider Issues
15. If the Bill is part of a wider policy initiative, do you believe that these associated costs are accurately reflected in the Financial Memorandum?

Mention is made that there will be little opportunity for cross border alcohol scales. The example given is Glasgow – the cost of petrol and wear and tear on the vehicle would not make it worthwhile.
That is not the case in many areas within Dumfries and Galloway. Crossborder sales might very well be financially worthwhile and if so this would deleteriously impact on the local licensed trade.

16. Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation or more developed guidance? If so, is it possible to quantify these costs?

Impossible to speculate.
SUBMISSION FROM THE NATIONAL ASSOCIATION OF CIDER MAKERS (NACM)

INTRODUCTION
The National Association of Cider Makers (NACM) represents and promotes the interests of producers of cider and perry in England, Wales and Northern Ireland; and by implication the interests of cider apple growers and the rural communities in which this activity takes place. We appreciate the opportunity to comment on the Alcohol (Minimum Pricing) (Scotland) Bill.88

CIDER INDUSTRY
The cider industry is characterised by its wide range of scale of production with two major producers, a handful of medium scale producers and a very long tail of very small scale producers with some perry and cider makers producing less than 70HL per annum. Approximately 480 producers, in all, predominately based in rural communities in the South West of England and the three counties of Gloucester, Hereford and Worcester. Some 1,000 jobs are directly dependent on cider making with a further 5,000 rural/cider related jobs overall.

The principal raw material for making perry and cider is pears for perry and apples (both cider apples and dessert apples) for cider. The source of the pears and apples for making perry and cider is from a wide variety of orchards, varying in scale from 2-3 trees to large orchards in England, Wales and Northern Ireland. Without the continued existence of the cider industry the UK’s apple orchards would be reduced by more than 50%.

Cider and perry is sold throughout the United Kingdom in a wide range of outlets from major national and regional pub chains, major multiple retailers to farm shops and local pubs and local supermarkets.

As set out in the BRI89, the share which cider and perry have of the Scottish alcoholic drinks market is only a relatively small 7%; this effectively means that 930 people out of 1,000 people do not drink cider. Furthermore of the 70 that do, cider is usually their 4th preference drink.90 Strong white ciders only represent ½%91 of the total alcoholic drinks market, not the 2% as set out in the BRI92. They are a declining part of the market and it is interesting to observe that in the leading multiple retailers these products are placed on the bottom shelf and are not regularly replenished.

88 The views presented within this document reflect the majority of NACM members. However, one of the association's largest members, C&C Group plc ("C&C"), makers of Magners, Gaymers and Blackthorn cider and Tennent's lager are supportive of the Scottish government's plans on minimum pricing as part of a range of measures designed to tackle problem drinkers, as long as it is implemented reasonably and proportionately. As a result C&C's views are not included within this evidence. C&C would be happy to present separate evidence if requested.
89 (BRI) Framework for Action: Changing Scotland's Relationship with Alcohol – Business and Regulatory Impact for Minimum Price per Unit of Alcohol as Contained in the Alcohol (Minimum Pricing) (Scotland) Bill, Scottish Government 2011, paragraph 5.52, p 44.
90 Trade research
91 CGA/IRI On & Off Trade
92 Table 3, p 73
ALCOHOL MISUSE

As the figures clearly show, due to its small market share, cider and perry cannot be singled out as being responsible for alcohol misuse in Scotland, as some would suggest. A review of published reports in the public domain produced by the Scottish Executive, UK Government and other bodies, quite clearly demonstrates that no one alcoholic drink is responsible for alcohol misuse – misuse is caused by certain drinkers who clearly misuse alcohol and by some under 18s who are clearly breaking the law, with their parents93 principally responsible for supplying the alcohol to them. This therefore is not a problem about problem drinks but about problem drinkers and individual’s attitude towards alcohol.

NACM fully appreciates the Scottish Government’s concerns about alcohol misuse in Scotland and its desire to address this issue. NACM is an active member of the Scottish Government Alcohol Industry Partnership, set up to develop effective, practical and targeted measures to address the misuse of alcohol by the few.

The cider industry looks forward to continue its partnership with the Scottish Government to tackle these serious problems. In drawing up policies to reduce harm from problem drinkers, however, it is essential to base solutions on the facts and robust evidence of what works.

NACM fully subscribes to the Portman Group Code of Practice which is successful in ensuring that products are marketed in a socially responsible way and only to an adult audience, fully supports the aims and objectives of the Drinkaware Trust (with NACM’s leading members being directly involved in its operations) and an active participate in the Responsibility Deal.

MINIMUM PRICE BASED ON A UNIT OF ALCOHOL

Given that the majority of the public drink sensibly and that alcohol is misused by a minority of drinkers, general population measures such as increasing taxes or other means of raising prices e.g. introducing minimum unit pricing are not generally regarded as the appropriate means for tackling misuse – it penalises the majority of sensible drinkers without necessarily dealing with alcohol misuse.

The ScHARR94 model does no more than demonstrate that if you raise the price of a product consumption falls (the economic principle of price elasticity of demand)95; the basis on which the whole minimum unit pricing thesis is built.

A number of factors can affect the price elasticity of demand for example,

1. Availability of substitute goods and their relative price (in this case substitute goods could include discretionary food products whose purchase is dropped to maintain alcohol purchases.)
2. Consumer’s real personal disposable income,

93 Research by Drinkaware and John Moores University, Liverpool.
94 School of Health and Related Research at the University of Sheffield.
95 Price Elasticity of Demand is a measure to show the responsiveness of a quantity of a product demanded in response to a 1% change in price (holding constant all other determinants of demand). It was devised by Alfred Marshall in 1890. The determining factor for establishing the price elasticity is the willingness and ability of consumers after a price change to postpone immediate consumption decisions concerning the goods and to search for substitutes.
96 Marshall, A (1920), Principles of Economics (revised edition), MacMillan
3. Market dynamics, to name a few.

**MARKET DYNAMICS AND DISTORTION**

The ScHARR study did not adequately model situations where other determinants were not held constant. The application of a 35p/unit minimum price (and above) would not appear to fall within the parameters of the 1% price change: the double digit price change represents a paradigm shift, where the level of price increase for one category is sufficient to alter existing market dynamics which would render historical price elasticities questionable.

The application of minimum unit pricing will compress price ranges of products (in the off-trade) within a category – eroding price hierarchies as the gap between the new artificial floor price of a product and the premium price is drastically reduced. Price ranges across categories will also be compressed: historic price elasticities would not be applicable as the basis for calculating impacts on demand for a range of alcoholic beverages (and the collateral reduction in the demand for discretionary food items.) Such price compression will be market distorting and bring with it unintended consequences. The impact on cider sales in Scotland will be far greater than that calculated by ScHARR.

This measure effectively denies access to Scottish markets because minimum pricing favours least efficient producers and denies cost efficient producers in England, in other EU member states and non – EU countries who make ‘English’ style cider access to market by not being able to reflect their cost efficiencies in lower prices. Minimum unit pricing is effectively a restriction on the operation of the free market and a barrier to international trade.

Minimum unit pricing removes price as a vehicle for reflecting quality considerations and removes the incentive for maintaining quality aspects of production. In the case of cider, as far as the Scottish market would be concerned, minimum unit pricing could undermine and make redundant the minimum juice content criteria for cider as the minimum price (depending on the level it was set) could nullify the tax penalty for lower juice content product.

The above assessment effectively challenges two claims made in the BRI:

1. “. . . that the effects of the price increase may not be disadvantageous to the alcohol industry as a whole because the estimated decrease in sales volume may be more than offset by the unit price increase.”

2. “Minimum pricing is estimated to result in increased revenue to the alcohol industry as a whole.”

The BRI clearly shows that there will be serious damage to cider sales if the minimum price were set at 40p/unit of alcohol.

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97 BRI p 17 paragraph 2.34  
98 BRI p 39 paragraph 5.37  
99 BRI p 73, Table 3
Parallel markets
The BRI is dismissive of the impact of internet trading and the development of an illicit market for alcohol. It tends to assume a passive response from consumers. This view is not shared by the Economist, “If prices are much higher in Scotland than in England, parallel markets, both legal and illegal, will emerge.” Parallel markets are active in Sweden and Finland where penal tax regimes operate against alcoholic beverages.

There is an example from recent history when coffee prices rose very steeply where lorries on route between production centres to distribution depots in the UK were hi-jacked for their cargoes for selling in illicit markets.

Where prices are artificially raised above a market price illicit alcohol production and counterfeiting does take place which is recognised by the WHO Global Strategy. The recommended course of action is greater enforcement but this adds to policing costs yet the BRI figures show that overall crime volumes are estimated to fall by around £18m over 10 years.

Conclusion
Penalising the general population does not seem to be the appropriate way forward in either seeking to bring about cultural change in Scotland’s relationship with alcohol or dealing with alcohol misuse (the problem drinkers).

The industry is working with the Scottish Government to address the issue of alcohol misuse and as the Economist pointed out, “some drinking trends are beginning to come right, with a recent fall in alcohol related deaths, fewer adults saying that they drink over the limit and fewer 13 – 15 year olds saying they drank at all the previous week: why rush into more change?”

Given the significant anticipated drop in the sales of cider as a result of the introduction of minimum pricing the negative impact on industry is disproportionate to the outcomes that are being sought particularly as they stand to be undermined by unintended consequences.

NACM is concerned, along with other organisations representing alcoholic drinks producers that:

1. Policy on alcohol misuse should be addressed to those who have the problem not the majority who do not rather than propose a measure which unnecessarily impacts all consumers of alcoholic drinks regardless of whether or not they have anything to do with alcohol misuse.

2. There is the assumption of a direct link between price and reducing harm, particularly as it is has yet to be supported by the evidence. No evidence has been produced to substantiate the thesis that minimum unit pricing will be effective in tackling alcohol misuse other than the basic mechanism that

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100 The Economist, December 3rd – 9th 2011, p 36.
101 BRI p 34, paragraph 5.21 and Table 4.
102 The Economist, December 3rd – 9th 2011, p 36.
as the price of a product goes up then the consumption of it in general goes down.

Of concern is the apparent failure by those wishing to introduce further legislative controls on the availability and the price of alcohol to identify and deal with the real causes of alcohol. To focus on the availability and affordability of alcohol as the sole and root cause of misuse loses sight of this. When the BRI looked at alternative policy instruments it looked no further than price instruments and failed to give consideration to targeted interventions\textsuperscript{103}.

The real drivers behind harmful drinking, binge drinking behaviour and under 18’s alcohol misuse are overlooked as a consequence. Failure to get this right means that behaviour does not change, misuse and harmful drinking continues but that the general public are penalised as a result of failed policies built on false premises.

\textsuperscript{103} BRI p 90 paragraphs 72 – 78.
SUBMISSION FROM NHS GRAMPIAN

Thank you for the opportunity to present our views on the Financial Memorandum produced to accompany the Alcohol (Minimum Pricing) (Scotland) Bill. NHS Grampian are producing a joint comment on the Bill itself with partners. The comments in this letter concern implications for NHS Grampian as an organisation.

1. Did you take part in the consultation exercise for the Bill, if applicable, and if so did you comment on the financial assumptions made?

As described above, we are taking part in the consultation exercise for the Bill. We commented that there is evidence for the effectiveness of minimum pricing in reducing consumption of alcohol and its associated harms. Additionally we agree that the greatest impact will be upon harmful drinkers. We have recommended a minimum price per unit of 60p.

2. Do you believe your comments on the financial assumptions have been accurately reflected in the Financial Memorandum?

Yes we do. We agree with the use of the School of Health and Related Research (ScHARR) evidence to inform the assumptions.

3. Did you have sufficient time to contribute to the consultation exercise?

The consultation exercise is still ongoing at the time of writing. However, we feel there has been sufficient time to contribute.

4. If the Bill has any financial implications for your organisation, do you believe that these have been accurately reflected in the Financial Memorandum? If not, please provide details.

NHS Grampian do not anticipate any additional costs as a result of the Bill, and indeed expect future cost savings due to a projected reduction in health harm. This has been accurately reflected in the Financial Memorandum.

The costs of alcohol misuse in Scotland to the NHS have recently been estimated as £348.46 million per year. A minimum price per unit of 60p would be expected to reduce health harms by up to £60 million in the first year and by £1331 million over ten years. However, it is crucial that the impact of minimum pricing upon consumption is evaluated and we welcome the fact that research has been commissioned to examine this. It is also important that the long-term population level outcomes are monitored.

5. Are you content that your organisation can meet the financial costs associated with the Bill? If not, how do you think these costs should be met?

There are no anticipated additional costs to NHS Grampian.
6. **Does the Financial Memorandum accurately reflect the margins of uncertainty associated with the estimates and the timescales over which such costs would be expected to arise?**

There are no anticipated additional costs to NHS Grampian.

7. **If the Bill is part of a wider policy initiative, do you believe that these associated costs are accurately reflected in the Financial Memorandum?**

No other policies are mentioned within the Bill or Memorandum.

8. **Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation or more developed guidance? If so, is it possible to quantify these costs?**

NHS Grampian does not anticipate any future costs associated with the Bill in its current form.

Thank you again for the opportunity to bring our views to the attention of the Finance Committee.

References
(3) Queen Margaret University. Queen Margaret University to research effects of alcohol pricing on Scotland’s heaviest drinkers. 2011; Available at: [http://www.qmu.ac.uk/marketing/press_releases/QMU-to-research-effects-of-alcohol-pricing.htm](http://www.qmu.ac.uk/marketing/press_releases/QMU-to-research-effects-of-alcohol-pricing.htm). Accessed December 7th, 2011.
Consultation
1. Did you take part in the consultation exercise for the Bill, if applicable, and if so did you comment on the financial assumptions made?

HADP have submitted a response to the request for evidence to the Health & Sport Committee, the key focus was to respond to the questions and as such no direct comment was given on the financial assumptions made.

2. Do you believe your comments on the financial assumptions have been accurately reflected in the Financial Memorandum?

N/A

3. Did you have sufficient time to contribute to the consultation exercise?

The timescale was restrictive however HADP considers the ALCOHOL (MINIMUM PRICING) (SCOTLAND) BILL to be an important piece of legislation, which sets out a real opportunity to address the issues of high alcohol consumption to have a significant and positive impact on the health of our communities therefore responding, was considered a priority. In terms of commenting on the financial memorandum, perhaps this could have been more explicit at the time the initial call for evidence was made in order that a more in depth analysis could be made at local level.

Costs
4. If the Bill has any financial implications for your organisation, do you believe that these have been accurately reflected in the Financial Memorandum? If not, please provide details.

HADP believes that the Financial Memorandum has adequately covered the implications of the Bill. It is recognised the introduction of a minimum price for alcohol will have significant impact on the reduction of alcohol related harm.

5. Are you content that your organisation can meet the financial costs associated with the Bill? If not, how do you think these costs should be met?

HADP agree with the conclusion contained within the memorandum that there will be a significant reduction in alcohol related admissions, therefore healthcare costs are estimated to reduce.

6. Does the Financial Memorandum accurately reflect the margins of uncertainty associated with the estimates and the timescales over which such costs would be expected to arise?

The analysis contained within the Financial Memorandum would appear to have accurately captured this.
Wider Issues

7. If the Bill is part of a wider policy initiative, do you believe that these associated costs are accurately reflected in the Financial Memorandum?

The Financial memorandum has considered the financial impact from a range of perspectives, including those areas where the Bill will have a significant financial impact. HADP believes that the gain for society in implementing the Bill out ways any financial outlay.

8. Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation or more developed guidance? If so, is it possible to quantify these costs?

It would be difficult to quantify potential future costs although HADP would suggest that to be an accepted risk in order to ensure improvement in public health.
Consultation

Q1 Did you take part in the consultation exercise for the Bill, if applicable, and if so did you comment on the financial assumptions made?

Yes, NHS Lanarkshire did take part in the consultation exercise for the Bill. NHS Lanarkshire supported the financial assumption made within the Bill and supported a minimum price of £0.50 per unit. The justification for this level was based on the University of Sheffield’s Report (2009) which suggests that as the minimum price threshold increases, alcohol-related hospital admissions and deaths are estimated to reduce.

At a national level this would see a reduction of 3,600 admissions per annum for a £0.40 price threshold compared to a fall of 8,900 alcohol related hospital admissions per annum for a £0.50 price threshold. In Lanarkshire alone this equates to a reduction of 367 hospital admissions and 907 hospital admissions respectively.

This report also notes that most of the prevented deaths over a ten year timeframe occur in harmful drinkers, while the majority of health related harms are reduced in middle or older age groups who are at significant risk of developing and potentially dying from chronic disease. The Sheffield Report concludes that as the minimum price threshold increases, healthcare costs are reduced. At a national level, health and social care costs will be reduced by approximately £60m for the £0.40 price threshold and £160m for the £0.50 price threshold over a ten year period. In Lanarkshire this equates to £6.1m and 16.3m savings in health and social care costs respectively.

Q2 Do you believe your comments on the financial assumptions have been accurately reflected in the Financial Memorandum?

Yes, these are clearly laid out and are primarily based on the work of the Sheffield Report (2009) referred to earlier.

Q3 Did you have sufficient time to contribute to the consultation exercise? - Yes

Costs

Q4 If the Bill has any financial implications for your organisation, do you believe that these have been accurately reflected in the Financial Memorandum? If not, please provide details.

Yes the financial Memorandum incorporates the modelling carried out by the Sheffield Report (2009), referred to earlier which estimated that Alcohol misuse costs the National Health Service (NHS) an estimated £405m each year. Health harms are estimated to reduce by up to £88m in the first year, and between £12m and £2,211m over 10 years.

The difference in these figures reflects the modelling of 21 separate scenarios conducted by the University of Sheffield. These modelling scenarios incorporate
the estimated impact on reduction to health harms based on minimum price thresholds which range from £0.25 to £0.70 per unit of alcohol and the estimated effects of including a discount ban. Financial implications for NHS Lanarkshire are incorporated in Q1.

Q5 Are you content that your organisation can meet the financial costs associated with the Bill? If not, how do you think these costs should be met?

Yes, the financial Memorandum notes that at a national level, health and social care costs will be reduced by approximately £60m for the £0.40 price threshold and £160m for the £0.50 price threshold over a ten year period. In Lanarkshire this equates to £6.1m and 16.3m savings in health and social care costs respectively.

Q6 Does the Financial Memorandum accurately reflect the margins of uncertainty associated with the estimates and the timescales over which such costs would be expected to arise?

Yes, the financial Memorandum provides an accurate reflection of these margins.

Wider Issues

Q7 If the Bill is part of a wider policy initiative, do you believe that these associated costs are accurately reflected in the Financial Memorandum?

Yes, the financial Memorandum clearly sets out where a Regulatory Impact Assessment (RIA) was required. There were 3 topics within the original Bill that carried a significant financial impact. For the purposes of the financial memorandum, a significant financial impact was defined as a topic having a financial impact of over £0.4m per annum once implemented and included the introduction of a minimum price for a unit of alcohol.

Q8 Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation or more developed guidance? If so, is it possible to quantify these costs?

At this stage we are unable to quantify these costs, although it is anticipated that there will be no direct financial implications for the organisation which put a strain on current resources.

Response to the Health and Sport Committee

4.1 The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol

Advantages
The ADP strategy for 2011 – 2015 recognises the significant impact alcohol has on the health and well-being of our population, especially those living in our most deprived communities, where the alcohol related death rate in the most deprived 20% of our population is five times that of the least deprived 20% (ISD 2009).
Scotland’s CMO also reported that deaths from liver disease now account for one in 50 of all Scottish deaths, at a time when the rate in most Western countries is falling. Worryingly since 1991, the average age at which people die from alcoholic liver disease has also dropped from 70 to 55 years of age. Both in terms of direct costs, such as hospital services and the criminal justice service, and indirect costs such as loss of productivity and the effects on families, the impact of alcohol misuse on the Scottish economy is substantial. There are also increasing numbers of 16-24 year olds who are drinking above safe levels, while nationally over 65,000 children are living with parents who are currently experiencing alcohol related problems.

Whilst addiction services have in recent years tended to focus on the young and adult population under 55, the drinking habits of older people have traditionally not been regarded as high priority. There is, however, evidence of an increase in both binge drinking and alcohol dependency in older adults. Alcohol Statistics Scotland 2011 showed that 24% of men aged 65+ were hazardous or harmful drinkers, as were 11% of women in the same age group. Hence, older adults may benefit from age specific targeting and treatment as much as younger groups, and it is therefore reasonable to conclude that a minimum price per alcohol unit will have an impact on levels of alcohol consumption in this population.

We therefore endorse the proposals set out within the Alcohol Bill which adopts a whole population approach to tackling Scotland’s alcohol problem, including the proposed introduction of blanket minimum pricing of alcohol. This proposal is based on the most fundamental law of economics which links the price of a product to the demand for that product. Accordingly, increases in the monetary price of alcohol, including the introduction of a minimum price per unit would be expected to lower alcohol consumption and its adverse consequences.

Studies investigating such a relationship found that alcohol prices were one factor influencing alcohol consumption among youth and young adults. Other studies determined that increases in the total price of alcohol can reduce drinking and driving and its consequences among all age groups; lower the frequency of diseases, injuries, and deaths related to alcohol use and abuse; and reduce alcohol-related violence and other crime.

Indeed the World Health Organisation (2009) also recognise the extent and consistency of the evidence that alcohol-related harm is linked to product price, with a particular impact on younger and heavier drinkers.

Disadvantages
There are no direct disadvantages in adopting this approach from a public health perspective, however depending on how it is implemented it will have little or no impact on those who tend to drink the most expensive drinks (it is feasible that some retailers will attempt to maintain price differentials). However, there may be other consequences of minimum pricing which need to be considered in any analysis of advantages and disadvantages. First there is the potential increase in profits for alcohol retailers under minimum pricing, and second there, potentially, could be the development of a black market in alcohol (depending on the minimum unit price).
4.2 The level at which such a proposed minimum price should be set and the justification for that level

We would support a minimum price of £0.50 per unit. The justification for this level is taken from the University of Sheffield’s Report (2009) which suggests that as the minimum price threshold increases, alcohol-related hospital admissions and deaths are estimated to reduce. At a national level this would see a reduction of 3,600 admissions per annum for a £0.40 price threshold compared to a fall of 8,900 alcohol related hospital admissions per annum for a £0.50 price threshold. In Lanarkshire alone this equates to a reduction of 367 hospital admissions and 907 hospital admissions respectively.

The report also notes that most of the prevented deaths over a ten year timeframe occur in harmful drinkers, while the majority of health related harms are reduced in middle or older age groups who are at significant risk of developing and potentially dying from chronic disease. The Sheffield Report concludes that as the minimum price threshold increases, healthcare costs are reduced. At a national level, health and social care costs will be reduced by approximately £60m for the £0.40 price threshold and £160m for the £0.50 price threshold over a ten year period. In Lanarkshire this equates to £6.1m and 16.3m savings in health and social care costs respectively.

*The rationale behind the use of minimum pricing as an effective tool to address all types of problem drinking*

Many of us have witnessed or been caught up in antisocial behaviours resulting from the worst excesses of Scotland’s drinking culture. There are significant numbers of people in Scotland, including Lanarkshire, who do not necessarily drink above the safe drinking levels, but who nevertheless cause themselves and others problems, often of a violent nature – this group of drinkers are often termed hazardous drinkers. The Sheffield Report (2009) found that minimum pricing is an effective strategy to reduce drinking amongst this population as well as those drinking at levels harmful to their health.

4.3 Any other aspects of the Bill.

Setting a minimum price for alcohol and ending deep discounting and promotions across the board will reduce the price gap between the off-licensed and on-licensed trade. Regardless of the level of minimum price set, the combination of these measures will have a major impact on the health of Scotland. It will lower overall consumption with significant health benefits for the Scottish population and will curb the ability of problem drinkers to get drunk cheaply.
Introduction

North Ayrshire Council welcomes the opportunity to comment on the terms of the Alcohol (Minimum Pricing) (Scotland) Bill currently before the Scottish Parliament. It is noted that the Committee invites evidence on the following:

- The advantages and disadvantages of establishing a minimum alcohol sales price based on a unit of alcohol;
- The level at which such a proposed minimum price should be set and the justification for that level;
- Any other aspects of the Bill.

Background

North Ayrshire is one of the more socially challenged areas of Scotland having a number of data zones within the most deprived 15% in the Scottish Index of Multiple Deprivation. Social and economic deprivation is also reflected in the health statistics for North Ayrshire. The number of people assessed for alcohol or drug misuse within North Ayrshire rose from 336 in 2009/10 to 463 in 2010/11. Alcohol related deaths rose from 22.1 per 100,000 in 2008/09 to 24.1 in 2009/10.

More generally, the cost of alcohol over the period from 1990 to 2010 has fallen by 30% for beer and cider and 20% for wines and spirits in real terms. Put simply, alcohol is more affordable. North Ayrshire is statistically worse than the Scottish average for alcohol related hospital admissions.

Dealing with alcohol related issues is a priority for North Ayrshire Council and its Community Planning Partners. The Action Plan for 2009-12 sets out a series of actions all of which relate to living healthier lives. The pressure on health services and related Council services is constant. For this reason the Council supports any action to be undertaken to address the influence alcohol has on daily lives.

Advantages and Disadvantages of Minimum Pricing

There is strong evidence from around the world that price increase or higher taxation on alcohol has a significant impact on reducing demand for alcohol. Whatever steps are taken these have to reflect the spectrum of society’s use of alcohol be it youth, middle age or the elderly. As a local authority with health agenda as a high priority any effort to increase the price of alcohol is to be supported.

By setting a minimum price for a unit of alcohol this will standardise the retail minimum price across Scotland. Alcoholic drinks vary in strength depending on the type and quality. Evidence from the Institute of Fiscal Studies has demonstrated that the majority of alcohol purchased from supermarkets and other
off licences is below the 50p per unit value and these lower valued alcoholic drinks make up a significant proportion of all alcohol sold in these premises.

It is recognised that the terms of the Bill will allow for subsequent variation of the unit price set by Ministers and if this is the preferred option, then the ability to vary, depending on current relevant factors would appear to be appropriate.

The consultation Memorandum describes the alternate of increased taxation as a method of increasing the price of alcohol and hopefully reducing consumption. Taxation is levied at source from the manufacturer but is passed on to the consumer in the retail price of the product. It is recognised that the levy or duty varies depending on the type of alcohol – spirits, wines, beer, with some lower alcohol value beers being taxed at much lower rates. This is seen by many to encourage the purchase of this type of product.

There are mixed views on the benefits of taxation as a means of reducing alcohol consumption. We do not believe that this is the most effective means of achieving the government’s objects.

Minimum pricing will achieve a consistent approach to alcohol and with the cooperation of the drinks industry will see investment in measures to develop longer term strategies to address alcohol consumption within our communities.

Given the above facts the Council considers that minimum pricing of alcohol is the best way forward to begin the longer term process of dealing with alcohol consumption in Scotland.

**Level of Proposed Minimum Price**

The level to be set for the unit of alcohol presents significant difficulty as the current range of unit values depends on where the alcohol is purchased and the type of alcohol. In-house sales can be on average £1.31p per unit, while off sales can be anything from 40p to 20p per unit.

The Council is aware of the work being undertaken by the University of Sheffield on alcohol pricing and promotion. Their evidence supports that in Scotland the majority of off sales alcohol (80%) is sold at between 25p to 55p per unit. Of that 75% of cider is sold at less than 40p per unit. Vodka sales through off sales premises are often at a rate of less than 35p per unit.

Given the above range of statistics it is difficult to determine what should be the minimum price unit. The previous Bill on minimum pricing proposed a unit value of 45p. Modelling around this value suggests that this would decrease consumption of alcohol by 6.47% across Scotland. As this is a new concept and therefore untested, and the fact that Ministers have the right to vary the unit price, we consider that 45p would be an appropriate starting point although the final decision must rest with the Scottish Ministers.
Other Aspects of the Bill
The Bill itself has little detail to consider other than the formula for calculating the minimum price. Much more work needs to be undertaken to increase awareness of alcohol and its detrimental effect on health. The minimum price will impact on the drinks industry and the Scottish Government needs to engage more robustly with that industry to develop a longer term strategy on addressing alcohol consumption in Scotland.
SUBMISSION FROM SCOTTISH AMBULANCE SERVICE

QUESTIONNAIRE
This questionnaire is being sent to those organisations that have an interest in, or which may be affected by, the Financial Memorandum for the Alcohol (Minimum Pricing) (Scotland) Bill. In addition to the questions below, please add any other comments you may have which would assist the Committee’s scrutiny.

Consultation
1. Did you take part in the consultation exercise for the Bill, if applicable, and if so did you comment on the financial assumptions made?

Yes we took part and yes we commented on the financial assumptions.

2. Do you believe your comments on the financial assumptions have been accurately reflected in the Financial Memorandum?

Our comments were not directly related to the assumptions and were more around the impact on healthcare from reduction in alcohol consumption. We still do not see the detail of how the estimates on impact on healthcare were calculated.

3. Did you have sufficient time to contribute to the consultation exercise?

Yes

Costs
4. If the Bill has any financial implications for your organisation, do you believe that these have been accurately reflected in the Financial Memorandum? If not, please provide details.

Again, the impact on our organisation would be in productivity and efficiency again and allowing our service to concentrate on people with healthcare needs not related to alcohol consumption of the binge drinking type. Therefore this is not considered in the financial memorandum.

5. Are you content that your organisation can meet the financial costs associated with the Bill? If not, how do you think these costs should be met?

Yes and more so there should be additional funding from the Bill that is placed directly with Health Bodies impacted by alcohol-related issues and disease.

6. Does the Financial Memorandum accurately reflect the margins of uncertainty associated with the estimates and the timescales over which such costs would be expected to arise?
We do not have sufficient information to answer this question.

**Wider Issues**
7. If the Bill is part of a wider policy initiative, do you believe that these associated costs are accurately reflected in the Financial Memorandum?

They appear to be.

8. Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation or more developed guidance? If so, is it possible to quantify these costs?
SUBMISSION FROM THE SCOTTISH GROCERS FEDERATION

Questionnaire

Question 1
1.1 SGF has participated in all opportunities to comment on the proposals included in the Alcohol (Minimum Pricing) (Scotland) Bill, including a written submission to the Finance Committee on the Alcohol etc. (Scotland) Bill, which included provisions for a minimum unit price, and a written submission to the Health and Sport Committee on the same legislation.

1.2 SGF also responded to the Scottish Government’s consultation Challenging Scotland’s relationship with alcohol: a discussion paper on our strategic approach held in June 2008. At that time we raised our concerns regarding the measures in the consultation and the impact they would have on smaller and independent retailers.

1.3 We have also engaged extensively with MSPs on the issue of minimum pricing through individual meetings.

Question 2
2.1 Whilst we accept that the Financial Memorandum does accurately reflect comments previously made by SGF we do believe that some of our previous financial assumptions could be revised on the basis of subsequent evidence.

Question 3
3.1 Yes.

Question 4
4.1 Our assessment of the administrative costs to the retailer of the policy broadly remains. However, we do not believe that the Financial Memorandum (FM) has fully accounted for all of the financial implications of the proposed legislation and we are concerned with some of the assumptions it makes.

4.2 Firstly, it is our view that the FM underestimates the potential of minimum unit pricing to drive up cross-border and internet sales. Research shows that consumers are becoming more adept at shopping online for their groceries including making alcohol purchases. For example, the online grocery sector is expected to more than double in size over the next five years from £4.8bn in 2010 to £9.9bn by 2015, thus making online the fastest growing channel in UK grocery retailing.\(^{104}\) Indeed online grocery sales, with a growth of 21.4% last year, continue to grow at a faster rate than any other sector in the grocery market.\(^{105}\) According to IMRG, the trade body for e-retailing, there was a 55 percent increase in UK online alcohol sales between April 2010 and April 2011.\(^{106}\)

4.3 It is our view that - depending at what price the minimum unit price is set – this Bill will only serve to exacerbate this demand for online alcohol sales.

\(^{105}\) Ibid
\(^{106}\) IMRG/Capgemini e-retail Sales Index, May 2011
4.4 We would also like to draw the Finance Committee’s attention to the experience of the Alcohol etc. (Scotland) Act 2010 whereby larger multiples, and indeed other online alcohol retailers, have made no secret of the fact that their online operations are immune to the ban on quantity discount selling.

4.5 Secondly, in light of the conclusion of the Financial Memorandum that “a 45p minimum price per unit is estimated to increase overall spend by consumers by around £96m per annum” 107 we would like to warn against conclusions which assume that our retailers are going to see a ‘windfall’ of the sort which can be used to offset any additional costs of the legislation as is implied by the Financial Memorandum. It is our view, and as the evidence would suggest108, that the larger multiples will disproportionately benefit from any hypothetical increases in profit resulting from the policy. We also believe that producers – particularly those which will want to recoup losses made on producing own brand label products – and wholesalers will also take a slice of this revenue.

4.6 That is why we welcome the Financial Memorandum’s frank admission that “it was beyond the remit of the modelling to consider where the change in revenue may accrue i.e. whether the estimated increases benefit retailers, wholesalers or producers, or all of them to some extent.”109

4.7 Finally, we are concerned by the following comment in the Financial Memorandum: “If the costs of implementing minimum pricing were found to increase the workload of LSOs significantly, a review of the level of fee income would be appropriate.”110

4.8 We believe that any suggestion of increasing the cost of the licence – which has already been subject to significant increases in recent years - would be iniquitous considering that it would involve charging the sector for the administrative costs of a policy which we oppose. It would also follow other recent and significant costs (see below) which retailers have had to endure due to Government policy on alcohol.

4.9 Whilst we note the Cabinet Secretary for Justice has given a commitment to review alcohol licence fees, we are not convinced that the current regime offers value for money. A recent Freedom of Information request, for example, exposed that some local authorities could not even provide a total figure for their administrative costs of the licensing regime.

Question 5

5.1 Whilst the actual administrative implementation of the legislation would not be such as to render any of our members unable to comply, we must nevertheless raise our concerns about the wider costs of the policy including a potential increase in the licence fee, loss of trade, increased costs resulting from a potential increase in retail crime and the spectre of the Social Responsibility Levy, the

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107 Financial Memorandum, Page 13
108 Leicester, A., (2011), Alcohol pricing and taxation policies, IFS Briefing Note BN 124, Institute for Fiscal Studies
109 Ibid, Page 14
110 Ibid, Page 10
implementation of which the Cabinet Secretary for Health has stated will be used to claw any revenue gains from the legislation.\textsuperscript{111}

**Question 6**

6.1 SGF would echo the comments made by the Scottish Retail Consortium in their evidence submission to the Bill in stating that the modelling undertaken by the University of Sheffield researchers is by its nature theoretical. There are no other robust comparative examples of minimum unit price in use around the world. Therefore whilst there is some merit to the study we do believe as Dr Meier of Sheffield University conceded during an evidence session in the Health and Sport Committee that the model is “like the weather forecast” and therefore while offering predictions does not necessarily represent what will actually happen in reality.

**Question 7**

7.1 The Alcohol (Minimum Pricing) (Scotland) Bill will be the third piece of legislation which has seen the retailer as the delivery agent of Scottish Government policy to control the behaviour and consumption of individuals.

7.2 Each of these legislative interventions has occurred over a relatively short period of time and therefore the costs associated with this Bill should not be seen in isolation but rather as part of the wider costs to retailers incurred as a result of the Scottish Government’s approach to tackling alcohol abuse.

7.3 The 2005 Licensing Act cost our members around £3000 per store to implement. This cost included the application fee for the new alcohol licence, legal costs and architect fees to draw up the layout plan which was an essential requirement of the legislation. The 2005 Licensing Act also required additional staff training and the reconfiguration of many of our members’ stores which both incurred costs.

7.4 The 2010 Alcohol Act has involved further reconfiguration of many of our members’ stores, additional staff training and extra administrative costs associated with re-pricing products.

**Question 8**

8.1 Aside from a potential future loss of trade we believe that there are three further future costs associated with the Bill.

8.2 Firstly, any future changes to the minimum unit price will incur an administrative cost similar to the one associated with implementation of the legislation in the first instance. We do not accept the Financial Memorandum’s assertion that it is “usual operational practice”\textsuperscript{112} to change all store prices simultaneously. Such changes are usually only associated with increases or reductions in VAT or duty which do not occur regularly.

\textsuperscript{111} On 10\textsuperscript{th} Nov 2010, during the Stage 3 Debate of the Alcohol etc. (Scotland) Bill the Cabinet Secretary stated: “…we suggested that we work together to use the social responsibility levy to claw back increased revenue for reinvestment in our services.”

\textsuperscript{112} Ibid, Page 15
8.3 Secondly, as we state in the submission accompanying this response, as gatekeepers to the products which Government wish to artificially inflate in price, we are concerned about a potential increase in retail crime. Depending on the support our members’ stores receive from the police this could involve another ongoing future cost.

8.4 Finally, we have noted the considerable and informed opinion which has questioned the legality of the Bill within the parameters of EU law and other international trade obligations. We are concerned about the possibility of our members using valuable time and resource to comply with the legislation only for that legislation to be struck down at a later date. That is why we have called on the Scottish Government to publish its legal advice concerning the Bill.

Submission of written evidence
1. The Scottish Grocers’ Federation (SGF) welcomes the opportunity to provide written evidence to the Finance Committee on the Alcohol (Minimum Pricing) (Scotland) Bill.

2. SGF is the trade association for the Scottish Convenience Store Sector. It is the authoritative voice of the Scottish convenience trade with nearly 2,000 stores in membership including groups such as SPAR Scotland, Booker Premier, KeyStore, Nisa, Costcutter, McColl’s, the Scottish co-operative and Scotmid, as well as a number of independent retailers including David Sands Ltd and Margiotta Ltd. In total, SGF members employ over 32,000 people across Scotland.

3. SGF members take a responsible approach to retailing alcohol and why we proactively work with the Scottish Government through bodies like the Scottish Government Alcohol Industry Partnership to promote sensible drinking and tackle alcohol related harm. SGF members were, for example, operating a Challenge 25 policy on a voluntary basis several years before the introduction of the 2010 Alcohol Act.

4. SGF recognises the harmful relationship which some Scots have with alcohol and the detrimental social and economic impact irresponsible levels of drinking can have. Nevertheless, we are also cognisant that over the last five years there have been some welcome signs of improvement.

5. Alcohol related deaths, for example, declined by 15 percent over the last five years\textsuperscript{113}, with 2010 showing the second lowest recorded rate for the last decade, whilst alcohol related hospital discharges also declined between

\textsuperscript{113} General Register Office for Scotland (GROS): \url{http://www.gro-scotland.gov.uk/statistics/theme/vital-events/deaths/alcohol-related/index.html}
2007/08 and 2009/10\textsuperscript{114}. Between 2007 and 2010 there was a decline in the number of alcoholic products, across six alcohol groups except wine, being sold below a unit price of 45p.\textsuperscript{115}

6. We also note the fact that since the introduction of an alcohol duty escalator in 2008 by the UK Government, duty on alcoholic products has risen by 2\% in real-terms each year since then. The Institute for Fiscal Studies argue that “assuming current plans for 2\% real increases to continue up to 2014 are fully implemented, real beer duty in 2014 will be higher than at any time since at least 1982, wine duty will reach levels last seen in 1983 and spirit duty at levels last seen in 2000.”\textsuperscript{116}

7. Nevertheless, despite some of these more positive trends we understand the Scottish Government’s desire to do more to curb the excesses of those who abuse alcohol. We also understand that the parliamentary arithmetic is such that the Minimum Unit Pricing Bill will become law. However, SGF would like to detail some of our concerns with the legislation.

Impact on low-income and moderate consumers
8. As retailers we, perhaps more than most, witness on a daily basis the financial pressures on households across Scotland. It is reflected in the choices consumers make and in the profitability of our businesses. That is why we found it regrettable that little attempt was made to model the impact of minimum unit pricing (MUP) on different income groups when it was proposed as part of the 2010 Alcohol Bill. The Sheffield study failed to do this adequately and little attempt, to our knowledge, has been made by the Scottish Government to establish this subsequently.

9. SGF is concerned that MUP will be a regressive measure which will disproportionately penalise those on lower incomes and the moderate consumer.

10. The Office of National Statistics, for instance, shows that those on the lowest incomes spend, on average, a greater proportion of their weekly budget on off-sales alcohol than those on higher incomes.\textsuperscript{117} The Institute for Fiscal Studies, for example, argued in a recent report that “a minimum price would have a larger effect on low-income households.” Indeed, the report continued,

\begin{itemize}
\item \textsuperscript{114} Alcohol-related discharges have declined over the past two years (2007/08 -2009/10) from 43,054 to 39,278, a reduction of 8.8, Alcohol Statistics Scotland Report 2011, Pg. 50: http://www.alcoholinformation.isdscotland.org/alcohol_misuse/files/alcohol_stats_bulletin_2011.pdf
\item \textsuperscript{115} Leicester, A., (2011), \textit{Alcohol pricing and taxation policies}, IFS Briefing Note BN 124, Institute for Fiscal Studies, Pg.35
\item \textsuperscript{116} Ibid, Pgs. 13-14
\item \textsuperscript{117} Office for National Statistics, Family Spending Survey 2009
\end{itemize}
“Our figures suggest that at 45p a minimum price would directly affect the vast majority of off-licence consumers.”

11. The same research showed that those on higher incomes, although more likely to purchase higher quantities of alcohol, will also spend more per unit than those on lower incomes. This is problematic from an MUP perspective for two reasons.

12. Firstly, those on higher incomes are least likely to be affected by a moderate minimum price, for instance 45p, due to the fact that they consume higher quantities of more expensive alcohol.

13. Secondly, as the Scottish Government's own research shows, those on the highest incomes - who can more easily absorb price increases through MUP - have a greater propensity for exceeding the healthy drinking guidelines than lower income consumers.

14. We are also profoundly concerned that MUP will be anathema to the concept of a 'free market' of which competitive pricing is the keystone. It is our view that when Government starts to intervene in the market a range of unintended and undesirable outcomes can result. For instance, MUP will remove the price advantage of the own-brand product vis-à-vis the brand leader. This could result in own-brand products being de-listed, or at least ceasing to offer the price advantage on which the lower income consumer is reliant. Either way, this will reduce choice for customers and create a considerable loss of business for the producers involved.

The impact on SGF members

15. We have a number of concerns with regards to the impact MUP will have on our members.

16. Firstly, we would expect that some producers would take the opportunity under MUP to increase their prices to trade in order to benefit from the increased revenue determined by retail price increases. This will erode any expected financial gain for smaller and independent retailers which have less bargaining power with producers than, for example, supermarkets.

17. Secondly, whilst we accept that MUP may introduce more of a ‘level playing field’ on price between convenience stores and larger supermarkets, we do note the findings of research which shows that larger multiples will make

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118 Leicester, A., (2011), *Alcohol pricing and taxation policies*, IFS Briefing Note BN 124, Institute for Fiscal Studies, Pg.35
120 Leicester, A., (2011), *Alcohol pricing and taxation policies*, IFS Briefing Note BN 124, Institute for Fiscal Studies
more of a financial gain under MUP due to their greater propensity to sell more alcohol below 45p per minimum unit price than many of our members.

18. We also believe that the supermarkets could employ a range of compensatory measures with which our members cannot compete. For instance, some of the larger multiples have already proven, for example, how easy it is for them to circumvent the will of the 2010 Alcohol Act by advertising that they can still offer multi-buy deals, illegal in Scotland, by delivering them straight from a warehouse in England to the consumer’s door.

19. We believe that this pattern of behaviour will only be exacerbated by minimum unit prices with more consumers buying in bulk online. Indeed, there was a 55 percent increase in UK online alcohol sales between April 2010 and April 2011. With more consumers becoming well-versed in online shopping we believe that this consequence of MUP should not be underestimated.

20. Thirdly, we are also concerned about the impact MUP will have on retailers situated close to the border with England. Some retailers have already started to report a loss in business from cross-border trade resulting from the 2010 Alcohol Act. Minimum pricing will only serve to further undermine these businesses.

21. Fourthly, we are concerned about the prospect of increased incidences of retail crime and violent behaviour towards our members as a result of minimum unit pricing. We noted the comments of Dr Laura Williamson, a Welcome Trust Research Fellow at Glasgow Caledonian University’s Institute for Applied Health Research, who stated in The Sunday Times that: “If minimum pricing helps ‘denormalise’ alcohol and changes our drinking culture, those who struggle with alcohol may find it easier to avoid drinking, but no one is really sure of that…The alcohol-dependent often choose cheaper, high-alcohol drinks that will be hit by minimum unit pricing and it is not clear whether they will reduce or stop their drinking because prices go up or if they will find other ways to access alcohol, such as theft or turn to other substances.”

22. For SGF members, retail crime is a very real and serious issue and as the gatekeepers to alcoholic products, and often delivery agents of government policy, we believe that this is an issue which should be considered when proceeding with the Bill.

23. Finally, we believe that any discussion of a ‘windfall’ for retailers through minimum pricing should be tempered vis-à-vis convenience stores by the

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121 IMRG/Capgemini e-retail Sales Index, May 2011
points we have raised above and through an acknowledgement that the Cabinet Secretary, Nicola Sturgeon, has put on public record\textsuperscript{122} her desire to use the Social Responsibility Levy to claw back any extra profits arising from the legislation.

**The legality of the policy**

24. We note with concern the large and growing body of opinion which raises questions over the legality of MUP under EU law.

25. Most recently, the Parliamentary Under Secretary of State for Public Health, Anne Milton MP, questioned the legality of MUP in evidence to the House of Commons Science and Technology Committee stating: “Our advice is that in itself it is probably illegal as it contravenes European free trade legislation. I know that Scotland is thinking about introducing it. They will be challenged and that will clarify the law. Our advice is that that is illegal.”\textsuperscript{123}

26. Anne Milton has not been alone in her observations about the legality of the policy. Organisations like the Scotch Whisky Association have pointed to legal precedence within the case history of the European Court of Justice which would suggest that minimum unit pricing could be open to legal challenge and there are a number of academic sources which all question the legality of implementing a minimum unit price for alcohol.\textsuperscript{124}

27. It is our view and the view of our members that whilst there are such a number of concerns being raised about implementing a minimum unit price for alcohol it would be advisable for the Scottish Government to make their legal advice public in order to provide more reassurance of the compliance of the legislation with EU law and other international trade agreements.

**Concluding remarks**

28. SGF is uncomfortable with any policy which seeks to modify behaviour through price changes alone, not least because this policy seems to abdicate individuals from any sense of responsibility about how much they consume.

29. We are sceptical about the extent to which this policy will have a positive impact on those who are addicted to alcohol and to those who over consume on higher incomes. We believe that it is problematic that such a narrow

\textsuperscript{122} On 10\textsuperscript{th} Nov 2010, during the Stage 3 Debate of the Alcohol etc. (Scotland) Bill the Cabinet Secretary stated: “...we suggested that we work together to use the social responsibility levy to claw back increased revenue for reinvestment in our services.”

\textsuperscript{123} The Science and Technology Committee, Inquiry into ‘The evidence base for alcohol guidelines’, 25 October 2011

approach has been taken, an approach we would suggest which singularly fails to account for a range of other variables, such as wealth, addiction, education and culture. It is these intervening variables which can undermine claims that there is a direct causal link between price, consumption and harm.
Introduction

1. The SWA is the trade association for the Scotch Whisky industry. Representing over 90% of the industry, members include distillers, blenders, and bottlers.

2. The Scotch Whisky Association (SWA) is delighted to provide written evidence to the Scottish Parliament's Finance Committee on the Alcohol (Minimum Pricing) (Scotland) Bill. We would welcome the opportunity to discuss the points set out in our submission in more detail with the Committee.

3. Scotch Whisky is Scotland's second largest export after oil and gas. It accounts for around 80% of Scotland's food and drink exports and nearly 25% of the UK's total food and drink exports. Export figures for the first three quarters of 2011 show that Scotch Whisky earns £125 every second for the UK balance of payments. The value of exports over the nine month period totalled almost £3 billion, an increase of 23% on the same period of 2010.

4. The industry employs 10,300 workers directly with another 35,000 jobs across the UK supported by the industry. In addition, the industry has invested some £1 billion in its production and manufacturing capacity in Scotland over the last four years. Scotch Whisky sales in the UK contribute between £600m-£700m annually in excise duty. There are also significant additional tax receipts from VAT, National Insurance, and Corporation Tax.

5. The SWA recognises the need to address alcohol misuse in Scotland. We are firmly committed to playing our part to reduce alcohol-related harm, promoting a culture where responsible alcohol consumption is the accepted norm and misuse is minimised.

6. A key objective of the Scottish Government's approach is lowering total alcohol consumption. This misses the target. It is suggested 30% of those drinking consume 80% of the alcohol sold. We need to address alcohol misuse by this group. We believe the focus should be on a reduction in the number of people drinking at harmful and hazardous levels. Targeting such drinkers would lead to a reduction in total consumption, without requiring blunt measures that penalise all drinkers.

7. The Scotch Whisky industry is fundamentally opposed to minimum unit pricing (MUP):
   - There is no strong evidence that MUP as a policy will reduce alcohol-related harm. It will not reduce the number of hazardous and harmful drinkers in Scotland.
   - The EU jurisprudence is clear, minimum pricing has invariably been ruled illegal. It is contrary to EU Single Market rules and international trade law.

125 HMRC Spirits Bulletin
Minimum pricing will damage the Scotch Whisky industry in the long term. If brought into law it will establish, for the first time, a barrier of trade on health grounds that will be used by other administrations against Scotch Whisky overseas to protect local markets from imported premium spirits. We calculate that exports could fall by 14.5% (£500 million) as a direct result of protectionist trade barriers.

Questions

Consultation

Did you take part in the consultation exercise for the Bill, if applicable, and if so did you comment on the financial assumptions made?

8. The Bill was introduced to Parliament on 31 October 2011. The Business & Regulatory Impact Assessment (BRIA) was published on 16 November 2011. On 26 August 2011, the SWA received a questionnaire from the Scottish Government seeking information which would be used to input to the Business & Regulatory Impact Assessment (BRIA) for the Alcohol (Minimum Pricing) (Scotland) Bill. The Association submitted a response to this request on 28 September 2011, which provided detailed comments on the financial implications of this Bill on the Scotch Whisky industry. Much of our material was not used.

9. The information in the Financial Memorandum (para 53) is outdated and refers to information supplied in response to a questionnaire for input to the BRIA for the Alcohol Etc (Scotland) Bill in 2009.

10. Much of the Financial Memorandum is based on the second Sheffield report (April 2010). The Health & Sport Committee requested views on the updated report in July 2010, which the SWA responded to. We would be more than happy to provide a copy of our submission to the Finance Committee. There is no strong evidence as to the effectiveness of minimum pricing as a policy to reduce alcohol-related harm. It is often portrayed as a targeted measure having greatest impact on problem drinkers with limited impact on moderate drinkers. A recent report from the Institute for Fiscal Studies rejected these assertions finding that MUP will hit responsible drinkers and, in particular, those on lower incomes at a time when household budgets are already under extreme pressure.

Do you believe your comments on the financial assumptions have been accurately reflected in the Financial Memorandum?

11. No. The SWA was not consulted on any financial assumptions made. As the Financial Memorandum states (para. 52), the Association was asked a series of questions in relation to introducing minimum unit pricing and provided information within the BRIA in September. Throughout the passage of the

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127 Alcohol Pricing and taxation polices, IFS Briefing Note NB 124, 2011
Alcohol etc. (Scotland) Bill in 2010, the SWA continually pointed out the negative financial implications that the introduction of a minimum unit price for alcohol would have on the industry. However, despite the importance of the Scotch Whisky industry to both the Scottish and UK economies, our financial concerns only merited one paragraph (para 53) in the Financial Memorandum.

12. We therefore believe that the negative implications that minimum pricing will have for the Scotch Whisky industry have not been taken into consideration and our concerns have not been addressed by the financial assumptions made in the Financial Memorandum for the Alcohol (Minimum Pricing) (Scotland) Bill. We regret the failure of the Scottish Government to analyse the impact of its policies on the industry’s export performance, particularly at a time when the Government is seeking to raise exports from Scotland by 50% in the next four years.

Did you have sufficient time to contribute to the consultation exercise?

13. Similarly with the Alcohol etc. (Scotland) Bill, there was no consultation with the SWA for this Bill regarding the financial assumptions made in relation to the Financial Memorandum.

Costs

If the Bill has any financial implications for your organisation, do you believe that these have been accurately reflected in the Financial Memorandum? If not, please provide details.

14. No. Minimum pricing threatens fundamental damage to the financial well being and export performance of the Scotch Whisky industry, with consequences for the wider Scottish economy. A negative impact on employment is likely, as is reduced spend with suppliers and a decline in investment.

International Implications

15. A MUP for alcohol will have significant financial implications for the Scotch Whisky industry and the wider economy which relies on the sector. Such costs have not been reflected in the Financial Memorandum.

16. Scotch Whisky is a powerhouse of the Scottish economy. The value of exports over the last nine months totalled almost £3billion – an increase of 23% on the same period of 2010. 10,300 people are directly employed in the Scotch Whisky industry and 35,000 jobs are indirectly supported. This includes bottles, packaging, logistics etc.

17. Market access restrictions globally threaten industry competitiveness. Many countries try to hinder the industry’s success through the application of trade barriers. We have no doubt that a Scottish minimum pricing mechanism would particularly damage the industry and encourage increased barriers to the trade of Scotch Whisky overseas. The BRIA states no information was provided in
respect of which countries are contemplating, or are likely, to pursue such discriminatory action. The MESAS Report\textsuperscript{128} states:

‘International interest is apparent from policy makers and academics who are seeking knowledge about the effectiveness of innovative mechanisms such as those designed to influence price’

The Scottish Government regularly refers to New Zealand, Canada, and Ireland as countries following the Scottish debate closely. If the eyes of the world are on Scotland, we can expect proposals for like action in other markets. The creation of a trade barrier in Scotland sets a precedent which we know from our international experience will be used by other countries as an excuse to introduce trade barriers against Scotch Whisky with the aim of protecting their local alcoholic products.

18. Two case studies were included in our submission on the BRIA. These provided information on the potential negative impact overseas in South Korea and France. An econometric analysis of these markets suggests a potential £85 million reduction in exports in these two markets alone (based on a minimum price of 50p per unit increasing in price by 18.6%). Widening that assessment, minimum pricing could result in an annual loss which could potentially reach up to half a billion pounds in reduced Scotch Whisky exports, equivalent to 14.5% of global sales.

19. It has been suggested that the Scottish MUP scheme would not discriminate or be protectionist and thus not present a precedent for governments abroad. However, it is the precedent of overriding trade rules rather than the specific mechanism that concerns the industry. We believe this would lead to a domino effect of ‘health-based’ restrictions on Scotch being applied in export markets.

20. The BRIA also states that it is not possible to predict the reaction of other jurisdictions. The SWA has dedicated years to removing trade barriers against Scotch Whisky in over 140 countries. We understand the industry and the reasons why other jurisdictions act as they do. Challenging and removing trade barriers to protect Scotch Whisky will be much harder if this legislation is passed. The Scottish Government will find it impossible to support our work in this area.

21. Any negative impact on Scotch Whisky exports will have a direct impact on the Scottish economy. The industry currently spends £1.1 billion annually with local suppliers. Investment of some £1 billion in production and manufacturing capacity has occurred in the last four years.

Domestic Implications

22. The SWA’s submission to the Government’s questionnaire for input to the BRIA set out the potential implications for the Scotch Whisky market in Scotland (pg 50-55 of the BRIA refers). These include:

\textsuperscript{128} MESAS Setting the Scene. Theory of change and baseline picture. March 2011.
• An assessment on the impact on those companies whose business model is heavily weighted towards supplying own-label and value brands. These are likely to be significantly impacted by the introduction of minimum pricing. We estimate this could put at risk around 250 - 400 jobs.

• Minimum pricing would not solely impact on ‘low cost, high strength products’ as claimed by the Scottish Government. Brands that seek to maintain a premium to value brands will be forced to increase their prices in order to maintain the differential. Given the price sensitivity of Scotch Whisky this may be difficult to achieve. Alternately, we could see commoditisation or compression of the market where the differential between value brands and premium brands is removed.

• Minimum pricing gives retailers considerable control. It could be that with reduced shelf space due to the Licensing Act provision restricting display areas, retailers stock branded Scotch Whiskies exclusively, removing own label and value products (26% of sales) from shelves. Alternatively, own label brands facing price increases may provide a source of incremental retailer margin, who may lift the price of premium spirits beyond the minimum to maximise the return available. This may encourage consumers to trade down to value brands sold at the minimum price, or to switch to other categories of alcohol. A brand’s premium position may also be threatened if retailers hold price close to the minimum, reducing brand value in the eyes of the consumer.

23. The BRIA (para 5.78) acknowledges the supply side reaction to the introduction to minimum pricing is unknown. It suggests producers may be incentivised to produce lower strength products, but recognises this is not an option for Scotch Whisky which, as required by law, has a minimum strength of 40% vol.

24. It is widely accepted that there are unintended consequences resulting from the introduction of MUP. These are likely to include an increase in cross-border shopping, illicit production, smuggling and opportunities for organised crime. These issues are not addressed by the Sheffield report or analysed by the Scottish Government.

25. The Financial Memorandum and the BRIA pay scant regard to these issues even though they have the potential to impact on a key objective for the Scottish Government – a reduction in alcohol consumption. For example, the Financial Memorandum states (para 56) that there 'may be an element of cross-border alcohol tourism' but refutes that it will be a problem given the price of petrol and other costs. This is belied by the experience of cross channel and cross Irish border shopping to take advantage of differential pricing. The Financial Memorandum also states that there is no evidence that illegal sales of alcohol were an issue (para 59). However, with MUP providing a differential between England and Scotland, the impetus for illegal sales increases. The fact that this is not a current problem becomes irrelevant. HMRC are increasingly concerned about alcohol fraud and are consulting on measures to
reduce fraud in the beer sector. Higher prices in Scotland will incentivise/aggravate the level of fraud.

26. Our experience shows those markets which deploy over-stringent control policies see a greater incidence of fraud with alcohol supplied through grey and black markets. We would expect greater cross-border shopping with England where consumers will be able to source their preferred brands not only cheaper, but will also have access to quantity discounts.

27. Internet shopping is increasing for all types of goods. Internet sales for alcohol products sourced from outwith Scotland are not subject to the Scottish licensing provisions and therefore MUP; we expect to see increased alcohol Internet sales.

28. As one of the benchmarks for success of any policy is likely to be reduced consumption the Scottish Government must first establish a baseline of the unrecorded alcohol on the Scottish market and put measures in place to assess changes in such activity for alcohol consumed in Scotland, but obtained elsewhere. Also, an assessment should be made of the current amount of alcohol bought via Internet sales, which are not subject to the provisions of the Alcohol Etc (Scotland) Act and the current level of cross-border purchasing in England in order to monitor the impact of Scottish Government policies on such activity.

Are you content that your organisation can meet the financial costs associated with the Bill? If not, how do you think these costs should be met?

29. As set out above, we strongly believe MUP will fundamentally damage the long term financial well being of the Scotch Whisky industry, with wider consequences for the Scottish economy. A negative impact on employment is likely, as is a reduced spend with supplies and a decline in investment.

30. It is difficult to predict what the administrative costs would be in relation to the introduction of MUP, because its impact on the market is unknown.

Does the Financial Memorandum accurately reflect the margins of uncertainty associated with the estimates and the timescales over which such costs would be expected to arise?

31. No. The information presented in the Financial Memorandum presents no margins of uncertainty or range of costs for this policy measure. This point was made by the Finance Committee in its report on the Financial Memorandum of the Alcohol etc (Scotland) Bill.

32. Significant reliance is placed on the ‘Sheffield’ model. This modelled minimum pricing, and minimum pricing in combination with a discount ban. A range of minimum prices was modelled from 25p to 70p per unit of alcohol in 5p increments. The costs and benefits set out in the Financial Memorandum are a range based on the lowest and highest minimum unit prices modelled as the Scottish Government has not specified the minimum price that would be set.
There is no indication of the margin of error related to the output figures derived from the Sheffield modelling work.

33. Indeed the figures derived from the Sheffield model are surprisingly very precise and absolute. They are point estimates rather than a range being presented. As to whether these figures would actually be achieved in reality is a different matter.

Wider Issues

*If the Bill is part of a wider policy initiative, do you believe that these associated costs are accurately reflected in the Financial Memorandum?*

34. The Bill is part of the Scottish's Government’s wider Alcohol Strategy and is aimed at one the four areas set out in the Government’s Framework for Action: to reduce alcohol consumption.

35. As far as we can ascertain, the associated costs of delivering the other three areas of the Framework for Action: – supporting families and communities; positive public attitudes, positive choices and improved support and treatment - have not been included within the Financial Memorandum.

*Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation or more developed guidance? If so, is it possible to quantify these costs?*

36. The introduction of MUP will distort the Scottish market. It is unclear from the BRIA how consumers, retailers and producers will react and therefore it is difficult to make an assessment of potential other costs.

37. The uncertainty of the proposed initial MUP, plus the ability of Government to alter this with limited scrutiny or consideration of the implications of any change is also a concern.

38. In addition, the proposed retail levy for retailers that sell both alcohol and tobacco, that was announced by John Swinney in the Draft Budget in September 2011, is also likely to impose a cost to the industry as we believe that this cost will be passed on to consumers or back to producers. The method by which this was announced has also sparked concern among the business community as to which other sectors might face unheralded taxes being placed upon them which do not appear to have addressed all the knock-on consequences.
Q1 Did you take part in the consultation exercise for the Bill, if applicable, and if so did you comment on the financial assumptions made?

Yes, South Lanarkshire Council did take part in the consultation exercise for the Bill and supported the financial assumption made within the Bill and supported a minimum price of £0.50 per unit. The justification for this level was based on the University of Sheffield’s Report (2009) which suggests that as the minimum price threshold increases, alcohol-related hospital admissions and deaths are estimated to reduce.

At a national level this would see a reduction of 3600 admissions per annum for a £0.40 price threshold compared to a fall of 8900 alcohol related hospital admissions per annum for a £0.50 price threshold.

This report also notes that most of the prevented deaths over a ten year timeframe occur in harmful drinkers, while the majority of health related harms are reduced in middle or older age groups who are at significant risk of developing and potentially dying from chronic disease. The Sheffield Report concludes that as the minimum price threshold increases, healthcare costs are reduced. At a national level, health and social care costs will be reduced by approximately £60m for the £0.40 price threshold and £160m for the £0.50 price threshold over a ten year period.

Q2 Do you believe your comments on the financial assumptions have been accurately reflected in the Financial Memorandum?

Yes, these are clearly laid out and are primarily based on the work of the Sheffield Report (2009) referred to earlier.

Q3 Did you have sufficient time to contribute to the consultation exercise? - Yes

Costs

Q4 If the Bill has any financial implications for your organisation, do you believe that these have been accurately reflected in the Financial Memorandum? If not, please provide details.

Yes the financial Memorandum incorporates the modelling carried out by the Sheffield Report (2009), referred to earlier which estimated that Alcohol misuse costs the National Health Service (NHS) an estimated £405m each year. Health harms are estimated to reduce by up to £88m in the first year and between £12m and £2,211m over 10 years.

The significant variation in these figures reflect the modelling of 21 separate scenarios conducted by the University of Sheffield. These modelling scenarios incorporate the estimated impact on reduction to health harms based on minimum price thresholds which range from £0.25 to £0.70 per unit of alcohol.
and the estimated effects of including a discount ban. Financial implications for South Lanarkshire Council are not quantifiable at this stage.

Q5 Are you content that your organisation can meet the financial costs associated with the Bill? If not, how do you think these costs should be met?

Yes, the financial Memorandum notes that at a national level, health and social care costs will be reduced by approximately £60m for the £0.40 price threshold and £160m for the £0.50 price threshold over a ten year period. In Lanarkshire this equates to £6.1m and 16.3m savings in health and social care costs respectively.

Q6 Does the Financial Memorandum accurately reflect the margins of uncertainty associated with the estimates and the timescales over which such costs would be expected to arise?

Yes, the financial Memorandum provides an accurate reflection of these margins.

Wider Issues
Q7 If the Bill is part of a wider policy initiative, do you believe that these associated costs are accurately reflected in the Financial Memorandum?

Yes, the financial Memorandum clearly sets out where a Regulatory Impact Assessment (RIA) was required. There were 3 topics within the original Bill that carried a significant financial impact. For the purposes of the financial memorandum, a significant financial impact was defined as a topic having a financial impact of over £0.4m per annum once implemented and included the introduction of a minimum price for a unit of alcohol.

Q8 Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation or more developed guidance? If so, is it possible to quantify these costs?

At this stage South Lanarkshire Council is unable to quantify these costs, although it is anticipated that there will be no direct financial implications for the organisation which put a strain on current resources.
The Wine and Spirit Trade Association (WSTA) is the UK organisation for the wine and spirit industry representing over 340 companies producing, importing, transporting and selling wines and spirits. We want a future for our industry in which it remains competitive and contributes to the UK’s economic growth – and one in which our products are made, sold and enjoyed responsibly.

Consultation
1. Did you take part in the consultation exercise for the Bill, if applicable, and if so did you comment on the financial assumptions made?

1.1 The WSTA, as a member of the Scottish Government Alcohol Industry Partnership, responded to the initial consultation and did provide comment on some of the financial assumptions made in the Bill. A copy of this response can be found at annex A.

2. Do you believe your comments on the financial assumptions have been accurately reflected in the Financial Memorandum?

Lack of evidence to support a link between price and harm

2.1 The Financial Memorandum makes a number of assumptions linking price to harm that are not supported by evidence. No one disputes the notion that there is a link between price and sales; all available research points to lower prices resulting in increased sales. While studies do not prove the reverse it seems safe to assume that if a bottle of wine was suddenly priced at £20 rather than £4 then unit sales would decline. However, we vigorously dispute the notion that lower prices cause irresponsible consumption and harm.

2.2 Evidence from across the world substantiates this view that there is no simple link between price and alcohol misuse. In fact, in Europe alone, it seems that those countries with the highest taxes on alcohol and the highest prices are those where alcohol misuse is a problem. World Health Organisation statistics show binge-drinking in Italy and Spain, where prices are low, at a much lower level than in Finland or Iceland where prices are high. Alcohol is one of the most heavily taxed products in the UK, with 82% of the average price of a bottle of vodka and 57% of the average price of a bottle of wine, accounted for by tax. Despite these high taxes and prices we are yet to see the corresponding drops in alcohol related harm that health experts predict.

2.3 The Sheffield model estimated that a 1% fall in alcohol consumption would yield a saving per year of £0.2514bn. This is comprised of a reduction in crime harms, health harms and employment harms from alcohol misuse. Official statistics show that alcohol consumption in the UK has been falling since 2004. In fact over a seven year period it is down by 12% (Scottish consumption dropped by 9.3% since 2003). If the Sheffield formula was correct this decline should have been accompanied by a corresponding

129 HMRC data. See https://www.uktradeinfo.com/index.cfm?task=bulletins
decrease in the numbers admitted to hospital for alcohol-related problems and a reduction of £9bn in the costs of alcohol related harm. Yet we are consistently told by Government and health professionals that more people are requiring hospital attention for alcohol-related problems and the financial burden arising from alcohol-related harms is increasing\textsuperscript{130}. This would strongly suggest that there is no direct correlation between overall levels of alcohol consumption and alcohol harm.

**Hitting the majority of the consumers and those who can least afford it most**

2.4 We are concerned that the financial memorandum does not assess fully the impact minimum unit pricing will have on the majority of consumers in Scotland, and particularly those on the lowest incomes. We believe that the most effective way to address the problem is to focus attention and resource on those who mis-use alcohol rather than the majority of responsible drinkers.

2.5 The most recent statistics published by the Scottish Government demonstrate that progress is being made, over the past two years alcohol-related hospital discharges have declined by 8.8% from 43,054 in 2007/08 to 39,278 in 2009/10. The Government’s own statistics show that the majority of people in Scotland are drinking within the Chief Medical Officer’s recommended weekly limits – with 73% of men and 82% of women drinking within the limits\textsuperscript{131}. Why waste resources on punishing the responsible majority when a more targeted approach could have a greater impact on reducing alcohol related harm in Scotland.

2.6 A minimum unit price of 50p would hit 73% of alcohol sold in the off-trade in Scotland affecting the vast majority of consumers. 92% of vodka, 72% of whisky, 77% of beer and 63% of wine prices in the off-trade would rise overnight as a result of a 50p minimum unit price.\textsuperscript{132} In the current economic climate consumers are particularly concerned about the impact of inflation on their weekly grocery bills and minimum unit pricing will push up prices for the majority of consumers in Scotland.

2.7 This scenario is particularly concerning when we look at the impact of a minimum unit price on the lowest income groups. The recent report by the Institute for Fiscal Studies (IFS) showed that ‘A minimum price would have a larger effect on low-income households.’ Even though ‘Poorer households are less likely to consume alcohol and pay lower prices when they do.’\textsuperscript{133} The Government has been clear that minimum unit pricing will have the biggest impact on those in low income groups even though its own statistics show that 76% of men and 84% of women in the lowest income quintile do not

\textsuperscript{130} NHS Information Centre, Statistics on Alcohol: England, 2009

\textsuperscript{131} Scottish Health Statistics, 2010

\textsuperscript{132} Monitoring and Evaluation Scotland’s Alcohol Strategy (MESAS) – Nielson sales data 2010

\texttt{http://www.healthscotland.com/documents/5435.aspx}

\textsuperscript{133} Institute for Fiscal Studies, Briefing note BN12, Alcohol Pricing and Taxation Policies
drink or drink moderately.\textsuperscript{134} We would urge the Committee to look closely at the impact of minimum unit pricing on those that can least afford it.

2.8 The Sheffield Study data predicted a smaller drop in consumption at 50 pence per unit than has already been achieved. At 50 pence per unit the study predicted a 6.7% drop in overall consumption; however the data also shows that consumption in Scotland has dropped by 9.3% since 2003 without any price intervention. If consumption is already dropping why is the Scottish Government pushing ahead with a policy that will have little additional impact, is this a proportionate and fair response?

**Impact on the market**

2.9 Introducing a minimum price for alcohol would artificially alter the shape of the marketplace with some interesting and unintended consequences. It would undoubtedly put further jobs at risk within the UK’s alcohol industry.

2.10 Consider the impact for example on products which sell at the less expensive end of the market. In the case of spirits this segment includes both own brand and a range of lower priced non-marketed brands. A minimum price of 50p per unit of alcohol would mean that a 1 litre bottle of own-brand spirits at 40% abv would cost £20. At such a level the own-brand product has lost its competitive advantage and would be competing in the same price range as branded products which are supported by large marketing and advertising budgets. Who is going to buy own-brand products when for the same price you can buy premium branded product? Reducing competition between brands will also have an impact on consumers as experience shows that competition helps to drive wider benefits for consumers.

2.11 Minimum unit pricing will have a differential impact on wines according to country of origin by virtue of their alcoholic strength. Wine strength varies widely, with hotter climates such as Chile and Australia characteristically producing wines of 13% abv or more compared to wines from cooler Northern European climates of around 9% abv to 11% abv. A minimum unit price would make the former more expensive per bottle. Notwithstanding the possible competition law issues this raises, the implications are fairly obvious. It seems unlikely that countries whose products now face an unfavourable market in which to compete, courtesy of minimum pricing, will wish to look favourably towards UK exports, such as Scotch Whisky.

2.12 These market distortions would undoubtedly impact on jobs. Producers of lower priced and own-brand products employ thousands of people in the UK. It would seem particularly odd during such testing economic circumstances to pursue a policy which risks further job losses.

2.13 As currently proposed minimum unit pricing would dictate the retail price at which products can be sold and therefore any additional revenue would pass to the retailer. Beyond that it would be part of a commercial conversation

\textsuperscript{134} Scottish Health Survey 2009 - Volume 1: Main report (2010) Scottish Government
between the retailer and their suppliers. It should be noted, however, that predicting the margin and profitability of any given product, let alone category in the future is impossible, with changing costs of production, transportation, global exchange rates and the impact of an increasingly global marketplace. The UK grocery market is amongst the most competitive in the world and retailers continuously work hard to reduce prices for customers across their stores including fruit and vegetables. There is no evidence to suggest that fruit and vegetable prices are inflated due to alcohol pricing policies.

3. **Did you have sufficient time to contribute to the consultation exercise?**

3.1 The WSTA had sufficient time to respond to the consultation exercise.

**Costs**

4. **If the Bill has any financial implications for your organisation, do you believe that these have been accurately reflected in the Financial Memorandum? If not, please provide details.**

4.1 The WSTA asked the Scottish Government to acknowledge the wider legislative landscape in which minimum unit pricing would be introduced, paying particular regard to recent legislative changes and the proposal to introduce an additional tax on large retailers selling both alcohol and tobacco in Scotland from 2012. Whilst the financial memorandum acknowledges the recent changes we do not think that it accurately reflects the full costs to our members of the constantly changing licensing regime in Scotland over the past 5 years and the uncertainty that this causes to business.

5. **Are you content that your organisation can meet the financial costs associated with the Bill? If not, how do you think these costs should be met?**

Not applicable

6. **Does the Financial Memorandum accurately reflect the margins of uncertainty associated with the estimates and the timescales over which such costs would be expected to arise?**

Not applicable

**Wider Issues**

7. **If the Bill is part of a wider policy initiative, do you believe that these associated costs are accurately reflected in the Financial Memorandum?**

7.1 The WSTA raised a number of concerns about the potential impact of the proposals on cross border, internet and illicit sales in Scotland. We do not believe that the Financial Memorandum accompanying the Bill gives these issues serious consideration and we are concerned about attempts to down play the impact minimum unit pricing could have on each of these areas. We would urge the committee to look closely at the impact of each of these
factors on businesses located in Scotland and how this will impact on the Scottish Government’s intention to make Scotland the most competitive place in Europe to do business.

More detail on each of these areas can be found below:

Cross Border

7.2 In areas close to the border there will be an added incentive to shop in England as opposed to Scotland. It is likely that as well as buying alcohol consumers will also choose to buy their weekly groceries in England. This will have a significant impact on retailers with stores in the Scottish Borders. The creation of differing pricing structures within the UK market could lead to significant shifts in consumer behaviour where people choose to travel, or access the black market, to buy products at a lower price. Indeed, the First Minister of Wales recently acknowledged this problem saying: “As regards alcohol pricing, the major problem—and this will be a problem in Scotland—is that if you have different prices either side of the border, people will just cross the border to buy alcohol on the other side. This will be a problem in Scotland if they proceed with their policy on alcohol pricing.”

7.3 Parallels can be drawn with the situation in Newry, Northern Ireland which saw significant increases in sales when Irish duty rates were increased by 50 euro-cents duty on a bottle of wine in October 2008. If duty rates were to be higher in Scotland than the rest of the UK it is likely that consumers may travel to England to access lower prices. Ultimately, the level of cross border trade was such that the Republic of Ireland reduced its excise duty rates on alcohol in 2009 with the Finance Minister Brian Lenihan stating: “Recent CSO data show that 44 per cent of cross border shoppers buy alcohol. To protect exchequer revenue and stem the flow of cross border shopping, I have decided to reduce excise duty on alcohol products.” It is disingenuous of the Scottish Government to say that groceries and not alcohol was the main driver of cross border trade between Eire and Northern Ireland.

Internet sales

7.4 Internet sales are the fastest growing part of the market with an estimated value of approximately £800 million. It is unrealistic for the Government to assume that consumers will not seek to purchase their alcohol from internet providers based outside of Scotland where they can take advantage of better offers. A recent report from the British Retail Consortium shows that general on-line sales are a significant and growing part of UK sales: “In 2010, total non-store retail sales in the UK were estimated at £30.3bn, of which internet sales comprised £23.4bn. By the beginning of 2011, the internet was responsible for nearly 10% of all retail sales, up from 6% in 2009. A quarter of the UK’s most popular websites are online retail sites.”

7.5 Whilst these figures are UK wide it would be fair to assume that a significant proportion of Scottish sales are already made online and the introduction of

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135 British Retail Consortium (Oxford Economics & Oxford Institute of Retail Management) UK Retail: Leading Globally, Serving Locally
minimum unit pricing is likely to encourage Scottish consumers to look for offers on-line from retailers based outside of Scotland to the detriment of Scottish based businesses. Ofcom’s consumer research in April 2011 suggested that 72% of adults used their broadband connection for purchasing goods and services, making it the third most popular online activity after emailing and web browsing.

Illicit trade
7.6 There is a risk that if some people are priced out of the legitimate market, they will simply turn to illicit sources from which to obtain their drinks. There is very strong evidence to suggest that price increases fuel illicit trade in alcohol, particularly where there is a disparity between one country and another.\(^{136}\)

7.7 We know this too from our experience in the UK when high tax on alcohol and high prices helped cross-Channel buying in France. Research carried out by the industry with the Treasury at that time showed that people were coming from as far afield as Aberdeen in vans to cross the channel to purchase large quantities of alcohol. At its height the cross-channel industry represented approximately 13% of all UK alcohol consumption.

7.8 HMRC estimates that beer and spirits in the black market worth an estimated £1.2bn were sold in the UK last year, up 46%, at a cost to the Treasury of more than £800m in lost duty. It is unrealistic to say that this is not a problem in Scotland and one which would not be exacerbated by the introduction of minimum unit pricing. We would urge the Government to take this issue seriously and put in place a clear action plan to ensure that minimum unit pricing does not bring with it an increase in duty fraud.

8. **Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation or more developed guidance? If so, is it possible to quantify these costs?**

8.1 The WSTA has always been clear that we believe minimum unit pricing to be illegal under EU law and therefore subject to legal challenge which could incur significant future costs to the Scottish Government.

8.2 Our legal advice thus far suggests that minimum unit pricing conflicts with the terms of UK and European Competition law and World Trade Organisation rules. In the Business and Regulatory Impact Assessment of the Bill the Scottish Government indicates that it has been keeping the European Commission and the Office of Fair Trading informed about its proposals. We would urge the Scottish Government to publish the legal advice it has received about its proposals and any advice it has received from the European Commission and the Office of Fair Trading. It is important to note that UK Health Minister, Anne Milton MP recently confirmed that the

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Department of Health’s legal advice is that the Scottish Government’s proposal will prove to be illegal under European Law.  

8.3 There will also be considerable on-going costs to retailers to ensure that their staff are trained about the changes to the pricing regime; that their IT systems are compatible and that in-store promotions and point of sale materials are compliant. Whilst we cannot put a specific figure on the administrative cost to business of introducing a minimum unit price overall, we do know that our member have already incurred significant costs in changing point of sale materials and IT systems to deal with the promotional changes coming into effect on 1 October 2011. The changes already introduced in Scotland require businesses to operate separate systems at considerable additional expense.

8.4 There may also be competition implications relating to retailers running different pricing strategies in different stores that are trading under the same fascia. For example, multiple grocers that operate in England and Wales as well as in Scotland would be forced by the introduction of a minimum unit price in Scotland to operate different pricing policies in different stores and this may fall foul of OFT guidelines.

Conclusion
There are a number of areas where we would welcome greater scrutiny by the Committee of the financial impact of minimum unit pricing in Scotland as outlined in our submission. We believe that the health benefits of minimum unit pricing and the financial assumptions associated with its impact are overstated. Our view is that policy should be evidence based and focussed on tackling the minority of consumers who mis-use alcohol not targeted at the majority who don’t.

137 Oral Evidence, House of Commons Science and Technology Committee, 26 October 2011, Q92: http://www.publications.parliament.uk/pa/cm201012/cmselect/cmsctech/uc1536-ii/uc153601.htm
Appendix A

WSTA response to the Government's initial consultation to its minimum unit pricing proposals

The Wine and Spirit Trade Association (WSTA) is the UK organisation for the wine and spirit industry representing over 340 companies producing, importing, transporting and selling wines and spirits. We want a future for our industry in which it remains competitive and contributes to the UK’s economic growth – and one in which our products are made, sold and enjoyed responsibly.

Where possible we have outlined our members’ views on the questions below. However we do want to make clear that these responses do not indicate that we believe the introduction of a minimum unit price in Scotland will be effective in tackling alcohol misuse.

Minimum pricing questions

i) In order to estimate what the effect might be of the introduction of a minimum price for alcohol, it would be useful to have your comments on and/or estimates of the potential costs/savings on the following minimum prices: 25p, 50p and 70p. Please note that these are illustrative prices, and have been selected from the range of prices modelled in order to broadly represent minimum prices in the low, medium and high categories.

There is no evidence to suggest that minimum unit pricing will be effective in tackling alcohol misuse, and there are substantial grounds to believe the policy breaches EU law. It is therefore difficult to provide an accurate assessment of the impact of the price ranges set out in the question above, other than to note that an average bottle of wine would be priced at £5 at a 50p minimum unit price and £6 at minimum unit price of 60p. Whilst an average bottle of 70cl whisky would be priced at £14 at 50p minimum unit price and £16.80 at a minimum unit price of £60p.

No one disputes the notion that there is a link between price and sales. All available research points to lower prices resulting in increased sales. While studies do not prove the reverse it seems safe to assume that if a bottle of wine was suddenly priced at £20 rather than £4 then unit sales would decline. We vigorously dispute the notion however that lower prices cause irresponsible consumption. Prices are low in France but they don’t seem to have the alcohol misuse problem that exists in Ireland for example, a country with both high excise duty on alcohol and high prices. It should be noted that alcohol is one of the most heavily taxed products in the UK, but despite these high levels of inflation we are yet to see the corresponding drops in alcohol related harm that health experts predicted.

When assessing the likely impact of minimum unit pricing it is important to take into account the wider legislative environment. For instance a number of changes to the promotion and sale of alcohol were introduced on 1 October and it is important to take account of the impact of these changes. Similarly the Scottish Government has also announced its intention to introduce an additional tax on
large retailers selling alcohol and tobacco. No regulatory impact assessment has been published to accompany the proposal but it is important to note that a tax that seeks to raise £30-40 million per year from retailers would require them to make additional sales of at least £1 billion to cover the costs of the additional tax to their business.

We believe that the whole population approach of minimum unit pricing is wrong in principle, as it will impact on all consumers of alcoholic drinks regardless of whether or not they misuse alcohol. Moreover, evidence of consumer spending habits points to problem drinkers being more likely to adopt strategies to maintain alcohol consumption levels, rather than reduce them. We believe that policy on alcohol misuse should address those who have the problem, not the majority who don’t and we would therefore question the overall impact of a minimum unit price which would hit the poorest in society hardest, regardless of whether they misuse alcohol.

Any proposal to introduce minimum unit pricing should maintain the sunset clause which was introduced in the Alcohol etc (Scotland) Act 2010 to ensure that the policy’s effectiveness is independently reviewed against evidence based criteria and the objectives set out by Government for the policy. If the independent assessment determines that minimum unit pricing is not having the effect the Government intended, the policy should be repealed.

**ii) What percentage of alcohol products do you estimate would be affected by the introduction of a minimum price using the following broad categories: less than 25p, 25p to 49p, 50p to 69p, over 70p?**

It is difficult to assess the impact of a minimum unit price on the categories set out in the question as we do not know how consumers will respond to the policy. Our response to question iii) below outlines some of the areas of complexity that need to be considered when assessing the impact of minimum unit pricing on the entire supply chain.

However, as minimum unit pricing is untested we do believe that any new legislation should be assessed and evaluated for its impact and effectiveness. This is in line with best regulatory practice and will provide Scottish Ministers with an opportunity to intervene should many of the concerns that the industry has highlighted come to fruition (such as, for example, the adverse impact on lower-income groups, increases in cross-border or illicit sales.

We are opposed to the suggestion that Ministers can raise the level at which a minimum unit price should be set at regular intervals. It is important with any legislative change that reasonable time is given for the impact to be fully considered before more significant changes are made. We would also urge that any future increases to the level at which a minimum unit price should be set would be subject to consultation with the industry and subject to a full debate and vote in parliament. Ministers have talked about minimum unit pricing as a mechanism to reduce the amount of alcohol being sold. Our view is that policy should be focussed on tackling the mis-use of alcohol and minimum unit pricing...
should not be used as a means of pricing consumers out of buying alcohol completely.

**iii) For any products that may increase in price due to minimum pricing, who would you consider is most likely to retain any additional revenue? – Would retailers retain it all as profit? - Would some be passed back to producers? Would any additional revenue arising from minimum pricing be used by retailers to reduce the price of other products such as fruit and vegetables?**

The Government’s stated purpose of introducing a minimum unit price for alcohol is to reduce overall consumption of alcohol in Scotland. We believe that the purpose of Government policy should be to tackle alcohol related harm not to reduce consumption. If the Government is confident that the policy will achieve its aim, the question of ‘additional revenue’ will become void as any increased profits linked to a higher unit price will be counterbalanced by a decrease in overall sales of alcohol. There is a significant risk that Scottish consumers will choose to order online rather than purchase at an increased price in Scotland. New online businesses could target the Scottish market to take advantage of this opportunity which could reduce sales to Scottish based business. It will be important to ensure that the impact of a minimum unit price is independently assessed and evaluated so that the impact on the market can be monitored.

As currently proposed minimum unit pricing would dictate the retail price at which products can be sold and therefore any additional revenue would pass to the retailer. Beyond that it would be part of a commercial conversation between the retailer and their suppliers. It should be noted, however, that predicting the margin and profitably of any given product, let alone category in the future is impossible, with changing costs of production, transportation, global exchange rates and the impact of an increasingly global marketplace. The UK grocery market is amongst the most competitive in the world and retailers continuously work hard to reduce prices for customers across their stores including fruit and vegetables. There is no evidence to suggest that fruit and vegetable prices are inflated due to alcohol pricing policies.

There is no evidence about what will happen to consumer purchasing patterns when minimum unit pricing is introduced. Problem drinkers are simply likely to find another source as no evidence yet exists that this policy will have the effect intended on harmful drinkers. It could lead consumers to switch from one channel to another if there is little price differential between products or consumers may decide to shop around and purchase their alcohol online from distributors where a minimum unit price would not be applicable. It could be, as has been suggested by some, that consumers may decide to purchase their alcohol in an on-trade environment if a minimum unit price creates greater parity between on and off-trade prices. It is important to recognise that just because there may be an increase in the cost of some products this will not occur across the entire product range; it is therefore very simplistic to assume that a minimum unit price will automatically generate increased profits.

The WSTA and its members have also raised concerns that the introduction of a minimum unit price in Scotland could lead to a significant increase in illicit or ‘white
van man’ trade. In this situation you could see official statistics showing an overall drop in consumption as people turn to the illicit trade where prices would be lower. Given the range of factors at play it is exceptionally difficult to assess where any additional profits from minimum unit pricing would be retained, if indeed any were generated.

iv) Any details about the supply chain and who would be affected by minimum pricing proposals.

It is important to recognise that this is a complex issue which will be difficult to assess until the policy is implemented. Retailers and producers enter into contracts which are confidential and which may cover a wide range of products. The terms of each contract will vary between each producer and retailer. It is likely that contracts would be reviewed in light of any new legislation that would have an impact on their terms and conditions. Given the potential shifts in consumer behaviour to on-line, cross border or illicit outlets it is difficult to give any clear picture of the likely impact to the supply chain of a minimum unit price.

However, we do know that the introduction of minimum unit pricing is likely to require retailers to reduce the range of products available to Scottish consumers. The policy is likely to introduce complexities around ranging and logistical issues as organisations will see too much difficulty in providing ‘Scottish-only’ products. As many logistics operations are UK wide, significant changes will have to be made as a result of minimum unit pricing; this will incur excess cost to the industry and will result in less consumer choice.

Suppliers will find it more difficult to bring new products to market, as price promotional offers will be more difficult to assert. Minimum unit pricing will also have a discriminatory affect on products that come from markets where the costs of production are lower. Minimum unit pricing could put in place a barrier to products produced in these countries that will no longer be able to compete in the UK market.

v) What would you estimate the administrative costs would be of introducing a minimum price in Scotland taking account of such issues as altering prices on barcodes, shelves, tills etc.?

Whilst we cannot put a specific figure on the administrative cost to business of introducing a minimum unit price overall, we do know that our member have already incurred significant costs in changing point of sale materials and IT systems to deal with the promotional changes coming into effect on 1 October 2011. The changes already introduced in Scotland require businesses to operate separate systems at considerable additional expense. Consideration should also be given to the costs of staff training to ensure they fully understand the implications of minimum unit pricing legislation on their trade in Scotland.

There may also be competition pricing implications relating to retailers running different pricing strategies in different stores that are trading under the same fascia. For example, multiple grocers that operate in England and Wales as well as in Scotland would be forced by the introduction of a minimum unit price in Scotland
to operate different pricing policies in different stores and this may fall foul of OFT
guidelines.

**vi) What lead-in time do you consider would be required to implement
minimum pricing?**

Given the significant changes that members would be required to make to their
point of sale materials and IT Systems, additional resource and time required for
staff training and to ensure that contracts between retailers and producers are
reflective of the minimum unit price we would suggest that a period of 2 years
should be allowed for implementation. This is a significant change that has not
been tested by another country and we therefore think it is imperative that a
sufficient and reasonable lead in period is given to enable retailers and producers
to plan effectively for the change.
3. **Alcohol (Minimum Pricing) (Scotland) Bill**: The Committee took evidence on the Financial Memorandum of the Alcohol (Minimum Pricing) (Scotland) Bill from—

   John Drummond, Chief Executive, Scottish Grocers Federation;

   Campbell Evans, Director, Government & Consumer Affairs, Scotch Whisky Association;

   Donald Henderson, Deputy Director for Public Health, Marjorie Marshall, Health Economic Adviser, and Mary Cuthbert, Alcohol (Minimum Pricing) (Scotland) Bill Team Leader, Scottish Government.

6. **Alcohol (Minimum Pricing) (Scotland) Bill (in private)**: The Committee considered the key themes arising from the oral evidence sessions.
Alcohol (Minimum Pricing) (Scotland) Bill: Financial Memorandum

10:00

The Convener: Under item 3, we will take evidence on the financial memorandum to the Alcohol (Minimum Pricing) (Scotland) Bill. I welcome our first panel of witnesses: John Drummond from the Scottish Grocers Federation; and Campbell Evans from the Scotch Whisky Association. Sadly, our third witness—Valerie Tallon from NHS Lanarkshire—has had to call off.

I understand that there will be no prepared statements, so we will just go straight to questions.

First, I have a question for Mr Evans about his written submission. Paragraph 6 states:

“A key objective of the Scottish Government’s approach is lowering total alcohol consumption. This misses the target.”

However, paragraph 24 of the financial memorandum states:

“In 2010, average per capita sales in Scotland equated to 22.8 units per person ... representing an 11% increase since 1994.”

That means that the average alcohol consumption in Scotland is above “the sensible male weekly guideline of 21 units on each and every week”.

Is it important that action is taken to reduce alcohol consumption, or do you believe that alcohol consumption should remain constant or, indeed, increase?

Campbell Evans (Scotch Whisky Association): What we believe is that we should seek to address and reduce alcohol harm. If consumption were to fall as a result, we would have no problem with that. However, if we were to reduce consumption and not address alcohol harm, that would miss the target that the policy should seek to achieve.

The Convener: Right. I ask both witnesses whether they believe that minimum pricing will reduce alcohol harm in Scotland at all.

Campbell Evans: We saw from the Sheffield modelling last time round that there would be no reduction in the number of people who are drinking at harmful and hazardous levels, so that would suggest that minimum pricing will not achieve what we believe should be the ultimate goal.

John Drummond (Scottish Grocers Federation): We echo Mr Evans’s remarks in that the modelling that the University of Sheffield did appears to be indiscriminate and general in nature—theoretical, if you like—and as such the presumably intended goal of reducing harmful drinking will not be achieved.

The Convener: Mr Evans, in your interesting submission you refer to “a minimum price of 50p per unit” of alcohol impacting on “global sales” of Scotch whisky to the tune of 14.5 per cent. You state in the submission that you have done an “econometric analysis”, but why do you think that a minimum unit price for alcohol, which is not whisky specific, would impact on alcohol sales from Albania to Australia, or from Belgium to Belize?

Campbell Evans: The Scottish Government is proposing to bring in a policy that we believe could be taken overseas as a model not necessarily for minimum pricing but for restrictions on alcohol. We believe that minimum pricing is illegal and a barrier to trade so, to introduce it, the Scottish Government will have to overcome those legal impediments, as indeed the Cabinet Secretary for Health, Wellbeing and Cities Strategy said yesterday. If the Scottish Government were able to bring in a barrier to trade, other countries would be able to use that health exemption, which has not existed thus far, to bring in their own model of restriction. It would not have to be minimum pricing. It could be, as the Koreans have sought to introduce, specific discrimination against drinks that are over 30 per cent alcohol by volume—in other words Scotch whisky, not their local spirit; or, as the French recently tried to bring in, discrimination against imported products. The issue is the principle and the precedent set by establishing a barrier to trade in Scotland, rather than the specific model that is introduced here.

The Convener: The Presiding Officer and ministers have addressed the legality issue, so I will not go into that, but are you seriously suggesting that the introduction of a minimum price for alcohol in Scotland will have such a radical impact? I am not convinced that there is any evidence for that.

Campbell Evans: Over the past 30 years, we have seen people erect, or attempt to erect, barriers to trade in Scotch whisky. Many years ago, I was in Japan when the finance ministry said, “You are discriminated against in the United Kingdom, so we are quite comfortable with discriminating against you in Japan.” We were in India, fighting discrimination there, when tax went up in the UK and the people in India said, “Well, we are off the hook here.” People take note of the example that is set here in the UK and it is replicated around the world. Of course, the Government has said itself that the eyes of the world are on Scotland, so we must expect...
countries around the world to look at the lead that Scotland wants to take in this area. We believe that their taking that lead would be damaging for the Scotch whisky industry, damaging for the economy and damaging for the export-led recovery that the Government wants us to deliver for it.

The Convener: Of course, whisky exports have gone up 23 per cent in the past year, so if there was a 14 per cent reduction—although I do not believe for a second that there will be—there would still be an 8 per cent increase year on year, would there not?

Campbell Evans: That would depend on the type of restrictions that are brought in. We want to see growth. If there were a reduction from where we are now, that would stymie the growth that we look to deliver and that the Government wants us to deliver as part of its export-led recovery.

The Convener: So all 200 nations around the world would have this imposition, you believe.

Campbell Evans: Well, the countries that have been looking most closely at various restrictions— the ones that I have mentioned and places such as Thailand—are key markets for the industry. There would be a major impact and a disproportionate effect on overall exports.

The Convener: Mr Drummond, you will be aware that a huge number of organisations—ranging from the Scottish Police Federation to the Royal College of Nursing, the British Medical Association, Scotland’s churches, Scotland’s children’s charities and Alcohol Focus Scotland—all support this legislation; indeed all chief medical officers across the UK also support it, as do Tennents the brewers, I understand, and the Scottish Licensed Trade Association, which believes that it will encourage more people to drink socially in pubs and that, therefore, there will be less harmful drinking. Is not the SGF’s opposition based on the vested interest of your members, rather than the wider implications for Scottish society?

John Drummond: No. Our members rely on custom from people on low incomes and we believe that this indiscriminate policy will affect those on low incomes—it is a regressive policy that will affect low-income families and individuals more than people who can afford to buy more expensive alcohol. Of course, I respect the views of the doctors and various health representatives who have explained that there could be some medical benefits—I do not dispute that. My central objection to the policy is that it will hit lower-income families harder and thereby impact on our business.

The Convener: I open the discussion out to committee members of the committee. The first question will be from deputy convener, John Mason.

John Mason (Glasgow Shettleston) (SNP): Thanks, convener. Good morning, gentlemen. It is good to have you with us. I am interested in the impact on jobs and how businesses in Scotland will be affected. For example, without using technical terms such as elasticity, will the unit price make a big difference to the impact on your members, the number of jobs that might be affected and so on?

John Drummond: Yes—the higher the price, the bigger the impact. In our papers, we estimate that a price of 40p to 45p could reduce turnover by 10 per cent. It is a moveable feast. In the current economic conditions—which might get worse in the next two years—the impact could be greater.

John Mason: Is there a level that you are relaxed about and one that you are worried about? Can you pin it down?

John Drummond: A price below 45p would be less of a problem, but I doubt that the minimum would be less than 45p given what the proposals were in the Alcohol etc (Scotland) Bill.

John Mason: Does Campbell Evans take the same view?

Campbell Evans: If the price went up to 70p—we were asked about that—the cost of a bottle of whisky would be towards £20. Such a price would have a bigger impact than a price of 50p or 55p, which might be the level that is struck. However, 26 per cent of the trade is own label, so the companies in that sector of the market would be hit straight away. Almost three quarters of Scotch whisky is sold at below 50p per unit in Scotland, so the impact would be felt across the board in branded and own-label business.

John Mason: I would have thought that a minimum price would help all quality alcohol brands, because the margin between them and own-label or cheaper versions would be reduced. Would that help some distillers or brewers more than others?

Campbell Evans: Ultimately, the retailer sets the price, and we do not know what retailers will do—perhaps that applies more to larger stores than the smaller businesses that John Drummond represents. Retailers might see an opportunity to sell own-label product and might want to adjust the prices of branded products. Those with branded products might feel that they have to maintain their premium. There will be all sorts of machinations and fall-out from the minimum price; those will depend on the price that is struck, never mind the reactions of different sectors of the market. We just do not know what will happen.
John Mason: I presume that a customer would be more likely to buy a good-quality product than to pay more for a poorer-quality product.

Campbell Evans: We do not know what changes in pricing points retailers will bring in. If they sold their own-label brand of Scotch whisky at £14 a bottle—if the minimum price was 50p—they might want to sell the branded product at a higher price, to encourage the sale of their own-label products.

We also do not know the impact of cross-border shopping and internet shopping. All those questions are up in the air and cannot be answered. The Government has done no work on what the impact might be.

John Drummond: Many of our members are saying that they will have no need to stock own-label or economy brands. I will give a vodka example, just to change spirits. Glen's vodka is terribly popular among our members, as are own brands, such as the Spar brand. Minimum pricing is likely to create the opportunity for brands such as Smirnoff to sell at the same price as own brands.

Campbell Evans is right to say that we still need to see the overall effect, but some of our members are already talking about delisting own brands or economy brands, which would have a profound impact on those brands' producers.

John Mason: You mentioned Glen's vodka. I have heard that a doctored version of it was being sold in Easterhouse, which is outside my constituency. If minimum pricing happens, will more alcohol be produced illegally?

John Drummond: Yes—absolutely. We are very concerned about all sorts of impacts. Cross-border trading has legal and illegal aspects. I am bound to say that people in Dumfries and Galloway and the Borders might well be tempted to cross the border to Carlisle, Berwick or whatever their closest town in England is to take advantage of promoted alcohol at keen prices. The border is not far from those areas of Scotland.

I am equally concerned about the potential for the illicit trade—white van man activity, if you like, which involves travel from the areas that I mentioned and from the central belt. It takes only a couple of hours to get to Carlisle down the M74. People can load up with cheap vodka and other cheap products and sell them in various places where illegal sales take place around the country.

10:15

John Mason: I presume that the petrol price is putting a dampener on such activity.

I have a final question for you both. You say that internet sales have grown dramatically—you indicated that sales have grown by, I think, 55 per cent. I presume that that is from quite a low base.

John Drummond: Yes, it is. We included that figure in our submission. We have done some work that indicates that online activity is about 3 per cent of the overall grocery and alcohol market—in fact, the grocery and non-food market. Such activity is projected to grow to 5.2 per cent by 2015, so it will almost double. The Institute of Grocery Distribution made that projection.

John Mason: Would there be a price difference between what somebody pays on the internet and what they pay in the grocer's?

John Drummond: There would not be a huge difference but, since the provisions in the Alcohol etc (Scotland) Act 2010 came into force in October this year, some of the special offers that were available in Scotland and that are still available in England can be delivered online, so long as bases are south of the border or at least outside Scotland. Some of our supermarkets are developing that business at a significant rate.

John Mason: Would Mr Evans like to comment?

Campbell Evans: John Drummond is more of an expert on the internet business, because it affects his members. Our concern and our knowledge is more about what happens across borders. We are gravely concerned not only that that trade will grow but about the lack of control once people bring white vans round housing estates and other places.

Gavin Brown (Lothian) (Con): I will follow up on the question that Mr Mason asked Mr Drummond. The direction of travel appears to be towards internet sales of alcohol increasing, albeit from a low base. If I heard you right, you suggested that such sales will go from being 3 per cent of sales to being 5 per cent of sales. Is that based on the assumption that minimum pricing will happen?

John Drummond: No, sir. The figures ignore minimum pricing, so we are saying that its implementation will exacerbate that problem.

Gavin Brown: For clarity, the growth to 5 per cent is predicted to happen regardless of minimum pricing.

John Drummond: Yes, it will happen irrespective of minimum pricing.

Gavin Brown: That leads me to ask you both what you anticipate happening if minimum pricing is introduced. I suppose that to some extent that will depend on the minimum unit price, but what is your view on what will happen?
John Drummond: Clearly, we believe that internet business will increase as people become increasingly computer savvy. The impact may well be significant on some of our smaller members, particularly those in local and remote areas, who I suggest will feel the impact most.

Campbell Evans: There were reports this morning about how internet shopping for Christmas has taken off. As John Drummond says, as people get more comfortable with the delivery of products, that route to market will be exploited across the board, so I expect it to grow.

As I said, I would also expect there to be an increase in the number of people driving up and down the M74 and the A1. They might visit friends at this time of year and stock up on the way back.

Gavin Brown: I will move on, Mr Evans, to the point about exports, which the convener touched on. Your submission states that the cost of lost exports would be about £500 million a year. Can you expand on the methodology used to reach that figure?

Campbell Evans: We compared how Scotch whisky is currently priced with a 50p unit price and the uplift that that would give. When we apply that percentage uplift to the Wagenaar model of elasticity, which the Scottish Government also uses, it shows that for a 10 per cent increase in price, there is an 8 per cent decline in the market. We applied that to our export markets to get the figure.

Gavin Brown: What proportion of your business comes from export markets?

Campbell Evans: More than 90 per cent of our business is exports. We are trying to grow that market to overcome the trade barriers that we face and avoid any new ones. The Scottish Government wants us to grow our export business as fast as we can.

Gavin Brown: Regardless of what the unit price becomes, is it the principle that you think will hit exports as opposed to local markets?

Campbell Evans: Exactly. Our concern is that minimum pricing has been shown to be an illegal barrier to trade. To bring the policy in, that would have to be overcome, which would require a public health exemption, which no Government has ever had. If Scotland were to set a precedent by getting past that illegality, what concerns us is the principle of overcoming trade rules. For the past 20 or 30 years we have used trade rules to fight against spurious barriers to trade, which is why we are now such a successful export industry. Our concern is that countries will be allowed to bring in barriers to trade using spurious health rules that they will dream up to keep imports out.

Gavin Brown: To pick up on the convener’s point, for exports to fall by £500 million are you assuming that every country will adopt a similar measure or would a high figure be reached even if only a handful of countries decided to follow suit?

Campbell Evans: We have taken the percentage of the overall export figure that would fall out of the calculations. We are just saying where we are today. We hope that there will be growth. Different countries will bring in different measures, but what is interesting is that some of the countries that are strong markets for us now or in which we are hoping for growth in future are the most active in trying to protect their own industries. Those key markets concern us most. Having said that, it is the principle that we are concerned about rather than the mechanism.

Mark McDonald: Thank you for your submissions, gentlemen.

You have criticised the Sheffield model as being purely theoretical. Is not everything that you say in your submissions purely theoretical?

Campbell Evans: Of course, because it is all down to modelling. However, we are not trying to base a policy that will have damaging impacts throughout the Scottish economy on it.

Mark McDonald: But would you not also accept that what you are essentially doing is taking the worst-case scenario and applying it as the norm?

Campbell Evans: We have applied the elasticity modelling that the Scottish Government has used to our export figures. We have not produced figures that show where we might get to in future years if we see continued growth and the damage that the policy would do to that; we have said, “This is where we are at the moment.”

John Drummond: For our part, we do not think that there is anything theoretical about the impact on low-income families. That is a fairly certain outcome.

Mark McDonald: You have said that this policy will have an impact on own-label products. From my experience, having worked in supermarkets and shops, the predominant purchasers of things like Glen’s vodka and own-brand vodka tend to be the people who are known in the community as having drink problems. If, by applying a minimum price, the price of those products goes up and they become unaffordable for some of those people, is that not a benefit?

John Drummond: I do not believe that everyone who buys Glen’s vodka has a drink problem.

Mark McDonald: I did not say everyone; I said that my experience is that the people who
purchased those products tended to have a drink problem.

John Drummond: Okay. Some people may be in that category but the vast majority of people are from low-income families and have a set amount of disposable income. The tendency therefore is to purchase the cheaper option.

Mark McDonald: Mr Evans, presumably the own-label products are not the products that we are exporting.

Campbell Evans: Companies overseas sell own-label products but the own-label products that we are talking about today are the ones that are sold in Scotland. For some companies, those products are the heart of their business, so they would be affected by this policy. The modelling has shown that we cannot say who is buying those products—it cannot be assumed that it is necessarily people who drink heavily—and what the impact on the people who are buying them will be.

Mark McDonald: On cross-border purchasing, do you seriously contend that a large number of people will cross the border to England to purchase their alcohol? Most people tend to purchase their alcohol—unless it is for events such as hogmanay—on impulse or because they have an event on that evening or at the weekend. They do not tend to pre-plan their alcohol purchasing to the extent that the bill would make internet purchasing—or indeed cross-border purchasing—as prevalent as you seem to be suggesting.

Campbell Evans: There is evidence from all over the world that cross-border shopping takes place. Something like 50 per cent of the Norwegian market is supplied through cross-border shopping. The Norwegians go to Sweden, the Swedes go to Denmark, and the Danes go to Germany. We have seen in evidence from other people what happened in Ireland when drinks prices got out of kilter across the border. Cross-border shopping is a well-known and well-trailed phenomenon.

John Drummond: On a much smaller scale, since the introduction of the Alcohol etc (Scotland) Act 2010, some of our members have reported that some of their customers are already going to Carlisle to purchase alcohol that is on promotion there and cannot be promoted in the same way in Scotland.

Mark McDonald: Do you think that the type of people who would engage in cross-border purchasing and internet purchasing are the people who have drink problems?

John Drummond: I would not have thought so. As a general principle, people who buy on the internet are sensible, logical drinkers. Some may be drinking more than the guideline amount, in which case they would probably fall into the harmful category, but that is not all of them. A cross-section of consumers would buy on the internet.

Campbell Evans: The important point in considering the cross-border shopping element is that it is not just about an individual deciding to drive across the border. It is an opportunity that creates an illicit market and an organised crime market, and involves people driving vans or even lorries down to stock up and come back. That aspect has not been properly explored.

Mark McDonald: Okay. Let us take the example of the white van man who goes down, purchases a large number of cheap tins of lager and takes them back across the border. Presumably he would have to add some form of uplift for it to be profitable for him once he has spent all that money on petrol and on purchasing the stuff in the first place. He will surely not be selling it at the same price for which people would be getting it in the supermarket just now.

Campbell Evans: Supermarket prices in Scotland are now higher than they are in England, so he will build that differential into his equation.

Mark McDonald: People can circumvent legislation if they choose to do so. Do you accept that does not necessarily make it wrong to legislate?

Campbell Evans: The impact of the legislation must be assessed and there is no benchmark for the level of cross-border shopping that currently takes place and no assessment of where that might go. The full impact of the legislation has not been properly thought through.

John Drummond: On certain products, the differential between the current price and the price once minimum unit pricing has been introduced will be sufficiently significant for white van man to make a considerable profit.

Mark McDonald: The example is often used of booze cruises to Calais. What evidence do you have that that has had any significant impact on operators in England?

John Drummond: There is information on record. South-east England, in particular, was badly affected. That was 20 years ago or thereabouts, so I do not have the figures to hand, but there were significant impacts, including many store closures in parts of south-east England. I am sure that we could dig up the information if it is required.

The Convener: Before Paul Wheelhouse comes in, I have a supplementary to Mark McDonald’s first question. Mr Drummond spoke
about the impact of the legislation—if it is passed—on the most deprived communities. However, we have received evidence from NHS Lanarkshire—which is unfortunately not represented here today—that

"the alcohol related death rate in the most deprived 20% of our population is five times that of the least deprived 20%".

Is it not the case that the legislation is in fact directed at trying to help to reduce alcohol consumption in the most deprived section of the population because they are the ones who are most likely to suffer from alcohol harm?

John Drummond: As I have said, the policy will affect everyone. I am here to represent my members, who are concerned about the impact and effect of minimum unit pricing on their businesses. In making such remarks to me, they are, to an extent, looking after their customers.

10:30

The Convener: This committee is interested not just in economics but in the economic impact of legislation—for example, in relation to hospital admissions. With this legislation, it is predicted that there will be 8,900 fewer admissions a year. A reduction in criminality might be another impact.

Paragraph 17 of the financial memorandum says:

"The World Health Organisation (WHO) has stated that... policies which address the population as a whole can have a protective effect on vulnerable populations whilst also reducing the overall level of alcohol problems."

As well as having an economic benefit, policies such as the one under discussion may have a social benefit by reducing the number of people going into hospital and by reducing the impact of criminality—which may, of course, have an impact on your members. Is that not why the policy has such widespread support among organisations at the front line—the ones that have to deal with alcohol problems in our society?

John Drummond: I respect such views and opinions, and I would not deny that the numbers have still to be tested. However, I feel that the policy does not target people at risk of harm, but that a general, blanket approach is being taken. Unfortunately, that will have a disproportionate effect on the kind of families that trade with our stores—basically, low-income families.

Campbell Evans: Thus far, the number of hazardous and harmful drinkers is not being shown to fall, so the policy does not address the problem that you raise, convener.

Paul Wheelhouse (South Scotland) (SNP): I will continue on the same lines as the convener. I was struck by the opening four lines of paragraph 23 of the financial memorandum:

"Alcohol is not an ordinary commodity—it is a psychoactive and potentially toxic and addictive substance and is a contributory factor in fifty different causes of illness and death ranging from stomach cancer and strokes to assaults and road deaths. Alcohol-related hospital discharges have more than quadrupled since the early 1980s while mortality has doubled."

Even in my life—I am relatively youthful if not actually youthful—I have seen a marked change in the marketing and availability of alcohol. I am thinking mainly of supermarkets, and not necessarily of convenience stores. There has been a profound change in the way in which people in the community buy alcohol, which is perhaps skewed towards supermarket buying rather than towards the off-licence option of the past. Would you accept that, over recent years, there have been changes in the liberalisation of alcohol sales and in the price of alcohol relative to people’s earnings?

Campbell Evans: There has undoubtedly been a change in society: people have chosen to stay in and drink at home. That reflects a wide societal change that takes account of more than just alcohol. Society has moved. People now have high-definition televisions with surround sound, they are more careful not to drink and drive, and they drink wine with meals. Society has changed, and the prices of all goods have changed.

As for the health statistics, in the past few years, discharges and alcohol-related deaths have come down. It seems that a message is getting through. I hope that this Parliament and others will start to talk about the progress that is being made. It is limited and has taken place only over the past three to five years, but if the message is getting through, let us try to build on that, rather than always sticking to the stereotypical view that there is no way forward.

Paul Wheelhouse: Before I invite Mr Drummond to comment, will Mr Evans discuss the profound changes in the way in which alcohol is sold and in the price of alcohol relative to earnings? Those changes have had an impact on consumption and on society. The profound change is not that people have flat-screen TVs or cars, but the different way in which alcohol is sold and distributed through supermarkets. For example, it is now sold on Sundays, and there is a lack of dedicated aisles—alcohol is now sold at the end of aisles, and there are promotions at tills. Those are the changes that have led to societal change, rather than its being the other way round.

Campbell Evans: John Drummond is the expert on where alcohol may be put in supermarkets, but I do not think that it can be sold outside dedicated areas any more.

We are talking about societal issues. People can choose to drink responsibly or not, and some
people may have health issues that make them drink too much, but society has changed much more widely than that, which should be reflected in our discussions.

John Drummond: Absolutely. We believe that, although price unquestionably plays a part, it is more of a cultural problem. We would like to see a cultural change in Scottish society whereby binge drinking, for example, receives the same level of opprobrium as smoking or drink-driving. That is what we ought to achieve—a cultural change that causes people to amend their drinking habits.

Paul Wheelhouse: Would it not be a good thing if it transpires that harmful drinkers, many of whom are on modest incomes, are encouraged to drink less alcohol and to get their drinking under control? I appreciate that income levels are not specified, but if we accept that people on higher incomes are less likely to be encouraged to reduce their consumption of alcohol, is it not a good thing that the measure is more likely to help those who are on lower incomes to reduce their harmful drinking?

John Drummond: I would have thought that a better approach would be some kind of public education or information programme on the harmful effects of excessive drinking. Rather than the Government forcing a price strategy through the system, individual choice should play a huge part in the approach to the problem.

Paul Wheelhouse: It might be your submission or the one from the National Association of Cider Makers that refers to the Portman Group and its initiatives to reduce harmful drinking. Do you accept that, notwithstanding that there might have been a slight reduction in alcohol-related deaths as Mr Evans said, since the 1980s, that approach has not been tremendously successful in encouraging people to reduce their alcohol consumption?

Campbell Evans: It is a change in direction on which we perhaps need to build. To return to your previous point, it all depends on the choices that people make about what to do with their disposable income. They might decide to continue drinking and cut back on something else. We do not know what their reaction will be.

Paul Wheelhouse: I live 8 miles from the border, near Berwick-upon-Tweed. I think that most people in the area do their weekly shopping in Berwick anyway, because there is a very limited supply of supermarkets on the east coast until you get to Dunbar. There is a Co-op in Eyemouth, which is well used for convenience shopping, but most people tend to buy their alcohol and get their large purchases in Berwick, so I do not think that there is likely to be much impact on my area.

I want to be clear about exports and the impact on malt whisky distilling. My understanding is that, if the minimum unit price was set at 45p, it would have little, if any, impact on malts, given how the formula works, because they are already priced at above that level. Are we saying that the measure...
would have virtually no impact on export earnings from malt whisky?

**Campbell Evans:** Malt whisky accounts for something like 8 per cent of total whisky sales. The economics of most malt whisky distilleries mean that they produce whisky that goes into blends. I am afraid that looking just at malt whisky misrepresents the economics of the industry.

**Paul Wheelhouse:** Fair enough. It is useful to have that clarification. Thank you.

**The Convener:** I am going to let John Mason ask a supplementary, but I want to say something first. I find the suggestion bizarre that if the price of alcohol goes up, people will drink just as much but spend less money on something else. If that was the case, it would indicate that the individual in question had a severe drink problem.

Is it not the case that we are beyond the stage of education, which the WHO has said is the least effective method of controlling excessive drinking—legislation is much more effective—given that 27 per cent of the adult male population and 18 per cent of the female population of Scotland drink to excess? Is it not therefore appropriate that we deal with that in the most robust way possible, which is why we are having to bring in the bill in the first place?

**Campbell Evans:** We are seeing those figures come down and we want to understand why that is happening and build on it.

**John Drummond:** For my part, I would rather see an increase in the type of activity that the Fife alcohol partnership project is undertaking in conjunction with the Scottish Government alcohol industry partnership—it is one of its initiatives. Excellent work is being done to raise awareness of some of the issues around alcohol, particularly among the young, and it is producing some good results. I would rather see more emphasis on that. Perhaps the initiative could be rolled out throughout the country.

**The Convener:** Is that the same Fife alcohol partnership that supports minimum pricing?

**Campbell Evans:** The Fife alcohol partnership does not take a view on minimum pricing; it is about making interventions at community level to try to make a difference on the ground, and understanding how we can roll out initiatives that make a difference and why some initiatives do not work. I do not know what partnership you are referring to, but it is not the one that we are discussing here.

**John Mason:** I want to follow up a point that Paul Wheelhouse made. Mr Drummond, if I understood you correctly, you said that drink-driving and smoking were issues that we looked at in the past. Is it not the case that they were dealt with in a blanket manner? We did not target just the problem smokers; we said that even the one-cigarette-a-day person cannot smoke in a public place.

**John Drummond:** You are absolutely right, but the point that I was making is that, culturally, we now abhor drink-driving and dislike smoking. Those aspects of behaviour are now unacceptable in society. I suggest that we will not do much to reduce consumption of alcohol until we reach that level in relation to binge drinking and drinking to excess.

**John Mason:** Would a minimum price not send out a signal?

**John Drummond:** It would certainly send out a signal—there is no question about that—but, as we have said, it would still have a disproportionate impact on low-income families.

**Margaret McCulloch (Central Scotland) (Lab):** Can you confirm that all alcohol will be affected by minimum pricing?

**Campbell Evans:** Anything that is currently sold at below the level that is set will be affected.

**Margaret McCulloch:** Will drinks such as Buckfast be affected?

**John Drummond:** No. The price that it is sold at below the level that is set will be affected.

**Margaret McCulloch:** The young folk who go out during the week and at the weekend and hang about in parks tend to drink Buckfast and other such drinks. Therefore, setting a minimum price for alcohol will not target or affect those young people.

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10:45

**John Drummond:** It will not target the ones who consume Buckfast, but such people also typically consume large quantities of cider, and cider—particularly white cider—will be significantly affected.

**Margaret McCulloch:** Some of the regular drinkers who go into shops probably have drink problems. With the introduction of minimum pricing, will they still drink as much but buy a cheaper brand, or will they reduce their drinking?

**Campbell Evans:** They will be affected, whatever the minimum price is. There will be a base level. However, the figures do not suggest that there will be a change in the number of harmful or hazardous drinkers. It looks as though the overall picture will not change.

**Margaret McCulloch:** So people might change to a cheaper drink but still drink the same quantity.
John Drummond: The opportunities to choose cheaper drinks will be restricted by the introduction of minimum unit pricing. The other factor will be how much disposable income people have to spend. They might review their budgets.

Paul Wheelhouse: To pick up on Margaret McCulloch’s point about people buying cheaper drinks, if someone switches from a drink that has become more expensive to a cheaper product, that product will obviously have a lower alcohol content, because otherwise its price would be the same. Is that your understanding?

John Drummond: Yes.

Paul Wheelhouse: Someone will consume less alcohol if they buy a cheaper product.

John Drummond: That is highly possible.

Mark McDonald: Mr Drummond, you have made great play of the low-income families who purchase alcohol in your stores. At present, if I walk into a shop with a £20 note, I could conceivably come away with 10 times my weekly recommended allowance of units of alcohol. Surely you cannot justify that based on catering for low-income families.

John Drummond: I suggest that that is a cultural problem. If people are keen to spend that money on alcohol and consume it in that time, that presents a whole other problem.

Mark McDonald: Do you accept that the 3-litre bottles of cider that allow someone to purchase 10 times the recommended weekly allowance with a £20 note are not purchased by low-income families to have a quiet tipple of a Friday evening?

John Drummond: Absolutely. The type of families that we are thinking about are those who purchase a bottle of whisky, which might last a couple of weeks or so. That scenario will have to be rethought. Those families will reconsider what they buy. Unfortunately, as Campbell Evans said, some of them might stop buying other products.

Gavin Brown: I have a quick supplementary question on Mr Evans’s point about exports. If the £500 million figure turns out to be correct—let us assume that it will, for the sake of the question—what impact will that have on jobs in Scotland?

John Drummond: We do not have a specific figure, but there is deep concern about online and cross-border activity, especially near the border, where stores will be badly affected and retailers will reduce their staff complement and might even close, in time.

John Pentland (Motherwell and Wishaw) (Lab): Mr Evans, the Scottish Whisky Association submission says that the industry is “fundamentally opposed” to minimum unit pricing. At the same time, it says that the industry recognises that we must address alcohol misuse in Scotland and that it wants to play a part in that. What would the industry bring to the table in order to do that?

Mr Drummond, the Scottish Grocers Federation submission says that minimum unit pricing might introduce a level playing field. Do you think that minimum unit pricing would have an impact on smaller businesses?

Campbell Evans: We were founding members of the Scottish Government alcohol industry partnership, which has introduced a number of initiatives, including the Fife project that we have talked about and the alcohol awareness week that ran for four consecutive years. It has also brought forward templates for workplace policies and sponsorship guidelines.

We have said that any pricing mechanism should be legal and transparent, such as a tax-based approach whereby there would be no sales below the level of the duty and VAT on drinks. We believe that there should be some alteration to the current structure, which discriminates against Scotch whisky and taxes other drinks less. The Government in Westminster is considering that mechanism, which could be applied across the whole of the United Kingdom, which would stop some of the concerns about online and cross-border shopping.

John Drummond: On the question of the level playing field, on the face of it, if supermarkets were not allowed to sell below a certain price, that would make life more profitable for small stores. However, we want to raise a number of issues in that regard. The idea that retailers will make more money is a misconception. Some producers might decide to make a profit by increasing their cost price to the trade. Wholesalers will certainly do that and will increase their cost price to the retailer for the same reason. Demand is likely to fall as prices rise, which will adversely affect cash profit levels. If we add to that the effect of online and cross-border activity, which we have talked about, you can see why we do not support minimum unit pricing.
It is worth exploring supermarket competition in this regard. Supermarkets invariably have the opportunity to incentivise offers through online activity, loyalty schemes and their fuel business, which is something that is not available to SGF members.

The Convener: We have talked about the need for a cultural shift and about the impact on employment. However, is it not the case that many public houses in Scotland have closed in recent years because of the impact of alcohol being sold too cheaply by supermarkets and off-licences and that, if there were minimum unit pricing, it is likely that there would be a drift back to pubs, where people would be able to drink more socially and less irresponsibly—which is to say, they would not be sitting in front of the telly with a dozen cans? Would not minimum pricing, therefore, help to shift Scotland towards a more positive drinking culture?

Campbell Evans: My understanding is that many of the pubs that are doing well have sought to reflect the fact that they offer more than just a wet service. If people spend more to buy alcohol in the supermarket, they might have less to go down to the pub and spend. I therefore do not envisage what you suggest following on automatically. If you are suggesting that perhaps I should go to the pub and spend. I therefore do not envisage the supermarket, they might have less to go down. We have talked about the need for a cultural shift and about the impact on employment. However, is it not the case that many public houses in Scotland have closed in recent years because of the impact of alcohol being sold too cheaply by supermarkets and off-licences and that, if there were minimum unit pricing, it is likely that there would be a drift back to pubs, where people would be able to drink more socially and less irresponsibly—which is to say, they would not be sitting in front of the telly with a dozen cans? Would not minimum pricing, therefore, help to shift Scotland towards a more positive drinking culture?

Campbell Evans: My understanding is that many of the pubs that are doing well have sought to reflect the fact that they offer more than just a wet service. If people spend more to buy alcohol in the supermarket, they might have less to go down to the pub and spend. I therefore do not envisage what you suggest following on automatically. If you are suggesting that perhaps I should go to the pub and leave my family for the Saturday night, I am not sure that that is the solution either.

The Convener: I am intrigued by how you envisage a cultural change, but I will move on to something else. The Scottish Ambulance Service has said:

"the impact on our organisation" of bringing in minimum pricing

"would be in productivity and efficiency gain and allowing our service to concentrate on people with healthcare needs not related to alcohol consumption of the binge drinking type."

That would be a saving for Scottish society. The police, too, would have significant savings. The national health service has said that minimum pricing would reduce NHS costs by £90 million in the first year and by £1,965 million over 10 years, which clearly would be money that could be put into patient care.

My colleague Paul Wheelhouse quoted the first part of paragraph 23 of the financial memorandum, which goes on to say:

"Alcohol misuse acts as a brake on Scotland’s social and economic growth, costing an estimated £3.56 billion each year."

We talked about progress being made in recent years in having small reductions in alcohol consumption. Surely minimum pricing would have a synergistic effect in that regard. Is it not a fact that alcohol costs have reduced phenomenally in the past 20 years? What has been the change in alcohol costs over the past two decades? Has that not had a major impact on the increase in alcohol consumption over that time?

Campbell Evans: I will go back to where I came in. If we can discourage and reduce binge drinking and excessive and harmful consumption, we would totally support that. If that meant a fall in consumption, we would not have a problem with that. However, we do not believe that the minimum pricing policy would address the consumption problems. It is a blanket approach that would not cause a fall in the number of harmful and hazardous drinkers, which is why we have concerns about the policy.

The Convener: Do you think that the NHS, the police, the churches, the alcohol charities and the children’s charities are all wrong on this?

Campbell Evans: I have taken on board the Sheffield study, which shows that there would be no reduction in the number of harmful and hazardous drinkers.

John Drummond: There is no direct, causal link between price and consumption, and harmful effects of alcohol. There is certainly a correlation, but there is no causal link.

The Convener: As someone who did economics at university, I can say that, as price goes up, consumption goes down—you learn that on your first day.

John Drummond: I am referring to the harmful effects of alcohol.

The Convener: Clearly, as the World Health Organization has said, if consumption goes down overall, the population impacts do in fact reduce harm.

Paul Wheelhouse: I am sorry, but the witnesses are beginning to contradict themselves. Earlier, we were talking about the fact that price does have an impact on consumption, but now you are beginning to say that it does not.

I want to touch on the issue of preloading, to which the convener alluded in terms of the impact on public houses in recent years. As I mentioned earlier, I live near the English border in a community that has lost both its pubs in the past five years, largely because people are preloading before they go out at night. The period in which consumers hit the pubs has been condensed to about 10 pm until closing time rather than the earlier social context in which the pubs used to sell food and drink at 7 o’clock; that became no longer viable and those pubs have gone under.

I want to get your view on that, because I felt that you gave a slightly dismissive response to the convener on the issue. Preloading is a serious
societal issue. If you speak to any publican, they will tell you that they are dealing with people who are drunk before they even get to the pub because—Mark McDonald alluded to this—they are drinking vast quantities of White Lightning and other cheap products, such as Lambrini, before they go out. Can you respond to that point?

**John Drummond:** For the record, I did not say that there was no correlation between price and consumption; I said, or intended to say, that there was no causal link between that consumption and the harmful effects of drinking; intervening societal issues affect the situation.

There is no denying that there is a habit of preloading, but we do not think that the introduction of minimum unit pricing will change that habit. It may have some impact on it, which would be a good thing, but we believe that it will not resolve that particular issue. I hope that the people who turn up at the pubs drunk do not get served, because that would be illegal.

11:00

**Paul Wheelhouse:** I certainly share that concern. However, if the prices are harmonised to a degree and the off-sales price rises, that will affect supermarkets in particular. I am not necessarily pointing the finger of blame at the smaller retailers such as the Co-ops and the like—it is the larger supermarkets that tend to have the economies of scale to sell at lower prices. Do you agree that, if the gap between what the pub is charging and what the supermarket is charging is reduced, it might have a positive impact on reducing preloading?

**John Drummond:** As I said, it may have some effect.

**Campbell Evans:** We do not know what the impact will be, because we do not know how people will respond. There is no guarantee that people’s drinking habits and the ability for them to drink together before they go out will necessarily change.

**Paul Wheelhouse:** Are you seriously saying that there is not an intuitive sense in your own mind that people would reduce their consumption of supermarket-sold alcohol if the price was pretty much the same as it was in a pub?

**Campbell Evans:** Exactly right. It will not be the same price as it will be in a pub, because the pub is charging extra for its overheads, the service and the ambience that it is creating. Unless you put the minimum price up by such an enormous amount that no alcohol would be sold in the off-trade in Scotland at all, there is no guarantee that the outcome that you are hoping for will be delivered.

**Mark McDonald:** I am trying to follow the way that the logic has gone here. You have argued that there is no impact on the consumption of harmful drinkers, but you argue that the bill will impact on people with low incomes. I am sure that you would accept that a large number of harmful and hazardous drinkers fall into low-income categories.

You say that demand will go down but that the bill will not impact on harmful and hazardous drinkers. How exactly can you make the argument that you will suffer a loss in demand and a loss in sales, and not correlate that with some form of impact on those people who are harmful and hazardous drinkers?

**John Drummond:** I am suggesting that the majority of people who buy alcohol from our stores are not necessarily—probably not—hazardous drinkers. They will review what they purchase from our stores—for example, instead of a bottle of whisky a fortnight, it may be one a month.

**Mark McDonald:** We have argued—and I think that you have accepted—that certain types of alcohol are predominantly purchased by hazardous drinkers. We talked about the dirt-cheap cider, for example. Why do your shops sell that?

**John Drummond:** It is a legal product. They sell it to make money, to put it bluntly.

**Mark McDonald:** Okay. Do you not think that there is something morally questionable about predetermining a business model or sales strategy on selling alcohol that is predominantly consumed by people who are hazardous and harmful drinkers?

**John Drummond:** Some of our members have taken the decision not to sell that type of product, particularly when the store becomes implicated in antisocial behaviour around it. They have taken that decision because they are responsible retailers and do not want to be seen to be encouraging antisocial behaviour. In general, it is a legal product, as I said, and they sell it as part of the overall product mix in the store. It is not necessarily consumed by the type of people who cause trouble.

**Mark McDonald:** I disagree and suggest that I would struggle to find anyone who buys a 3-litre bottle of White Lightning because they like the taste of it, but we will leave it at that.

**The Convener:** I usually finish these sessions with a barrage of questions, but I think that I have asked enough. I thank the witnesses for their very forthright answers to the committee, which have been very helpful for our deliberations. I thank Mr Drummond and Mr Evans for their attendance here today.
11:04

Meeting suspended.

11:09

On resuming—

The Convener: We continue our scrutiny of the financial memorandum by taking evidence from the Scottish Government bill team. I welcome Mary Cuthbert, Donald Henderson and Marjorie Marshall. I understand that you wish to go straight to questions. I am happy to do that.

As you know, I wrote to the Chief Secretary to the Treasury asking what the impact of the bill would be on the Exchequer, and the Economic Secretary to the Treasury wrote back to me, commenting:

“I would expect the Scottish Government to take account of the potential impact on exchequer receipts when setting minimum prices under the legislation.”

Has that been done? What do you consider that impact might be?

Donald Henderson (Scottish Government): We attempt to take account of all the costs and benefits that may arise from minimum pricing. We realise that there have been estimates of the net impact on UK Government excise and VAT receipts of between plus £1 million and minus £65 million. The element that we have not modelled in more detail, although it will happen as a result of the policy being successfully implemented, is lower costs to the UK Government in later years, in the form of lower social security and unemployment costs, and the higher tax take that derives from increased economic output. We try to do that with costs that are more near-term and can be modelled. We have been doing that work, which we play into the overall assessment.

We also try to keep a broad awareness of the longer-run costs and benefits that we know will arise, but which are more difficult to put detailed figures on. My colleagues may have something more specific to add on the letter from the Economic Secretary to the Treasury.

Mary Cuthbert (Scottish Government): I add only that the letter did not actually say that the Treasury felt that the statement of funding policy would kick in—that is the view that we take in the Scottish Government.

The Convener: Yes, there was a wee bit of ambiguity in the response, but it was interesting nonetheless.

We are suggesting that there may be a reduction in Exchequer receipts in terms of duty. However, at paragraph 17, the financial memorandum talks about the £3.56 billion impact on the Scottish economy, through the reduction of harm, reduced absenteeism, improved productivity and so on. Do you believe that there will be—and have you modelled for—a potential increase in receipts to the overall economy? How that would impact on the Exchequer in particular?

Donald Henderson: I am not aware that we have done detailed modelling on that, but, as I say, these are somewhat longer-run changes. When the Sheffield modelling results come through, that is not the element of the modelling that we rely on primarily, because we are looking at the health benefits. However, the Sheffield model produces figures for the impacts on unemployment, for instance. I think that we expect Sheffield’s latest modelling to be finalised at the end of January and it will be possible to run figures based on that element of the modelling, but I am not aware that any detailed figures have been run on it so far.

Marjorie Marshall (Scottish Government): As members have seen, the model looks at the immediate impacts—the first-round impacts, as it were—of changes in price as a result of the price floor. There would be an increase in VAT because of an increase in the value of the retail price; there would also be a reduction in duty because of a reduction in the number of items to which duty is applied—there is an effect there.

The model also looks at the direct cost impacts of, for example, reductions in costs to the health service and the police. It also begins to look at second and third-round effects such as reductions in unemployment benefit, sickness benefit, presenteeism and absenteeism, as Donald Henderson said. Clearly, there will be second and third-round effects as the impacts go through the economy.

11:15

As the convener pointed out, the bill looks to an increase in the productive Scottish economy, some of which will filter back to the Treasury. However, we have not modelled where the balance will eventually lie.

The supply side of the industry is very complex. Industry representatives have already said that they do not know how things will play out. There could be an increase in VAT from other products in the economy as well. It is quite difficult to tease out all the second and third-round impacts.

The Convener: If people buy less alcohol, they will spend money on other goods and services, which would return money to the Treasury via VAT and so on, as you have said.

I am not going to hog all the questioning, because my colleagues, no doubt, want to ask a number of questions. However, it is important that
we address some of the issues that the previous witnesses put to us.

Funnily enough, at a time of boom, the industry made 700 people redundant in Kilmarnock last year, but the Scotch Whisky Association seems to feel, as does the Scottish Grocers Federation, that the bill will impact adversely on Scottish employment. As you know, the Scotch Whisky Association is suggesting that there will be a 14.5 per cent reduction in exports. Do you wish to comment on those issues?

Donald Henderson: In thinking through the impacts of the policy, we have not seen clear negative employment impacts within Scotland. That is not to say that there will be absolutely nil change, because clearly a part of the marketplace will change and it will be down to individual employers to decide how they react to that. There may well be sectoral differences.

We found it difficult to see how there will be significant negative employment consequences in Scotland. If anything, we think that there will be positive consequences, because of the current adverse impacts of the wrong kind of alcohol use.

I was struck by the fact that neither John Drummond nor Campbell Evans was able to put any figures on the employment impacts. Even though the Scotch Whisky Association has done modelling based on certain assumptions—that is how all modelling must be done—about export impacts, it was not able to draw attention to any clear employment projection.

We have found it difficult to see any significant negative employment impact. The easier employment impact to spot is a positive one.

The Convener: I have one last question before I invite colleagues to come in.

The previous witnesses talked at some length about harm reduction and suggested that a reduction in alcohol consumption would not have an impact in terms of reduced harm. What do you think about that? What evidence do you have on that issue?

Donald Henderson: As you pointed out, there is a very clearly established link between affordability and consumption. There is an equally clear link at the population level between consumption and harm. A reduction in consumption that has an impact on elements of the population who are drinking to hazardous levels will carry health benefits. It is pretty straightforward.

John Mason: I will ask the same questions that I asked the previous panel, which was a bit one-sided because one of the witnesses cancelled. Will the level at which the unit price is set have varying impacts on jobs among the producers—the brewers or distillers—and in shops? Are the impacts very sensitive to the price that we choose?

Donald Henderson: That is not clear. Of course, we await the rerun of the Sheffield model, which takes into account a significant number of new data sets that have become available. We look at any new national or international evidence that is available.

So far, we have not seen a clear point at which a small change in price means a very big change in demand. It is not quite a straight line. There are no huge great big leaps at any particular point in the curve. Where there is a link between employment and sales or consumption, it suggests that a small change in price would not lead to a magnified impact on employment or profitability.

John Mason: Presumably a minimum unit price of 45p would not have a big impact, but one of 90p or more would.

Donald Henderson: Quite. If one extends minimum pricing to much higher price levels, the impact on the marketplace is far greater. In the thinking behind the bill, we have not considered a minimum unit price of 90p, £1 or anything close to that. John Mason: The previous witnesses put quite a lot of stress on the issue of people buying on the internet or going south of the border to shop. Internet shopping for alcohol is a small but growing market. How much would those methods of buying be affected by minimum pricing?

Donald Henderson: I was glad that there were some figures on the scale of the increase in internet buying. The level starts from a low base but the percentage increases per annum—with or without minimum pricing—are quite significant, and we all expect that to continue.

The product ranges on which the existing internet market is based are not primarily those on which there will be a significant impact. If one assumes that when the new modelling is available ministers propose 45p or thereabouts—as Parliament considered in the previous session—and that the level does not suddenly leap to 75p, 90p or £1, a whole new sector in internet sales would have to open up for minimum pricing to have a significant impact on that market.

Until now, internet sales have been based largely on wine, although there is a bit of a specialist spirits market and a specialist beer market. In wine, even when companies are offering a first-case-for-half-price deal, for example, the price per unit is, at best, down towards 45p. However, the standard prices that customers revert to after that introductory offer are very clearly above the level that ministers have
Previously looked at in relation to minimum pricing, it would take a fundamental change in the marketplace for minimum pricing to have a significant impact.

John Mason: What about somebody from Glasgow or Edinburgh driving south to stock up on white wine or whatever?

Donald Henderson: It comes down to economics. Committee members have noted the effect of petrol prices on journeys involving people who live a relatively short distance from the border. For instance, it costs more than £10 to drive even from Dumfries to Carlisle and back by the time you consider wear and tear on the car, petrol and so on—the total cost is closer to £30 or £40.

For someone who is planning a big celebration that may be worth it—we may see a bit of that happening—but for the vast bulk of alcohol sales in Scotland it does not seem at all likely that there will be significant cross-border trade. There are three land borders within these islands. The biggest cross-border traffic flow is between the north and south of Ireland, where of course there is a currency difference. Although it is currency that drives that, currency affects all aspects of shopping and not just one particular product or, in the case of minimum pricing, certain price bands within a product category.

In addition, in relation to population levels either side of the English-Welsh border, either side of the border in Ireland and either side of the Scottish-English border, the least populated border area is the Scottish-English one. People would have to travel longer distances, which would make the activity less economically viable, so it would happen less.

John Mason: I apologise to white wine drinkers; I meant to refer to white cider in my question.

Margaret McCulloch: Good morning. Under “Employment-related benefits” in the clerk’s paper, paragraph 42 says that minimum pricing will benefit individuals and reduce unemployment. The Scottish Government assumes that 1,200 individuals will leave unemployment and find work. Has the Scottish Government considered how realistic it is to assume that those 1,200 people will be able to find work in the present economic climate?

Donald Henderson: For a longer-run policy such as minimum pricing, one must look to the long run in assessing impacts. Shorter-term impacts in the economy as a whole will inevitably mean that the figures look better or worse, but we argue that the long run needs to be looked at.

One point to bear in mind in relation to people’s employability is that, if someone had to leave employment as a result of an alcohol problem—whether that was the direct reason for dismissal or was in the background—that makes it inherently more difficult for them to come back into the labour market, regardless of what the economic or employment situation looks like. If we can remove that factor for such individuals and for the economy as a whole, that will create a benefit, whatever the economic backdrop is.

Marjorie Marshall: I emphasise that the benefit relates to employability and the change in the individual. It is clear that the macroeconomic situation has an impact on the possibility of employment, but we will help people to be much more employable, irrespective of the macroeconomic situation.

Margaret McCulloch: As a result of the policy, will more money be invested to support people who have drink-related problems to get back into employment?

Marjorie Marshall: That is a separate issue, which my colleagues might want to pick up. The question illustrates that minimum pricing is only one part of a raft of policy initiatives that are being undertaken.

Mary Cuthbert: The measure must be seen in the context of a much wider framework for action that the Scottish Government has undertaken and driven forward. That includes record investment in alcohol treatment services, You should not see the bill in isolation. In a lot of the earlier discussion, the policy tended to be seen in isolation from everything else that is going on to tackle the misuse of alcohol.

Margaret McCulloch: One of the earlier witnesses—I do not remember whether it was Mr Drummond or Mr Evans—mentioned that the University of Sheffield’s study was the only study that the Government had taken account of. Did you look at other universities’ work?

Donald Henderson: That comment was not right. Sheffield’s work contains the work of a great many other studies from around the world and from different time series. The model takes account of the maximum that it can take account of.

We look at every piece of information and every argument that we think has a bearing on aspects of the policy. We are by no means limiting ourselves to one advice source.

Margaret McCulloch: So you did not consider just Sheffield’s work.

Donald Henderson: When ministers take a decision on the price to propose to the Parliament, they will look to Sheffield’s work—that will be one of the more important elements—but they will also
look at the totality of evidence that is available to them.

**Mary Cuthbert:** It is worth remembering that the bill contains the principle of minimum pricing of alcohol, which is backed by more than 100 studies. We will use the Sheffield model to identify the price that might be proportionate, although ministers will take other things into account, as Donald Henderson said. It is important to bear in mind that there is a strong evidence base.

11:30

**Gavin Brown:** We received evidence from the Scotch Whisky Association that, potentially, £500 million a year could be lost in exports. What is your analysis of that?

**Donald Henderson:** It is up to the Scotch Whisky Association to justify its arguments and the econometric model that it used to estimate the impacts.

This is posited on the policy passing into law, as ministers hope it will, but as there is a big enough issue of principle, most people expect that somebody will challenge the policy in the courts. We do not seek that, but we will take the court case if it comes. I think that Campbell Evans said that, if there is a court case and the courts judge that the policy is perfectly legal, that will be the point at which other countries will be able to use a similar policy. Using that logic, in that court case, whether in the domestic courts or in the European Court of Justice in Luxembourg, the individual facts of the case would be important in reaching a conclusion.

If another country, such as one of those that Campbell Evans mentioned, attempted to introduce non-tariff trade barriers on the basis of spurious argumentation or argumentation that was fundamentally different from those in the case in the domestic courts or Luxembourg, the Scottish Government and, I guess, the UK Government—and potentially the European Commission, which weighs in on international trade disputes—would argue that the other country was trying to introduce not a parallel measure that was justified under World Trade Organization agreements, but a measure that constituted an illegal non-tariff trade barrier.

**Gavin Brown:** So your view is that the impact on exports will be nil.

**Donald Henderson:** It is difficult for us to say that there will be nil impact, but we are not persuaded by the figures in the Scotch Whisky Association’s claims. We have not seen the details of the model, but it is based on a great many assumptions. The relationships that inevitably lie at the core of a model that speculates on export impacts are nowhere near as well understood as those in the Sheffield model, which as Mary Cuthbert said is based on 100 separate studies and clear economic linkages between affordability and pricing and consumption and harm. We have not found the Scotch Whisky Association’s claims persuasive.

**Gavin Brown:** What is Scottish Development International’s view?

**Donald Henderson:** I am not sure that it has offered us a view.

**Gavin Brown:** Have you sought its view?

**Donald Henderson:** I confess that I am not sure.

**Gavin Brown:** Scottish Development International is the Scottish Government agency that is charged with dealing with exports. We spend tens of millions of pounds a year on it. Its sole job is to deal with exports and inward investment.

**Donald Henderson:** That is a good point. I will ensure that SDI is contacted this very afternoon. In past jobs, I have had extremely close linkages with SDI. Indeed, I used to work for a predecessor organisation. However, SDI has not contacted us at official level to say, “Watch out—there is a massive impact and the SWA’s modelling seems persuasive.” We have not contacted SDI, but we will do that so that we understand exactly what it thinks rather than take its silence as meaning something.

**Gavin Brown:** I have the same question with regard to the enterprise agencies.

**Donald Henderson:** As you know, SDI is a joint venture between the Scottish Government, Scottish Enterprise and Highlands and Islands Enterprise. In asking SDI, we would be tapping into that whole process.

**Gavin Brown:** But you have not spoken to those agencies thus far.

**Marjorie Marshall:** Throughout the development of the policy, we have been in contact with colleagues in food and drink who have close contacts with the Scotch whisky industry, and they are well aware of the policy and its potential implications. We have heard nothing from them to suggest that they are fundamentally opposed to the policy or that they have any particular problems with any of the estimates. However, we are willing to explore that.

**Gavin Brown:** You have agreed to contact and seek the view of the agencies. The committee has to produce a report for the lead committee on the issue, so could you share their responses and views in advance of our producing that report, which has to be submitted on 18 January?
Donald Henderson: We certainly will.

Paul Wheelhouse: I have questions about two separate but interrelated aspects to drill down into the impact of the measure on harmful drinkers. I raised the point with previous witnesses about 59 per cent of the assumed financial or economic impact being on harmful drinkers. Can you confirm that my understanding of that is correct and that one can therefore assume that the measure is targeted specifically at harmful drinking?

Donald Henderson: Yes, although it is worth saying that when we talk about harmful and hazardous drinkers, that does not simply mean people who suffer from alcoholism, or binge drinkers, or other smaller groups in society that tend to have a particular focus. One of our problems is that a great many people are drinking at unhealthy levels, such as those who might be eating their five a day and exercising, but are also drinking three quarters of a bottle of wine a night. They are not binge drinkers. They are not ripping up the streets in the city centre of a weekend or causing criminal justice problems. However, on an all-population basis, they are likely to be doing harm to themselves by increasing their risks of cancer, stroke and cardiac problems.

When we talk about harmful and hazardous drinking, there is a straightforward answer but there is a much broader problem, which is why the Government is introducing the measure.

Paul Wheelhouse: With that in mind, we have impact figures for a 10-year period, but given the nature of alcohol abuse and the fact that people do that throughout their entire lives, is it fair to assume that, if we were to extend the timeline and look at an individual's alcohol consumption over their lifespan, we might be underplaying the impact of the proposed measure on such individuals?

Donald Henderson: Yes, it might be. When we do modelling and projections, the further we get from the point of producing them, the more variance there is. The benefits do not stop at the end of 10 years. They carry on and, in some cases, continue to grow.

Paul Wheelhouse: I imagine that some illnesses, such as cirrhosis, and other conditions present later in life. Someone who starts off as a teenage harmful drinker might be impacted on when they are in their 30s or even later.

Donald Henderson: At individual level, it takes a significant number of years to develop cirrhosis, but at population level we expect to see the benefits of the measure after about two or three years. With cirrhosis, people reach a point at which it happens and it is then irreversible; that is the nature of it—it is like marching towards a cliff. At an earlier stage, when the liver has been turned into fatty tissue, the condition is reversible but when it turns into cirrhosis, it is not. If we can prevent people from marching towards that cliff, or slow them down, even if they have significant liver damage, that will not turn into cirrhosis. If we can stop people marching towards that cliff in the first place, the benefits will come 10 or 20 years down the line.

Paul Wheelhouse: My second point is about preloading and the fact that people often come to the public house or on-sales trade having consumed at least some alcohol and often a lot. I mentioned the example of my village, where both pubs have closed recently predominantly because of the impact of supermarkets, given where we are located. I was not particularly satisfied with the previous witnesses' response, so I am interested in your views on the nature and scale of the present problem, and on whether there might be a positive impact on the on-sales trade.

Donald Henderson: I do not know whether we have any specific data on preloading, but we expect the difference between on-sales prices and off-sales prices to shrink. That is one of the beauties of the minimum pricing policy, as opposed to trying to achieve a similar result through excise. The shrinking differential would have some impact on alcohol consumption, and it would have some impact on the settings in which alcohol is consumed. The on-sales sector would benefit from that.

Paul Wheelhouse: So, the model may show a positive impact on on-sales. Some witnesses have said that the bill will have negative impacts on some sectors of the economy—although some of us dispute that—but it seems that there might be positive impacts in other sectors of the market.

Donald Henderson: Marjorie Marshall will be able to add to this, but after taking account of the 100 studies, Sheffield believes that there will be some shift from an off-sales setting to an on-sales setting. That has been built into the model.

Marjorie Marshall: The Sheffield model suggests some shift, particularly in beer sales. That view has been supported by the latest piece of work on price elasticity for Her Majesty's Revenue and Customs, which suggested that people were quite sensitive to changes in the price of off-sales beer. So, in that sector, there might well be a shift from off-sales to on-sales. I presume that that is because draught beer tastes better than stuff in cans.

John Pentland: Both the cabinet secretary, Nicola Sturgeon, and the Presiding Officer, Tricia Marwick, are of the view that the provisions in the Alcohol (Minimum Pricing) (Scotland) Bill would be within the legislative competence of the Scottish Parliament. However, in his evidence, Mr Evans
raised some concerns over whether they would be. Can you reassure Mr Evans?

Donald Henderson: I am not sure that I will be successful. Two aspects arise. The first is that, as you know, the bill does not contain the price; secondary legislation will follow, and ministers would aim to have that before the Health and Sport Committee in time for stage 2 of the bill.

Secondly, the European Commission has said that nothing in Community law prevents a minimum price from being set for alcohol. However, one cannot set a minimum price that is not justified by health benefits on the one hand and marketplace impacts on the other. For both of them, the response has to be proportionate. However, the principle of the bill is perfectly plain, and the European Commission has confirmed in writing that nothing in Community law would prevent the introduction of the principle.

Having considered the evidence, and in proposing a price to Parliament, ministers will be assessing the impact on the market and a variety of other benefits and costs. They will consider the whole situation in order to achieve a proportionate response, so that, if we end up in court, we will be able to defend our case successfully. It is perfectly plain that the principle is acceptable; we believe that it is equally plain that a price can be set to achieve the balance between health benefits and marketplace impacts.

11:45

John Pentland: Has any legal advice on the proposals been published?

Donald Henderson: As you know, it is a long-standing tradition that Governments do not publish the legal advice that has been made available to them. I am not aware of other bodies that are not subject to that constraint having published their legal advice, but such bodies would be able to publish their legal advice if they so chose.

The Convener: Is it not the case that not only has the present bill been ruled to be legal under Community law by Tricia Marwick, but that the previous bill on minimum pricing was ruled to be so by the Presiding Officer in the previous session of Parliament, Alex Fergusson?

Donald Henderson: That is a fact.

John Mason: Another area that has not been mentioned that I want to touch on is that of illegal production or tampering with alcohol by, for example, diluting it. If that happens and more people start buying such products, I presume that that would have an effect. Does that possibility put pressure on councils, as the licensing authorities? Some councils have suggested that they might incur extra costs if they have to do a lot of extra work. What is your response to that?

Donald Henderson: On the generality, a new duty will be created for local trading standards officers, but a new duty was created for them in relation to the ban on smoking in public places. Following the right preparation, that was introduced highly successfully and without imposing a significant additional long-term burden on those officers, and we think that this policy can be achieved in the same way.

There are various aspects to the potential illegal production and sale of alcohol, which we speak about to HMRC and others. You gave the example of a retailer selling illegal alcohol. The penalties for that are highly significant. Under certain aspects of the Licensing (Scotland) Act 2005, there is a fine of £20,000 or six months in jail. Given that is the case, we do not think that a significant number of retailers—who, after all, are responsible; it is a responsible sector—will take on those risks or would want to take them on, and my guess is that the industry bodies would say the same. I do not think that there is any evidence to suggest that retailers would do that.

With regard to illegal sales that do not involve established retail outlets, there may be a bit of growth in that. There has probably been a bit of growth in the area of white spirits, but alcohol, because it is a liquid, is, by its nature, a bulky, heavy product, which means that there are inherent limits on how it can be sold to people. Illicit tobacco sales are a big problem. The issue is partly about non-duty-paid products and partly about stuff that is little better than sweepings, which is even more dangerous than the normal products. Tobacco is light and not particularly bulky, given its value. Alcohol is the opposite—that is true even of products such as vodka, never mind beer or cider—so I do not find persuasive the argument that that will be a huge growth area.

John Mason: That is helpful.

The Convener: You cover that quite well in paragraph 58 of the financial memorandum, in which you say:

“the Scottish Government is not aware that illegal sales of alcohol are a significant problem.”

They were estimated to account for around 2 per cent of total consumption across the UK, but that figure

“has been falling since 2005-06.”

Given your comments on the weight of alcohol products and the difficulty of selling them illegally, your view is that there will be no great impact in that area.
Donald Henderson: It is difficult to see minimum pricing having a significant impact on that.

Mark McDonald: I say by way of a preamble that the image of bootlegging and running drink across the border that was presented earlier would have been more appropriate in the context of a discussion about prohibition than in that of a discussion about minimum pricing. The only thing that we were not told would happen was the rise of the speakeasy.

I wonder whether you will comment on some of the societal impacts that I have not seen mentioned in the financial memorandum, but which I think might be derived from minimum pricing. Have you done any analysis or modelling of potential reductions in, or likely impacts on, for example, homelessness and tenancy forfeiture; marital or relationship breakdowns, which obviously impact on homelessness and tenancy forfeiture; and domestic abuse, which has a cost to the police and the health service?

Marjorie Marshall: The modelling does not specifically address all the areas that you highlighted. As you have heard, there is very good and hard evidence on direct correlations between consumption and health harms and fairly good evidence on correlations between consumption and crime. The modelling that was done in conjunction with other studies suggested a reduction in crime and antisocial behaviour; for example, we know that the majority of prisoners—including 70 per cent of people in young offenders institutions—say that they were drunk at the time of their offence, and we would suggest that there would be a reduction in that respect.

With regard to the specific categories that you mentioned, we know that around 65,000 young people live in a home in which there is parental drug or alcohol abuse, and we expect that some of those children will benefit from this move. As for domestic abuse, you are correct. Certainly the majority of incidents that come before the domestic abuse court in Glasgow appear to be related to alcohol.

Although reductions in homelessness and domestic abuse were not covered specifically in the modelling, it takes account of the reduction in crime and antisocial behaviour. As I said, however, there is good evidence on those other social concerns and although we cannot quantify them we certainly expect there to be reductions in those areas.

Donald Henderson: It follows that the estimated £3.6 billion for the total cost of alcohol misuse, which is a mid-point between an upper and lower estimate, does not include many family or broader community costs.

Marjorie Marshall: Actually it does.

Donald Henderson: It includes some, but not all.

Marjorie Marshall: It includes, for example, costs to the children’s hearings system. In some cases, the exact impact is quite difficult to capture and quantify.

Mark McDonald: It has been contended that if the price of alcohol is put up, all that will happen is that people who fall into the harmful or hazardous category or who have specific alcohol problems will, instead of buying a pack of fish fingers for the kids’ tea and a bottle of whisky, just buy the whisky. Do you have any comment about that contention?

Donald Henderson: The evidence suggests that that is not what will happen. I suspect that in any big population it will be possible to find individuals who might react in that way; equally, however, individuals will react in an even greater way to reduce their alcohol consumption than the centre point in the model would suggest. It balances out as a reduction for hazardous drinkers—and, in some ways, a bigger reduction for them than for elsewhere in the population, partly because the percentage movement might be bigger than for other groups in society and partly because the percentage reduction represents a greater reduction in unit numbers. After all, the percentage is applied to a larger number in the first place.

Marjorie Marshall: First, we need to distinguish between the—fortunately—very small number of truly dependent drinkers and those who are categorised as hazardous and harmful drinkers. In the upper, harmful drinkers category, which comprises men who drink more than 50 units a week and women who drink more than 35 units a week, all the evidence suggests that, irrespective of the level at which they are drinking, everyone will respond to a price increase and that it is predominantly those who drink most heavily and young people who buy cheap drink. Indeed, a Royal Edinburgh hospital study that was carried out by Jonathan Chick showed that those who drink incredibly heavily predominantly drink very cheap alcohol. As I have said, all the evidence suggests that they respond to price increases. They switch as much as they can until they get to the cheapest drinks and then reduce their consumption in response to price.

Mark McDonald: I observed earlier that I could walk into a shop with a £20 note and buy in the region of 10 times my weekly recommended allowance of alcohol units, depending on the product purchased. I presume that that could never be done under a minimum price model,
because the price of the products would be prohibitive.

Donald Henderson: Absolutely. With the prices that we have seen, we think that it is more likely that you would get five times the weekly limit for 20 quid. However, it is still a huge number. There are clearly regional differentiations in pricing and particular special offers can arise. However, the broader point is absolutely correct. The benefit of minimum pricing compared with doing something through excise, even if such powers were available to Scottish ministers, is that it targets the area of the marketplace that needs targeted, which is low and low-middle pricing in an off-sales setting; it does not impact on parts of the market that do not contribute to the public health problem, which is upper-middle and upper pricing or the on-sales setting.

Margaret McCulloch: One of the issues is non-domestic rates. A public health levy is proposed for large retail properties that sell tobacco and alcohol. Is there a risk that minimum pricing for alcohol will mean that such large stores will shift their costs on to the prices of other items that they sell in order to compensate for the drop in alcohol sales as a result of minimum pricing? Could there also be staff reductions because of that?

Donald Henderson: The public health supplement is not my area—it is a finance question. I appreciate of course that this is the Finance Committee, so the question is pretty relevant, but I am not the big expert on the matter.

I think that the expected take from the public health supplement is about £30 million or £40 million a year, which is a small amount. The supplement applies only to certain stores and companies—I think that it is 240-odd outlets; the biggest ones—and it is such a small percentage, whether one looks at turnover, profit or anything else, in terms of the material costs arising from it and in terms of the prices of individual products. Again, I am not the expert on the matter, but I have seen no evidence to suggest that it would have a significant impact.

Margaret McCulloch: Could large stores shift the losses that they may make on alcohol on to other items?

Donald Henderson: The supplement is such a small percentage of the profit that they make, never mind of the turnover in those individual outlets or of the group turnover or profit. One would never say that any price impact, however small, could ever be immaterial, but it is just that it is such a small percentage that is difficult to see how any meaningful impact would arise.

Margaret McCulloch: People on low incomes could see their household shopping budget rise because of this.

Donald Henderson: I am not saying that they will; you are positing that argument. I am saying that I have not seen any evidence that that is how the companies would react. If anything, one might suggest that those most price-sensitive points in the marketplace are the very last place that supermarkets would look to move prices, because they are price sensitive—QED. However, that is a matter for them as retailers and not for us. I simply say that I have seen no evidence to suggest that there would be an impact.

The Convener: Is it not the case that the levy would be less than 0.1 per cent of the large stores’ income and that alcohol at the moment is often sold as a loss leader? In other words, it is cross-subsidised by other products in order to bring people into the store; other products are promoted by selling alcohol at below cost on occasion.

12:00

Donald Henderson: I hope that there is an excuse for me as head of the public health division not knowing the 0.1 per cent figure, but there would be no excuse for you as Finance Committee convener not knowing it. [Laughter.] Sorry for the flippancy—I recognise the figure.

It is difficult to answer questions on loss leading. Companies have not said in meetings with us, “Yes, we loss lead” or “Yes, we loss lead to this extent”, because it is commercially sensitive information for them and their competitors. However, it is pretty well known—for instance, it is referenced in trade magazines—that the pricing of alcohol drives footfall and that, on occasion, retailers will subsidise pricing to generate footfall.

The nature of the approach means that they are not taking profit in those product lines and that they require subsidisation from elsewhere. We do not know whether it is from other alcohol products or elsewhere on the shop floor, but cross-subsidisation takes place in some stores and on some product lines.

The Convener: Therefore, it is unlikely—to put it mildly—that consumers will see the cost of other goods going up as a result of the policy.

Donald Henderson: It is a reaction for individual retailers to take, but those are the reasons why one cannot reach the straightforward conclusion that there will be price rises. The supermarkets say to us that they will lose some of their price advantage and sales to the corner shops, but we are pretty sure that they will not lose so many of their sales that they will lose the extra income that they would gain.

The Convener: Indeed. Volume will go down but overall income to the supermarkets will potentially increase.
Gavin Brown: In the financial memorandum, you state that if the minimum price per unit is 45p, which you said is the price that people are most familiar with, the cost to individuals per annum would be £96 million. Do you have figures for what percentage of that £96 million would be borne by moderate, hazardous and harmful drinkers?

Donald Henderson: We either have those figures or can compute them for you.

Marjorie Marshall: They are in table 3 of the financial memorandum, which is on page 11 in my version. It looks at the overall change for moderate, hazardous and harmful drinkers and shows the average change in spend per drinker per annum—I realise that a “per annum” is possibly missing from the table. It illustrates that the additional spend is mainly for harmful drinkers.

Gavin Brown: I am familiar with table 3, but the figures in it are per person. My question is really about the figure per head multiplied by the number of drinkers in each category. Can we get that?

Marjorie Marshall: My apologies. That may not have been a table in the financial memorandum, but it is perfectly possible to provide the committee with that information.

Gavin Brown: That would be helpful.

My final question is on table 6 of the financial memorandum. Let us again take 45p as the minimum unit price, for the sake of argument. If I read the table correctly, the cost to individuals per annum would be £96 million. At year one, the health benefits, including quality-adjusted life years, would total £20 million, the crime benefits would total £4 million and the employment benefits £28 million. Is it correct to say that, in year one, the cost to individuals would be £96 million but the benefits would be £52 million?

Donald Henderson: Yes, based on the benefits that we have costed, which are in that table. I would have to look at—

Gavin Brown: Are there benefits that you have not costed?

Donald Henderson: That is what I would have to look at. As was mentioned in relation to Mark McDonald’s question, there are some benefits that we have not costed, so I would have to look at the detail.

We need to provide information on where the costs and benefits arise—that is what that table attempts to do. There is a cumulative benefit, rather than a benefit in year 1. For example, people who have cirrhosis or are marching towards the cliff where they will get it might not show the benefits of a change in their consumption behaviour over even a relatively short period, but they will see cumulative health benefits.

Gavin Brown: I accept that, but even if you add the 10-year figures in table 6—the £452 million, the £31 million and the £237 million—that still works out lower than 10 times £96 million. My mental arithmetic is not fantastic, but I think that is correct.

Donald Henderson: It does work out less, and we will need to consider whether there are other elements—

Marjorie Marshall: It should be noted that the 10-year cost is discounted. It is not just 10 times one year; it is a valuation at current levels. That means that the value next year is discounted and the value in the third year is discounted again. We value things differently now from the way in which we value things in 10 years’ time, so there is a standard element of discounting that is applied in terms of valuation. It is not actually 10 times the figure, if you understand what I am saying. I am sorry; I am making a bad—

The Convener: So there is a cumulative impact.

Marjorie Marshall: There is a cumulative impact but the impact of quality-adjusted life year values over 10 years is not just 10 times the valuation in one year, partly because of the cumulative effect that my colleague described, particularly in relation to health, and partly because, when we look into the future, we discount the value of something in the future back to a present-day value—we reduce the value because there is an assumption about time preference, which is to say, we would rather have the benefits now than in 10 years’ time.

Gavin Brown: Just for clarity, the figures in that table—the £452 million and so on, which correspond with a minimum price per unit of 45p—are the cumulative figures, are they not? They are not 10 times the one year figures. The column heading is, “Over 10 years”.

Marjorie Marshall: They are cumulative and they are discounted.

Donald Henderson: Yes, there are two factors involved there. One is the accumulation; the other is the discounting.

The Convener: Table 3 shows that, at a minimum price per unit of 45p, the increase in annual spend will be £8 for moderate drinkers and £116 for harmful drinkers, which is 14.5 times the amount of the increase that moderate drinkers will experience, or a 1,350 per cent differential. Is that correct?

Donald Henderson: Yes.

The Convener: A lot of things are not being counted. Paragraph 66 says:
“The wider costs of crime to society (not including direct costs to victims) are estimated to reduce by up to £16m in the first year and by up to £138m over 10 years”.

That does not include the value of “property stolen, damaged or destroyed, insurance administration and criminal justice system costs.”

Of course, the emotional costs that are incurred by someone who is abused by a partner or a spouse are not included, and neither is the impact on families that are adversely affected by harmful drinking in the home.

It is almost impossible to fully quantify all that, but is more work being done to try to put a figure on some of those issues? I know that we do not always want to reduce this debate to a two-dimensional, financial matter, but we are the Finance Committee, and it is important that, if possible, we get some more figures on these issues.

Marjorie Marshall: The issue of the wider costs to society is being looked at, but I do not think that it is likely to be reflected in any costs that we will present to the committee, given the timescale to which we are operating. I recognise that the costs that we have presented are an underestimate, but I guess that we would argue that it is better that we are conservative in our estimates.

The Convener: Indeed.

Gavin Brown: The convener talked about paragraph 66 and the wider costs of crime to society. Am I correct in thinking that the figures in that paragraph are included in table 6? They seem to match exactly.

Marjorie Marshall: The convener is correct to say that the costs are not completely inclusive and do not include, for example, the cost of domestic abuse. There are costs of crime that are direct costs to the victim, but some wider societal costs are not included.

Donald Henderson: It might be helpful if we wrote to the committee to set out the areas that are not included. They are the sorts of areas that I talked about in response to Mark McDonald, but I understand that the committee needs clarity on the issue.

The Convener: The committee would appreciate that.

John Mason: On table 6—perhaps I have not picked this up—is the £96 million cost to individuals based on an assumption that people will carry on drinking the same amount, or does it take account of the estimated reduction in consumption?

Marjorie Marshall: It assumes that they will respond to the price increase. Different groups of drinkers will respond in different ways. People's sensitivity to price increases will be different. The figures on the changes in how much people spend are based on the assumption that they will reduce their consumption but increase their spending, because the price floor will mean that they cannot buy at a very low price.

Mark McDonald: I appreciate that the Finance Committee must consider the bill’s financial impact. However, do you accept that there will be impacts that cannot be measured financially, such as the emotional benefit from a marriage continuing instead of breaking up? That is a benefit on which we cannot necessarily put a price tag.

Marjorie Marshall: I agree. There is an attempt to quantify health benefits, in relation to quality-adjusted life years, but there are undoubtedly wider costs to society. In particular, impacts on people other than the drinker are difficult to capture and are not quantified in any of the financial evaluations.

Mark McDonald: It must also be difficult to quantify the impact on children of growing up in a house where harmful or dependent drinking is going on. Such children might go on to become dependent or harmful drinkers themselves—

Donald Henderson: And worse. There is compelling information about people who have grown up in such households entering into abusive relationships in later years. We know that there is a huge impact, but it is enormously difficult to cost.

Paul Wheelhouse: On Gavin Brown’s point about table 6 and the £96 million, I thought that that was dealt with in table 5, “Effect on drinkers for total population (£m): 45p minimum price per unit”, which shows the £96 million as being made up of £21 million from moderate drinkers, £45 million from hazardous drinkers and £28 million from harmful drinkers. Is that correct?

Marjorie Marshall: Yes, and I thank you for noting something that I had highlighted in red but failed to bring to your attention.

The Convener: We are switched on in this committee.

I thank the witnesses for their answers and evidence and I look forward to receiving the further information that we talked about. We will move into private session for items 4, 5 and 6.

12:14
Meeting continued in private until 12:31.
LETTER FROM THE CONVENER OF THE FINANCE COMMITTEE TO THE ECONOMIC SECRETARY TO THE TREASURY, 19 JANUARY 2012

Thank you for your letter of 14 December 2011 on the Financial Memorandum accompanying the Alcohol (Minimum Pricing) (Scotland) Bill. At its meeting yesterday the Finance Committee agreed to seek further clarification from you on the application of the Statement of Funding Policy (SFP).

As you know, paragraph 3.2.8 of the SFP states that—

“where decisions taken by any of the devolved administrations or bodies under their jurisdiction have financial implications for departments or agencies of the United Kingdom Government, or alternatively, decisions of United Kingdom departments or agencies lead to additional costs for any of the devolved administrations, where other arrangements do not exist automatically to adjust for such costs, the body whose decision leads to the additional costs will meet that cost;”

The Committee would be grateful if you could clarify whether and how paragraph 3.2.8 of the SFP applies to Scottish Government legislation, including this Bill.

LETTER FROM THE ECONOMIC SECRETARY TO THE TREASURY TO THE CONVENER OF THE FINANCE COMMITTEE, 30 JANUARY 2012

Thank you for your letter of 19 January on the Financial Memorandum accompanying the Alcohol (Minimum Pricing) (Scotland) Bill.

The reference to “decisions taken by any of the devolved administrations or bodies under their jurisdiction” at paragraph 3.2.8 of the Statement of Funding Policy could include provisions in Scottish Government legislation where those provisions can be shown to have a direct and identifiable impact on Exchequer receipts.

As set out in my previous letter, I support the development of a wider strategic approach to tackling alcohol abuse. While the Statement of Funding Policy sets out the general principle the UK Government applies to devolved funding, ahead of an order specifying the minimum price per unit, it is not possible to determine whether paragraph 3.2.8 would be applied in relation to this Bill. However, I would expect the Scottish Government to take account of the potential impact on UK Exchequer receipts when setting minimum prices under the legislation.
SUBMISSION FROM HIGHLAND COUNCIL

Consultation
1. Did you take part in the consultation exercise for the Bill, if applicable, and if so did you comment on the financial assumptions made?

Yes, comment was made in support of the measures included to protect Local Authorities from additional costs.

2. Do you believe your comments on the financial assumptions have been accurately reflected in the Financial Memorandum?

Yes

3. Did you have sufficient time to contribute to the consultation exercise?

No, but an extension of the deadline was agreed to allow an approved response

Costs
4. If the Bill has any financial implications for your organisation, do you believe that these have been accurately reflected in the Financial Memorandum? If not, please provide details.

Yes, the financial implications of additional Licensing Support Officers’ workload are accurately reflected.

5. Are you content that your organisation can meet the financial costs associated with the Bill? If not, how do you think these costs should be met?

The memorandum includes consideration of the potential need to raise licensing fees to cover the additional costs. This measure will enable us to meet any additional costs.

6. Does the Financial Memorandum accurately reflect the margins of uncertainty associated with the estimates and the timescales over which such costs would be expected to arise?

This level of detail is not included in the memorandum and would be difficult to assess on a universal basis.
Subordinate Legislation Committee

3rd Report, 2012 (Session 4)

Alcohol (Minimum Pricing) (Scotland) Bill

Published by the Scottish Parliament on 25 January 2012
Subordinate Legislation Committee

Remit and membership

Remit:

The remit of the Subordinate Legislation Committee is to consider and report on—

(a) any—

(i) subordinate legislation laid before the Parliament;

(ii) [deleted]

(iii) pension or grants motion as described in Rule 8.11A.1;

and, in particular, to determine whether the attention of the Parliament should be drawn to any of the matters mentioned in Rule 10.3.1;

(b) proposed powers to make subordinate legislation in particular Bills or other proposed legislation;

(c) general questions relating to powers to make subordinate legislation;

(d) whether any proposed delegated powers in particular Bills or other legislation should be expressed as a power to make subordinate legislation;

(e) any failure to lay an instrument in accordance with section 28(2), 30(2) or 31 of the 2010 Act; and

(f) proposed changes to the procedure to which subordinate legislation laid before the Parliament is subject.

(Standing Orders of the Scottish Parliament, Rule 6.11)

Membership:

Chic Brodie
Nigel Don (Convener)
James Dornan (Deputy Convener)
Mike MacKenzie
Michael McMahon
John Pentland
John Scott

Committee Clerking Team:

Clerk to the Committee
Irene Fleming

Assistant Clerk
Euan Donald
The Committee reports to the Parliament as follows—

INTRODUCTION

1. At its meetings on 22 November, 20 December 2011 and 24 January 2012, the Subordinate Legislation Committee considered the delegated power provisions in the Alcohol (Minimum Pricing) (Scotland) Bill (“the Bill”) at Stage 1. The Committee submits this report to the Health and Sport Committee as lead committee for the Bill under Rule 9.6.2 of Standing Orders.

2. The Scottish Government provided the Parliament with a memorandum on the delegated powers provisions in the Bill (“the DPM”).¹

3. The Cabinet Secretary for Health, Wellbeing and Cities Strategy also provided oral evidence to the Committee at its meeting on 20 December 2011.

OVERVIEW OF THE BILL

4. The Alcohol (Minimum Pricing) (Scotland) Bill was introduced in the Parliament on 31 October 2011. It is a Government Bill which seeks to introduce minimum pricing of alcohol products. The power to set the minimum price per unit is substantially the same as that which was proposed in section 1 of the Alcohol etc. (Scotland) Bill introduced in November 2009 but which was subsequently rejected by the Parliament.

5. In the Policy Memorandum which accompanies the Bill, the Scottish Government sets out the intended impact the Bill will have on alcohol consumption in Scotland and the reasons for bringing forward the legislation—

¹ Alcohol (Minimum Pricing) (Scotland) Bill. Delegated Powers Memorandum. Available at: http://www.scottish.parliament.uk/S4_Bills/Alcohol%20(Minimum%20Pricing)%20(Scotland)%20Bill /DPM.pdf
The Scottish Government considers the minimum pricing measure in the Bill will help reduce alcohol consumption in Scotland, in particular reducing the consumption of alcohol by harmful drinkers, and reduce the impact that alcohol misuse and overconsumption has on public health, crime, public services, productivity, and the economy as a whole.\(^2\)

**COMMITTEE’S REMIT**

6. The Committee’s role in scrutinising the delegated powers provisions in Bills is distinct from the lead committee’s interest in policy matters. The Committee considers whether the grant of a delegated power is acceptable in the circumstances and whether the appropriate level of parliamentary procedure is applied to scrutinising the exercise of these powers. As part of this process the Committee considers the nature of the power in the context of the scheme of the Bill and the balance between the respective legislative powers of the Parliament and the Scottish Ministers.

7. Looking ahead to the scrutiny of instruments made under the powers once the Bill is passed, the Committee has regard to its function of reporting on the instrument to the lead committee and the Parliament as required by Standing Orders. This function requires the Committee to consider whether any instrument is within competence, including the requirement that any instrument made by the Scottish Ministers is compatible with EU law. In looking ahead the Committee must ensure that there is a sufficiently robust scrutiny process in place throughout the lifetime of the power to enable the Committee to fulfil this function effectively.

**DELEGATED POWERS PROVISIONS**

8. The Committee considered each of the delegated powers provisions in the Bill.

**Section 1 – Minimum price of alcohol**

*Section 1(2) and (3) – power to specify the minimum price per unit of alcohol (inserted paragraph 6A(4) of schedule 3 and paragraph 5A(4) of schedule 4 of the Licensing (Scotland) Act 2005)*

9. Section 1 makes provision in relation to the prohibition on the sale of alcohol below the minimum price. This is achieved through the imposition of a new mandatory licence condition – whether in relation to a premises licence (new paragraph 6A of schedule 3 to the 2005 Act) or an occasional licence (new paragraph 5A of schedule 4 to the 2005 Act). Where a licence holder fails to comply with this new mandatory condition, he or she will have committed a criminal offence under section 1 of the Licensing (Scotland) Act 2005 and on conviction could be fined up to £20,000 and/or imprisoned for up to 6 months.

10. The minimum price is calculated by multiplying together the following—

- the minimum price per unit (MPU)

\(^2\) Alcohol (Minimum Pricing) (Scotland) Bill. Policy Memorandum, paragraph 3. Available at: [http://www.scottish.parliament.uk/S4_Bills/Alcohol%20(Minimum%20Pricing)%20(Scotland)%20Bill /Policy_Memo.pdf](http://www.scottish.parliament.uk/S4_Bills/Alcohol%20(Minimum%20Pricing)%20(Scotland)%20Bill /Policy_Memo.pdf)
11. The MPU is the price specified by the Scottish Ministers by affirmative order.

12. The DPM sets out the Scottish Government’s reasons for taking this power to set the MPU. Firstly, the Scottish Government is of the view that the principle of minimum pricing can be considered without the price being specified. Secondly, further evidence and research into minimum pricing and its effects needs to be considered before the Scottish Ministers exercise their judgement and specify a price per unit. Finally, it considers that flexibility is required to amend the MPU in order to ensure that inflation does not erode the benefits of the measure.

13. The Committee acknowledges that, if the principle of minimum pricing is accepted, in order to ensure its continued effectiveness, the power to modify the MPU from time to time would be necessary and considers that delegated powers are in principle an appropriate mechanism for keeping the MPU up to date.

14. However, the reason for not setting out the initial MPU on the face of the Bill at this point and requiring delegated powers to do so was not as clear. The Committee therefore sought further evidence from the Cabinet Secretary for Health, Wellbeing and Cities Strategy in an oral evidence session.

15. In response to whether the initial MPU should be set out on the face of the Bill, the Cabinet Secretary emphasised the need for the evidence used to determine the MPU to be as up-to-date as possible and indicated that the Scottish Government was not in a position to set the price at this stage as further work needed to be carried out on the modelling process. When questioned further on this matter, the Cabinet Secretary explained—

“The sale and consumption of alcohol do not stay steady over time—they change. Since the Parliament considered the bill in the previous session, more updated data has been published on consumption, hospital admissions and mortality rates.”

16. She indicated that the model developed by Sheffield University (“the Sheffield model”) was currently being updated and was due to be completed by January. She confirmed that this would enable the Scottish Government to take a view on the MPU as the Bill progresses through the Parliament and that, by the time Stage 3 was reached, the Scottish Government’s intentions in this regard would be known.

17. However, this would not mean that the Scottish Government would then seek to set the initial MPU on the face of the Bill. She indicated that she did not believe that to be the right approach given that any variation of the MPU would be made

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under delegated powers\textsuperscript{4}. She also emphasised that the use of delegated powers would still allow for robust parliamentary scrutiny—

“In seeking to set the price through delegated powers, the Government is not seeking the ability to set a price without reference to anyone; the order will have to go through the very robust affirmative procedure. This committee, other relevant committees and the Parliament as a whole will have to satisfy themselves about the various tests that will be required. I know from previous experience that the delegated powers provision is no walkover—there is still a fairly robust procedure that we must go through.”\textsuperscript{5}

18. The Committee accepts that it is vital that the model used is as robust and as up-to-date as possible. It also notes that work is ongoing on updating the Sheffield model to that end and welcomes the Cabinet Secretary’s commitment to provide up-to-date information on this exercise and to make available to the Parliament details of what the proposed initial MPU will be before the conclusion of parliamentary consideration of the Bill. The Committee would also welcome further information on other evidence which may be used in determining the minimum price.

19. The Committee accepts the Cabinet Secretary’s view that what is important is that this Committee, the lead committee and the Parliament as a whole are satisfied that the appropriate legal tests have been applied and are met and that the policy objective will be achieved. It recognises that these requirements can be met through the use of delegated powers provided the process applied to the scrutiny of those powers is sufficiently robust.

20. However, the Committee considers that, in order to carry out its important scrutiny function in advising the Parliament appropriately on the compatibility of any instrument proposing an MPU with EU law, there are still a number of issues outstanding in relation to the process of using delegated powers that remain to be addressed. It accepts the Scottish Government’s position that the principle of minimum pricing set out in the Bill could be applied within legislative competence but notes that it is incumbent upon the Committee to ensure that sufficient scrutiny safeguards are put in place to ensure that the Parliament is satisfied that in its view any particular MPU set would in fact be within competence. This was acknowledged by the Cabinet Secretary—

“… any price that is set by subordinate legislation would be required to comply with the law as well.”\textsuperscript{6}

Legislative competence
21. With regard to legislative competence and the compatibility of minimum pricing with EU law, the Committee notes that there is the potential for minimum pricing to interfere with intra-EU trade. It is important to scrutinise carefully the level at which the MPU is set. In giving evidence to the Committee’s predecessor on the matter in Session 3 the Scottish Government’s legal adviser explained—

“European law does not ban minimum pricing as such. Whether a particular measure is contrary to European law will depend on whether it interferes with trade between or discriminates against products from member states. If such interference or discrimination can be justified in certain cases, there is no breach of European law. The grounds on which that can be done include protection of public health and reduction of crime, but it also has to be shown that any interference is proportionate, so that there is a balance between the interference to trade and the protection of health.”\(^7\)

22. At the meeting on 20 December 2011, the Cabinet Secretary acknowledged that this was the case—

“… in setting the price, we must ensure that it is compatible with other provisions of Community law, including those on the free movement of goods.”\(^8\)

23. She also stated—

“… we need to ensure that the measure meets the public health objectives that we have set for it and that it complies with European law. […] In short, we need to ensure that we are not setting the price too low, so that it would be ineffective, or too high, so that it would be an unwarranted interference in the freedom of movement of goods.”\(^9\)

24. The Committee considers that there will need to be careful evaluation of the evidence as to the potential health benefits anticipated by the adoption of any particular MPU, which will need to be weighed against the potential impact on competitiveness of imports and trade within the EU to establish that this is a proportionate approach. In addition to scrutiny of the effectiveness of the policy by the lead committee, the Subordinate Legislation Committee must be able to discharge its function to report to the Parliament on whether in its view the instrument is compatible with EU law. This will be the case in relation to any instrument made under section 1 for so long as minimum pricing remains in force and not just in relation to the initial MPU.

25. The evidence given by the Cabinet Secretary makes it clear that Ministers’ decision will involve a careful and considered balancing exercise to be conducted on the basis of up-to-date and reliable data. The parliamentary scrutiny process

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will require a similar approach. The Committee therefore considers that it is vital that sufficient time and full details of the relevant supporting information are available to the Parliament in order to carry out this important scrutiny role when any order setting or varying the MPU is brought forward.

**Super-affirmative procedure**

26. The Committee queried whether consideration had been given to applying super-affirmative procedure to allow for additional scrutiny of the evidence underpinning the setting of and any proposed change to the MPU to ensure that the measure was compatible with EU law (as well as ensuring that it will deliver the intended practical effect). The Cabinet Secretary indicated that she did not think that this was necessary—

“… I do not think that it will be challenging. The Government has to specify the unit price by order. That order will be very short—it is likely to be one line long—but it will come with the necessary, normal and required supporting evidence and policy justification.”

27. The Committee accepts that an order setting or varying an MPU will be short and concise; however the matter under consideration is much more complex. In particular, the issue of EU law and the consequent impact this has on legislative competence would need to be considered in agreeing to set the MPU.

28. While it accepts the Cabinet Secretary’s view that, on balance, affirmative procedure still allows for robust parliamentary scrutiny and is therefore sufficient in order to carry out adequate scrutiny of the MPU, the Committee seeks assurances that the necessary evidence and background information used to determine the MPU will be available to the Parliament to support the scrutiny process. The Committee is not convinced that the standard documentation which accompanies affirmative instruments will be adequate for the Parliament to be able to form a view on legislative competence. It therefore calls on the Scottish Government to commit to providing additional accompanying documentation at the time an order is laid which provides further detail of the evidence used to determine the MPU. The Committee notes that it is not unprecedented for additional accompanying documentation to be required to be produced by the Scottish Government when bringing forward certain Scottish statutory instruments. Therefore, in order to be reassured that this information will always be made available to the Parliament, the Committee considers that such a requirement should be made on the face of the Bill.

**Variation of MPU**

29. The Committee also explored with the Cabinet Secretary the basis on which a variation to the MPU would be made and how often it was anticipated that such a revision would be required. She indicated that the Scottish Government had not reached a final view on either of these points. With regard to the basis on which a variation to the MPU would be brought forward, while noting that this was not

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11 For example, under Part 2 of the Public Services Reform (Scotland) Act (asp 8). Available at: [http://www.legislation.gov.uk/asp/2010/8/part/2](http://www.legislation.gov.uk/asp/2010/8/part/2)
setting out the Scottish Government’s intent on its policy, she set out examples of possible approaches to setting variations in the price—

“An inflation-based approach to changing the price could be taken—the price could rise in line with the retail prices index or the RPI plus 2 per cent. Alternatively, the price could be reviewed every two years or five years—if that approach was taken, I strongly suspect that any future Government would look to update the evidence before it changed the price. There are various options for ensuring that the price stays up to date with current prices; we have not taken a final decision on what the best approach would be.”12

30. With regard to how often it is anticipated variations to the MPU would be made, while emphasising that the Scottish Government had not reached final view on the matter, she indicated that there may be circumstances where frequent changes may be required—

“For example, at certain times, the inflation rate might be changing because of economic circumstances, so more frequent price changes might be needed then than in periods when inflation and other associated forms of behaviour are much more stable. We have to give that serious thought.”13

31. She did, however, indicate that the Scottish Government would listen to views expressed and that she would be happy to update the Committee on the Scottish Government’s position as it developed. The Committee welcomes this commitment.

Conclusion

32. As stated earlier, the Committee accepts in principle that any variation to the MPU should be done by delegated powers. It also accepts the Cabinet Secretary’s arguments for the initial price also being set through delegated powers. However, this acceptance is predicated on the imposition of robust scrutiny procedures and it therefore seeks reassurances from the Scottish Government in a number of respects.

33. In order to ensure the robustness of the evidence used to determine the MPU, the Committee calls on the Scottish Government to keep the Parliament informed of any developments with regard to the review of the Sheffield model used to set the MPU during the passage of the Bill. In particular, it welcomes the Scottish Government’s commitment to provide the Parliament with an indication of what the initial MPU is expected to be before the Bill completes its passage through the Parliament. It also welcomes the Scottish Government’s commitment to provide details of the basis on which variations to the MPU will be made and how regularly it is anticipated these variations will be made.

34. With that in mind, it encourages the lead committee to give careful consideration to the modelling process during its scrutiny of the Bill and calls on the Scottish Government to provide further information on the evidence which may be used in determining the minimum price as part of this scrutiny process.

35. Finally, in line with its observation in paragraph 28 that it is not unprecedented for additional accompanying documentation to be required when certain Scottish statutory instruments are brought forward, the Committee recommends that the Scottish Government bring forward an amendment at Stage 2 which places an obligation on the Scottish Government to provide detailed accompanying documentation providing detail of the modelling carried out and the evidence used to determine the minimum price when bringing forward an instrument to set or vary the MPU.

36. With the caveats set out above, the Committee considers that the delegation of the powers under section 1(2) and (3) to specify the minimum price per unit of alcohol to be acceptable and that affirmative procedure is a suitable level of scrutiny.

Section 1(2) and (3) – power to specify relevant labelling provisions (inserted paragraph 6A(6) of schedule 3 and paragraph 5A(6) of schedule 4 to the Licensing (Scotland) Act 2005)

37. The Committee notes that the calculation of the minimum price is based in part on the strength of the alcohol in question. Inserted paragraph 6A(6) of schedule 3 and paragraph 5A(6) of schedule 4 to the Licensing (Scotland) Act 2005 provide that the strength marked or labelled on the alcohol “in accordance with relevant labelling requirements”14 can be used for the purpose of the formula. The Committee understands that it is intended that this will make operation of minimum pricing easier in practice.

38. Sub-paragraph (6) of each condition allow the Scottish Ministers to list the enactments which are “relevant labelling provisions” and so which can be relied upon for the purposes of the calculation of the formula.

39. The Committee accepts the reasons given for taking this power. It notes that it may be complicated to set out the relevant labelling requirements as they may differ depending on the type of alcohol product and therefore to do so in primary legislation might inhibit the clarity of the mandatory conditions. The Committee therefore considers that the specification of relevant enactments is a minor technical exercise which is well suited to subordinate legislation.

40. The Committee considers that the delegation of the power under section 1(2) and (3) to specify labelling provisions is acceptable and that negative procedure is a suitable level of scrutiny.

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Section 3 – Commencement

Section 3 – commencement and ancillary provision on commencement

41. Section 3 provides a power to commence sections 1 and 2. Sections 3 and 4 come into force on Royal Assent. The power to commence includes the power to make transitional, transitory or saving provision.

42. The Committee notes that, as a Government Bill, it is normal practice for the Scottish Ministers to determine on what date or dates they wish one or more of the Bill’s provisions to come into force. It further notes that, in accordance with normal practice, it is proposed that the commencement order is subject to laid only procedure. However, it also notes that these orders may also make transitional, transitory or saving provision considered appropriate in connection with commencement. As the Bill stands, these additional provisions would not be subject to parliamentary scrutiny.

43. The Committee asked the Cabinet Secretary to confirm what additional provision it is envisaged may be required and whether these were likely to be complex or cause practical problems in implementation.

44. The Cabinet Secretary indicated that she did not expect there to be many transitional measures required as the commencement powers were relatively straightforward. However, she did confirm that some incidental issues may need to be dealt with—

“… contracts might have been started but not completed. If somebody had started the process of buying something by mail order when the minimum price came in, we would have to allow the contract to be completed at the price at which it started. However, such cases are pretty incidental.”15

45. The Committee accepts that these commencement powers are likely to be relatively straightforward and is therefore content with the order-making power under section 3 relating to commencement, which may include transitional, transitory or saving provision, and furthermore, is content that an order under this power is not to be subject to Parliamentary procedure beyond the laying requirement.

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Present:

Chic Brodie
James Dornan (Deputy Convener)
Mike Mackenzie
Drew Smith
Nigel Don (Convener)
Kezia Dugdale
John Scott

**Alcohol (Minimum Pricing) (Scotland) Bill:** The Committee took evidence on the Bill at Stage 1 from—

Nicola Sturgeon, Cabinet Secretary for Health, Wellbeing and Cities Strategy, Donald Henderson, Head of Public Health Division, and Edythe Murie, Principal Legal Officer, Scottish Government Legal Directorate, Scottish Government.
The Convener: Agenda item 2 is an opportunity for members to ask questions of the Cabinet Secretary for Health, Wellbeing and Cities Strategy on the delegated powers in the Alcohol (Minimum Pricing) (Scotland) Bill. It is my great pleasure to welcome Nicola Sturgeon and her advisers, Donald Henderson and Edythe Murie. Would you like to make an opening statement, cabinet secretary?

The Deputy First Minister and Cabinet Secretary for Health, Wellbeing and Cities Strategy (Nicola Sturgeon): Not a long one. With any piece of legislation, there are judgments to be made about the extent of the delegated powers that we seek to take, and it is important that we consider that carefully. The delegated legislation that we are seeking to pass in the Alcohol (Minimum Pricing) (Scotland) Bill is appropriate and has been subjected to the right tests, but I am happy to answer any questions that members have. For me, the important aspect of the bill is that it gives us what I consider to be the missing piece in the jigsaw in our battle against alcohol misuse. In a relatively short bill, we set out what we are doing, what it is appropriate to have in the bill and what we consider delegated powers are appropriate for. I am happy to answer questions about any of that.

The Convener: That is fine—thank you. Can you please expand on the reasoning for wanting the initial price to be in delegated legislation? It is entirely obvious why any change that might happen over the years will be made by delegated powers, but why do you feel that the initial price should be set by delegated powers?

Nicola Sturgeon: My answer is in two parts. First, the primary legislation deals with the principle of minimum pricing. In considering that legislation, it is important that all the committees that are involved in its scrutiny—the lead committee, which is the Health and Sport Committee, and the other committees—have the opportunity to address that principle. In a previous session, Parliament did that and came to one conclusion; I hope that Parliament will come to a different conclusion this time. That principle is important.

Secondly, whatever price is set initially, that price will not stay forever but is likely to change over time. I take it from your question that it would not be reasonable to have to introduce primary legislation every time that the price changed. So, why not have the initial price in the bill? The...
arguments that I have heard for that have concerned assessment of the competence and legality of the bill. However, I think that the bill complies with law and any price that is set by subordinate legislation would be required to comply with law as well. I am not convinced that setting the initial price in primary legislation would be the right approach. If we are going to take a subordinate legislation route in setting the price, that should apply to the initial price too.

This does not necessarily address the principle of your question, but in terms of practicalities, as the committee will be aware, we want—indeed, we are obliged—in setting the price to ensure that our decision is based on the most up-to-date evidence. We are currently updating the Sheffield model, and we should have that update in January. That will enable us to reach a decision about the price as the bill progresses through Parliament, as we did on the previous occasion.

The Convener: Thank you. I think that John Scott may want to pursue the point about evidence.

John Scott (Ayr) (Con): The minimum price is to be calculated by multiplying together the minimum price per unit, the strength of the alcohol and the volume of the alcohol in litres, and multiplying it all by 100. How was that formula arrived at? What evidence is the Government considering in order to reach a view on the level at which the MPU should initially be set?

Nicola Sturgeon: The equation that is set out in the bill is designed to translate a minimum price per unit of alcohol into the minimum price at which any alcoholic product on the market would be sold. The equation flows from the decision to pursue a minimum price per unit of alcohol.

On where we would set the minimum price per unit, the price of any alcoholic product flows from that and from its strength and volume, and we need to ensure that the measure meets the public health objectives that we have set for it and that it complies with European law. It is important that we have the most up-to-date evidence to determine where we can set that price to deliver the benefits that we want to flow from it.

In short, we need to ensure that we are not setting the price too low, so that it would be ineffective, or too high, so that it would be an unwarranted interference in the freedom of movement of goods. As the committee is aware, the Sheffield model presented a series of different prices and the estimated benefits in terms of health, reduced mortality, reduced crime, days off from work and that type of thing. We are in the process of updating that exercise just now.

Did you want to add to that, Edythe?

Edythe Murie (Scottish Government): No.

John Scott: Forgive me if I am straying into forbidden territory, but have you had any discussions with the United Kingdom Treasury about where the revenue should go? You said that you have modelled everything else.

Nicola Sturgeon: Parliament discussed that very point when it considered the previous bill. Some members put forward the view that if we were to deal with the price and consumption relationship of alcohol through tax, for example, the additional revenue would go to the Exchequer.

Obviously this Parliament does not have the tax powers to enable that to happen. As you would expect, we have closely examined the issue over a long period of time, and there are other reasons why addressing it through the taxation system would not meet our objectives. The main example is that we cannot ensure that increases in tax and duty for alcohol will be passed on to the consumer, so increasing alcohol duty would not necessarily mean that the price that someone pays for a bottle of cheap cider in the supermarket would go up. That is the main difference between doing it by minimum unit pricing and doing it by taxation.

I was fairly open—and I will be open again—on the issue of additional revenue. The previous Sheffield model included potential additional revenues. In public discourse, that became a debate about added profits for supermarkets. In reality, any additional revenue from minimum unit pricing would be spread across the alcohol industry among producers and big and small retailers. It was never correct—and never will be—to say that all that additional revenue would accrue to supermarkets. As a policy, minimum pricing is designed to reduce alcohol consumption. Over time, we would hope that the reduction in consumption would balance out any additional revenue from a higher price.

I have made the following point before. If there is additional revenue, even in the short to medium term, I am open-minded about coming up with innovative ways of applying a portion of that to measures such as programmes to deal with alcohol misuse. The idea that I previously put forward—but which went no further, because the minimum pricing provisions were not passed—involved the social responsibility levy, the provisions for which were passed. Such options remain on the table and I am happy to continue to discuss them with any interested party.

Drew Smith (Glasgow) (Lab): I welcome the cabinet secretary. When the Parliament considered the issue with you in the latter stages of the previous parliamentary session, you had a price in mind—you talked about 45p. What has changed to mean that you can no longer say that
45p is the indicative figure? Has something substantial changed such that we need to revisit the initial price?

Nicola Sturgeon: The policy is intended to deliver health benefits, reduced crime levels, a reduction in lost productivity and benefits to all issues that are caused by alcohol misuse. The sale and consumption of alcohol do not stay steady over time—they change. Since the Parliament considered the bill in the previous session, more updated data has been published on consumption, hospital admissions and mortality rates. It is vital to feed the most up-to-date information into the model to get the most up-to-date advice, if I can call it that, on the best level at which to set the price to get the desired benefits.

This is not about being unwilling to say whether we still think that 45p is right. We cannot make that judgment until we have the most up-to-date modelling. Given the importance of that judgment to compliance with European law and to getting the benefits that we want from the policy, my strong judgment was that we should update the model and decide on the price on the back of that.

As I said, we expect to have the updated model in January—probably towards the end of January. That will allow us to analyse the position, to make the decision and, as the Alcohol (Minimum Pricing) (Scotland) Bill goes through Parliament, to say what initial price we intend to set. By the time that Parliament takes the stage 3 vote on the bill, people will know our intention for the initial price.

Drew Smith: Does that mean that Parliament will have that indication at the time of that vote?

Nicola Sturgeon: We made such information available at stage 2 of the Alcohol etc (Scotland) Bill. We will take the decision when we have the information.

The short answer to your question about why we are not sticking with 45p is that the information and the reality that we are dealing with have changed in some respects. We need to base the decision on the up-to-date information. We will do that as quickly as we can and we will make the information available to Parliament.

Drew Smith: I understand your argument about wanting to rerun the model and to understand what the price should be. Do you envisage rerunning the model every time the price is to be changed in the future under the delegated power?

Nicola Sturgeon: There are a number of ways to approach the price. We have not come to a conclusion, so please do not take what I am about to say as a statement of intent on our policy. An inflation-based approach to changing the price could be taken—the price could rise in line with the retail prices index or the RPI plus 2 per cent. Alternatively, the price could be reviewed every two years or five years—if that approach was taken, I strongly suspect that any future Government would look to update the evidence before it changed the price. There are various options for ensuring that the price stays up to date with current prices; we have not taken a final decision on what the best approach would be.

14:45

Chic Brodie (South Scotland) (SNP): The principle of the bill is not under question. We are here to consider whether the proposed use of delegated powers is appropriate in principle.

Out of curiosity, I carried out some research in a local supermarket over three weeks and I found wide variability, to say the least—whatever price mechanism you set. I will tell you my numbers if you like. You said that no figure was set until stage 2 of the Alcohol etc (Scotland) Bill. Where have you got to with the research? Given the time that has elapsed since 2007, will the current research enable you to be confident about setting a price, when you start to use the delegated powers? Alcohol pricing is a moveable feast, as I found, so how often do you anticipate revisiting the minimum price?

Nicola Sturgeon: When you talked about variability, I suspect that you were talking about the wide range of prices of alcohol. The point about minimum unit pricing is that it applies in a completely non-discriminatory way, so the approach to whisky is no different from the approach to wine, beer or cider. There is a price per unit of alcohol, which determines—through the complicated-looking equation in the bill—the minimum price below which a bottle of wine or whisky cannot be sold. In that sense, the approach is not variable but very consistent, because the minimum price will be applied consistently, regardless of the alcohol product. The policy will lead to different prices for different alcohol products, but the difference will be dictated by the strength and volume of the alcohol that is being sold.

Before we considered the Alcohol etc (Scotland) Bill in the previous session of the Parliament, we had the Sheffield model. No country has introduced minimum pricing in the way that we envisage doing so; we will be the first to do that if the Alcohol (Minimum Pricing) (Scotland) Bill is passed. Therefore, the Sheffield model was important in giving us the best-available evidence on what effect setting the price at a particular level would have. I should say that, although no other country has taken exactly the approach that we are taking, there is recent evidence from Canada of a strong relationship between price and consumption, which is very helpful to us.
Since the Sheffield model was produced, updated data on consumption and mortality have come out regularly, as a matter of course, so we are feeding the up-to-date information into the model, to get a revised model. We expect to have that by later in January, as I said.

I do not really need to make this point to the Subordinate Legislation Committee. In seeking to set the price through delegated powers, the Government is not seeking the ability to set a price without reference to anyone; the order will have to go through the very robust affirmative procedure. This committee, other relevant committees and the Parliament as a whole will have to satisfy themselves about the various tests that will be required. I know from previous experience that the delegated powers provision is no walkover—there is still a fairly robust procedure that we must go through.

Chic Brodie: I accept your point about the approach being consistent.

When I wandered round the supermarket, I was appalled to find that, applying the notional MPU of 45p—although I also did it with 50p, 55p and 60p—the minimum price of vodka was 37 per cent above the amount that it is currently sold at. Vodka was £7.96 a bottle, compared with the £12.60 that it would have been under the proposals. Malt whisky was £23.99. There is a wide disparity, which is why the principle of the bill is right. My job is to ensure that we have legislation that can meet that legal challenge. I am confident that we will.

Nicola Sturgeon: Is the cabinet secretary concerned about a legal challenge? The legislation that we passed to ban smoking in public places was legally challenged. I work on the basis that, based on things that I have heard, there will be a legal challenge. My job is to ensure that we have legislation that can meet that legal challenge. I am confident that we will.

Kezia Dugdale: What would you say to pessimists who think that the only reason for waiting to set the price through subordinate legislation is that you know that a legal challenge is coming and you want the law to be on the statute book before that happens?

Nicola Sturgeon: That argument would be not only pessimistic, but illogical. A legal challenge would come at the point at which minimum pricing became effective. The European Commission has stated:

"Community secondary legislation ... does not prohibit Member States from setting minimum retail prices for alcoholic beverages."

That is what the bill seeks to do. Therefore, there is nothing in principle in European law that prevents that. However, in setting the price, we must ensure that it is compatible with other provisions of Community law, including those on the free movement of goods. That is why the setting of the price is crucial. By the time that we implement minimum pricing, we will have to have said what the price is. Therefore, that is an illogical argument rather than a pessimistic one.

Kezia Dugdale: I was interested in your remarks on the variables that are involved in setting the price. You said that you want to leave setting the price as late as possible to ensure that you have the most up-to-date information. Is it possible that changes to the variables could eventually make the legislation illegal? For example, if the price in one particular part of your formula rises rapidly, could the legality of the bill be challenged on that basis?

Nicola Sturgeon: No, because in setting the price we need to ensure that we are acting proportionately. In other words, we need to set the price at a point at which we will deliver the health and other benefits that justify the policy, but not so high that we interfere with the market unjustifiably. If the variables in relation to the health benefit change in a way that would justify a higher price over time, we would have the data on the health variables that would justify putting up the price. There is not a fixed test. Therefore, what you say would not be the case.

Mike MacKenzie (Highlands and Islands) (SNP): My question is on a slightly different tack. You will know that the lead committee for an affirmative instrument has 40 days for scrutiny and that the Subordinate Legislation Committee has 22 days for scrutiny. How challenging would it be for those committees to complete their separate
processes—and in so doing to complete an evaluation of the supporting evidence for setting the MPU—in those timescales?

**Nicola Sturgeon:** To be perfectly frank, I do not think that it will be challenging. The Government has to specify the unit price by order. That order will be very short—it is likely to be one line long—but it will come with all the necessary, normal and required supporting evidence and policy justification. Moreover, in order to ensure that we do not breach competition law, we have to set the price without discussing it with the alcohol industry.

The law’s technical operation is set out in the bill. Going back to John Scott’s original question, I point out that the equation is the technical way in which we use the minimum price per unit to come up with the price below which alcoholic products cannot be sold. I do not think that the procedure is particularly complicated. The timelines for affirmative procedure have been set out to give the Parliament and committees adequate time to do their work; I do not think that anything in this order will make that process any more challenging than it is for most other pieces of secondary legislation that we face.

**Mike MacKenzie:** That is very reassuring.

**John Scott:** Given the complexity that you have just described and the fact that when the order is laid Parliament will need to assess not only whether the policy objective is likely to be achieved but whether the order is compatible with European Union law and therefore within the Parliament’s powers, have you considered using the super-affirmative procedure for such orders to include an extended period for consultation and comment on a draft order before a final order is laid for approval?

**Nicola Sturgeon:** My first point relates back to Kezia Dugdale’s point. We have to pass all those tests when we lay the order. We have to demonstrate that we can achieve the policy objective and Parliament will have to assess whether the order complies with EU law and is within its competence; we will have to convince it that that is the case. Doing it this way is in no way—and it cannot be seen as—an attempt to get round the legal issue or the possibility of a legal challenge. We will have to go through all that when we come to set the price.

The direct answer to John Scott’s question is that we considered the super-affirmative procedure. I have no great automatic hostility towards it—in fact, I have agreed to its use in relation to other bills—but on balance we feel that it should be used only in exceptional circumstances. I think that the affirmative procedure, for many of the reasons that I outlined in response to Mike MacKenzie, strikes the right balance between allowing proper parliamentary scrutiny and allowing us to use a normal procedure for bringing provisions into effect.

That said, on this as on all these issues, we are at an early stage of the process. I will continue to listen to the arguments that are made about points of procedure. For me, the principle in the debate is that there should be a minimum price for alcohol. As you have probably gathered, I am passionate about the move because of its benefits to our health and, more widely, to society. Everything else about the process—vital though it is—is not a great issue of principle for me. The issue is to find the best practical way of introducing a policy in which I passionately believe.

**John Scott:** I share your passion and concern about achieving the objectives. However—I am not trying to catch you out, cabinet secretary—I sense reluctance on your part to suggest the frequency with which revised orders might be laid. Do you see that happening annually, biennially or even every five years, all of which you mentioned? We are not specialists in the bill or the work surrounding it, so I suppose that my question is this: how often are the orders likely to be laid before the committee?

**Nicola Sturgeon:** I am more than happy to come back to the committee as our thinking develops on the matter. I am in no way reluctant to talk about it—it is a reasonable question for the committee to ask. However, we have not reached a final view because we need, as a Parliament, to strike a balance. For example, at certain times, the inflation rate might be changing because of economic circumstances, so more frequent price changes might be needed than in periods when inflation and other associated forms of behaviour are much more stable. We have to give that serious thought.

We are still thinking through the issues, and I will listen to the views that are expressed here, but my instinctive view is that we would not want to change the price more often than we have to. I am not instinctively in favour of an annual uprating or anything like that, because people want a certain degree of stability—although, on the other hand, we have to ensure that the minimum price continues to do the job that it exists to do. It is important that we take some time to consider all of the arguments properly.

**John Scott:** That is fair enough. Thank you.

15:00

**The Convener:** There is one other issue, but I will first go back to the evidence. The Sheffield modelling is clearly a substantial piece of work: you have alluded to it and to work from Canada,
which is hugely supportive. Do you anticipate having any other evidence available?

**Nicola Sturgeon:** The Sheffield model will be the principal work that we will rely on in setting the price. The Canadian evidence is extremely instructive—I am happy to make it available to the committee if you have not already seen it—and data on issues such as consumption and mortality are updated fairly regularly. That is all important contextual information for us to take account of. The Sheffield model takes all the evidence and models it so that it can anticipate the effect that a particular price could have, which is why it is the key evidence that we will take account of.

**The Convener:** Thank you. The final question is from James Dornan.

**James Dornan (Glasgow Cathcart) (SNP):** Welcome, cabinet secretary.

Commencement orders under the bill may make any transitional, transitory or saving provisions that are considered appropriate in connection with commencement. As the bill is drafted, the additional provisions will not be subject to parliamentary procedure. What additional provisions do you envisage may be required? Is it considered that those provisions will be complex or likely to cause practical problems in implementation?

**Nicola Sturgeon:** I do not expect much by way of transitional measures. If Parliament agrees to the policy, a minimum price per unit of alcohol will come into effect at midnight on a certain night and from that point on it will be the price below which alcohol cannot be sold.

There may be the odd issue; for example, contracts might have been started but not completed. If somebody had started the process of buying something by mail order when the minimum price came in, we would have to allow the contract to be completed at the price at which it started. However, such cases are pretty incidental. Not much is expected by way of transitional provisions, so my view is that it is right to cater for them by way of a commencement order.

**The Convener:** There being no additional questions, it remains for me to thank the cabinet secretary for coming. I did not give their titles on the record earlier, so I thank Donald Henderson, head of public health division, and Edythe Murie, principal legal officer of the Scottish Government legal directorate. I thank you all for your attendance.
Stage 1 Debate: Alcohol (Minimum Pricing) (Scotland) Bill: The Cabinet Secretary for Health, Wellbeing and Cities Strategy (Nicola Sturgeon) moved S4M-02305—That the Parliament agrees to the general principles of the Alcohol (Minimum Pricing) (Scotland) Bill.

Dr Richard Simpson moved amendment S4M-02305.1 to motion S4M-02305—Insert at end—

“but, in so doing, strongly believes that the Scottish Government should bring forward proposals to eliminate the windfall to large retailers arising from the minimum unit price by means of the proposed public health levy or other targeted levy.”

After debate, the amendment was disagreed to ((DT) by division: For 32, Against 86, Abstentions 0).

The motion was then agreed to ((DT) by division: For 86, Against 0, Abstentions 32).

Alcohol (Minimum Pricing) (Scotland) Bill: Financial Resolution: The Cabinet Secretary for Health, Welfare and Cities Strategy (Nicola Sturgeon) moved S4M-02163—That the Parliament, for the purposes of any Act of the Scottish Parliament resulting from the Alcohol (Minimum Pricing) (Scotland) Bill, agrees to any expenditure of a kind referred to in paragraph 3(b) of Rule 9.12 of the Parliament’s Standing Orders arising in consequence of the Act.

The motion was agreed to ((DT) by division: For 86, Against 0, Abstentions 31).
Alcohol (Minimum Pricing) (Scotland) Bill: Stage 1

The Deputy Presiding Officer (John Scott): The next item of business is a debate on motion S4M-02305, in the name of Nicola Sturgeon, on the Alcohol (Minimum Pricing) (Scotland) Bill. I call the cabinet secretary to speak to and move the motion whenever she is ready.

15:05
The Deputy First Minister and Cabinet Secretary for Health, Wellbeing and Cities Strategy (Nicola Sturgeon): I am pleased to open the debate on the general principles of the Alcohol (Minimum Pricing) (Scotland) Bill. I do so with a sense of déjà vu, although I hope that that will be dispelled by reaching a different outcome this time from the one the last time the subject was debated.

I thank the organisations and individuals who have helped to shape our minimum pricing policy—some of them are represented in the public gallery. I thank Duncan McNeil and the Health and Sport Committee and its clerking team for the committee’s careful and robust scrutiny of our proposals and the considered conclusions that it reached in its stage 1 report. Similarly, I thank colleagues on the Finance Committee and the Subordinate Legislation Committee for the part that they played in scrutinising the bill. I am also grateful to the many and varied witnesses who provided invaluable evidence to the committees.

I offer final thanks to the Liberal Democrats and the Conservatives. I have many differences with them, but it is to their great credit that, since the last vote on the issue, they have decided to join the Scottish National Party and the Greens by giving minimum pricing a chance.

Before discussing the substance of the Health and Sport Committee’s stage 1 report, I will take some time to remind members why the measures in the bill are important. I make it clear at the outset, as I hope I have been clear all along, that the Scottish Government is not anti-alcohol. We are not against drinking, but we are very much against the problems that are associated with excessive consumption of alcohol.

The hard fact is that, over the years, Scotland’s relationship with alcohol has got increasingly out of kilter and needs to be rebalanced. Since at least 2000, enough alcohol has been sold each week in Scotland to allow every adult to exceed the recommended weekly limit for men. It might be uncomfortable for any of us to admit it, but sales figures suggest that we drink almost a quarter
more than do people in other parts of the United Kingdom.

In the past 15 years, a significant shift has taken place not just in how much we drink but in where we drink. Nearly 70 per cent of alcohol is now sold through the off-trade, and that shift has been driven largely by price and affordability. In 2010, the average price of a unit of alcohol in the on-trade was £1.34, in comparison with just 45p in the off-trade. In real terms, the affordability of alcohol in the on-trade has remained fairly static, but the affordability of off-trade alcohol has shifted significantly.

As all of us know from our constituency experiences and from other sources, excessive drinking is taking its toll on every age group, every socioeconomic group and every community across the country. It places huge pressure on our national health service, our police service and our local authorities. The associated costs are immense, at more than £3.6 billion every year, which is £900 for every adult in the country.

The cost tells only part of the story. In human terms, too, we pay a heavy price. In the past few decades, rates of chronic liver disease have trebled, alcohol-related deaths have doubled and alcohol-related hospital admissions have quadrupled. Of course, we also suffer from alcohol-related crime and disorder. In 2009, half of Scottish prisoners and 77 per cent of young offenders admitted to being drunk when they committed their offence.

I have no doubt at all that if we are to achieve our ambition—which I believe everyone in the Parliament shares—of a self-confident Scotland in which alcohol can be enjoyed sensibly as a pleasurable part of life, we need to take firm action now to rebalance our relationship with alcohol.

It is also important to say again, as I have said all along, that our alcohol industry is an important part of our economy. As we do now, we will continue to offer support to businesses to grow, including in the export market, and we will work with those businesses to use all the levers that are at their disposal to assist in reducing alcohol consumption, including, for example, where appropriate, promoting lower-strength products.

Patrick Harvie (Glasgow) (Green): I have made this point before but I will make it again. Does the Government share the view that we should also think about the ownership structure of the alcohol industry? We allow that industry to supply recreational drugs throughout Scotland. We should be much clearer about regulating that industry and taking back control from the hands of a tiny number of multinationals whose profits come from volume sales instead of quality.

Nicola Sturgeon: The bill seeks to deal with bigger issues than that. Our alcohol industry has a great deal to offer our country and its economy and it is in the industry’s interests as much as it is in the interests of the rest of us to deal with the overconsumption of alcohol. I guess that my central point is that our plans for minimum pricing and the other measures that we are taking and a thriving drinks industry are not mutually exclusive. We all stand to benefit from the reduction of alcohol-related harm.

The other contextual point that I want to make is that I have again made many times in the past and will make many times in the future. There is no single or simple solution to the problems that we experience with alcohol. If we are to tackle the problem effectively, we need to have a broad package of measures. I remind members that our alcohol framework contains 41 separate initiatives.

It is also true that the Government cannot do it alone. Each and every one of us has a role to play by reflecting on our own drinking, how it affects our health and how it impacts on those around us—children, family, friends, colleagues and communities. This is a cultural issue, and price is a part of that. In recent discussions that I have had with Jackson Carlaw and Ruth Davidson, they rightly chose to stress the issue of culture.

We are making good progress and we must continue to make good progress in implementing our framework for action. I say openly to Labour that we are open to considering any proposal that is made, including those that Labour published yesterday, some of which we have discussed before. I remain open-minded about anything that can contribute to dealing with the issue and I look forward to having discussions about some of the proposals.

My fundamental point is, however, that no strategy will be complete if it does not address price. The link between price and consumption and between consumption and harm is irrefutable. When prices go down, people drink more and when prices go up, people drink less. The more that people drink, the greater the associated harm. We need to act decisively to stem the flow of cheap, high-strength drink. It is worth noting that that view is shared by a range of interested parties, such as doctors, nurses, academics, the police, children’s charities, faith groups and, indeed, other political parties. As I have said before, minimum unit pricing is not some sort of magic bullet that will solve all our nation’s problems with alcohol, but if we are to make a significant contribution to reducing consumption, it is an essential measure.

To those who say that we should be using alcohol duty to raise prices, I say that my argument against that is not just that we do not
have the power to do that in this Parliament; even if we did have the power, my view is that it would not be as effective as minimum unit pricing. Duty impacts on all drinks and all drinkers, so those drinks that are already responsibly priced would be affected, as would all moderate drinkers. We would see prices in pubs, nightclubs and restaurants go up as well as prices in the off-trade. Minimum unit pricing targets the cheap, high-strength alcohol that is more favoured by harmful drinkers, so it is a more targeted approach than that taken by increasing duty, hence it is more proportionate.

I turn now to the stage 1 report. I am pleased that the committee acknowledged the need for our relationship with alcohol to be challenged and I am pleased that it endorsed the wider package of measures that we are pursuing. I am also delighted that the majority of the committee supported the general principles of the bill and were persuaded that minimum unit pricing has a significant contribution to make.

The stage 1 report highlighted a number of things that I have been asked to consider. I say again that I am open-minded to anything that would either improve the bill or help to support its implementation, particularly in relation to the evaluation programme.

Let me begin by addressing the report’s points about the merits of a sunset clause. We inserted a sunset clause in the previous bill and, in my evidence to the committee, I said that I was open to being persuaded to do so again. Having given the issue further consideration, I have come to the conclusion that it is right and proper for Parliament to have the opportunity to review the policy after five years. I know that Jackson Carlaw intends to lodge an amendment to that effect at stage 2 and I can confirm that the Scottish Government will support it.

On the specific minimum unit price, I am happy to reaffirm my commitment to the committee to announce the price and, indeed, the rationale for it before the stage 3 vote. I hope to do so during the stage 2 proceedings. We are considering all the evidence in relation to a specific minimum price and are mindful of the need to ensure proportionality. In setting a price, we will be impacting on the market, so we need to ensure that the impact is justified by the level of societal benefits that we will achieve. When we clarify the price, we will also say what we intend to do about future reviews of it, to ensure that it remains at a level that delivers the desired benefits.

The report also addresses the question of notifying the bill under the terms of the European Union technical standards directive. As I said in my evidence to the committee—I am happy to reaffirm this today—we are confident that the bill’s provisions are capable of complying with EU law and that the bill itself does not need to be notified. However, as I informed the committee last week, I intend to notify the order that will set the minimum unit price.

One of the stage 1 report’s constant themes is the need for effective evaluation of the impact of minimum pricing on different groups of the population, on business and on unintended consequences, such as illicit internet or cross-border sales. I assure the chamber that our existing and proposed plans for assessing the impact of minimum pricing are both comprehensive and robust. They will examine how minimum pricing contributes to a reduction in alcohol-related harm in the population as a whole and in different groups, and the extent and impact of any unintended outcomes or displacement effects, particularly those that affect health inequalities.

The impact on business is, inevitably, much more difficult to assess, not least because of the sensitivities about sharing commercially confidential information. However, we are happy to work with business interests in that respect and will consider carefully all of the areas highlighted at stage 1 to ensure that they are taken into account in our evaluation programme.

I again thank the Health and Sport Committee for its positive stage 1 report. As members will know, I deeply regret that our previous attempts to introduce minimum pricing were voted down, but I have always firmly believed that it is better, wherever possible, for political parties to reach consensus on public health policies, particularly when they are as important as minimum pricing. Tackling alcohol misuse is one of the most important public health challenges facing Scotland today. The fact that we now have a broad consensus across Parliament shows how serious we all are in our bid to reduce alcohol-related harm.

I hope that those members who have yet to pledge their support will, even at this late stage, reflect on their position and decide to back minimum pricing. I have great pleasure in moving,

That the Parliament agrees to the general principles of the Alcohol (Minimum Pricing) (Scotland) Bill.

15:19

Dr Richard Simpson (Mid Scotland and Fife) (Lab): This is not the first time, nor even the second time, that alcohol excess has become a major issue of public alarm in Scotland and the United Kingdom—in fact, it is the third. As with the previous two periods of excess, the current one will not be overcome with a single measure. The precise character of each period of alarm has
been different, but they have a common theme, which has been a cultural tolerance of excessive drinking. The second explosion of excess, which was in the late 19th and early 20th centuries, was overcome by growing public awareness and even resentment, coupled with a strengthening temperance movement. Those were aided latterly by a reduction in the strength of beer and by limitations on availability during the first world war, which, when combined, added to the lowering of consumption. The trend was well into a reduction when the magic bullet of the era came into effect, namely prohibition—and we all know the effects of that.

With the current wave, the main concern is not just the 45 to 55-year-old hardened drinkers; it is also the 18 to 24-year-olds who binge drink as part of a pub and clubbing culture, sinking shots until they are intoxicated or at least unsafe. Friday and Saturday nights stretch police and ambulance services, and accident and emergency units can look like war zones. In 2001, when I was the Deputy Minister for Justice, Labour recognised the problem and created the Nicholson inquiry, which led to the Licensing (Scotland) Act 2005. As public awareness has grown, in part through the parliamentary debate that we have been having ever since that time, consumption has stopped growing. The number of deaths a year has declined by 15 per cent or 200 deaths—it is down from 1,546 a year to 1,318 over a four-year period, which is a decline of 40 a year. Self-reported hazardous drinking among men has dropped, from 28 per cent to 22 per cent of men. Although the hard number is almost certainly underreporting, the methodology of repeated health surveys is valid, so the trend, which is downward, is meaningful.

We all agree that something needs to be done. The Alcohol etc (Scotland) Act 2010 set about ending discounts that are based on volume, but we have now discovered that the Government was briefing that there was a loophole even before the act was introduced. I fail to understand why the SNP would undermine its own policy, especially when it had support across the political divide. We tried to amend the Alcohol etc (Scotland) Bill to tackle pre-mixed caffeinated alcohol. That measure has now been shown to be valid by America’s ban, which was introduced subsequently to that debate, and by Professor Stockwell’s support for caffeinated alcohol limitation and the support of Dr Laurence Gruer, a Scottish public health specialist.

Christine Grahame (Midlothian South, Tweeddale and Lauderdale) (SNP): I remind Dr Simpson that Labour’s attempt to introduce a measure on caffeinated drinks came very late in the day—I know because I was there. The Health and Sport Committee at the time had been given no evidence on that and therefore could not deal with the matter, which was made plain at the time.

Dr Simpson: I have said that we thought that the evidence was there, and that was confirmed two weeks after the debate by America’s ban. The evidence is now there.

We also tried to introduce alcohol treatment and testing orders, but that measure was blocked on the ground that it was beyond the scope of that bill. Those are the facts. Now that the SNP has a majority, it would have been good if it had offered a general discussion on how to tackle the problem.

Nicola Sturgeon: I have already said that I am happy to discuss with Labour all the proposals. The question for Richard Simpson is: what does Labour propose to do about the pricing of alcohol?

Dr Simpson: I will come to that but the fact is that, since the election, we have not been offered any discussions on the problem at all.

The SNP has said repeatedly that minimum unit pricing is not a magic bullet, but it is an absolute fact that the SNP has introduced a bill that is so narrowly drawn that it is incapable of being significantly amended. I agree that we need to do more. I spent much of my career as a doctor working with people with alcohol addictions, so I would not oppose a measure if I genuinely believed, on balance, that it would be beneficial. The SNP has tried to use against me my careful words at the beginning of the debate on minimum pricing in 2008 but, as the Official Report shows, I said that the idea was a novel one, but it needed close examination before we decided whether it should be supported or rejected. After careful study, I recommended rejection to the Labour Party.

I will make my reasons for that clear but, before I do so, I point out that I accept that the bill will have an effect on some of the very serious harmful drinkers, such as those in Professor Chick’s study, who drink on average 200 units a week. However, those people constitute a small minority of the minority of 7 per cent of Scots who are harmful drinkers, which means that they drink more than 50 units a week. There are, I believe, better-targeted and more constructive ways of tackling those highly dependent, damaged drinkers.

Why have we opposed the Government’s minimum pricing proposal? The proposal is based on a single, untested, theoretical mathematical model—the Sheffield model. Yes, the model has been peer reviewed and is supported by many; nonetheless, there is no overwhelming evidence for it, only opinion. It is a model whose authors, in evidence last session, admitted that it was as reliable as weather forecasting—a model according to which, as Mary Scanlon pointed out, the real data applied retrospectively do not match
its predictions. It is also a model that has not examined binge drinking, which is a particular concern of this wave, as I have said, and that, crucially, has not studied the response of retailers to the massive windfall profits of more than £100 million—a response that the Institute for Fiscal Studies has suggested could undermine the benefits of the policy. It is a model that shows clearly that the smallest effect will be on 18 to 24-year-olds.

**Nicola Sturgeon:** Richard Simpson must take care not to misrepresent the Sheffield model. The Sheffield team found a slightly smaller but still significant impact on 18 to 24-year-olds. I know that he is engaging in fig-leaf politics today, but I think that he is taking it too far.

**Dr Simpson:** I am sorry if I am getting under the cabinet secretary’s skin, but it is important that we lay things out. I quote specifically from the Sheffield report and ask her whether she thinks that it is a good reduction. For 18 to 24-year-olds, a minimum unit price of 45p would result in a reduction of 0.6 per cent. For every 100 pints that young adults drink, they are predicted to drink one pint less. I do not regard that as being significant. It may be statistically significant, but I cannot believe that it is clinically significant.

Even the harmful drinkers who, according to the Sheffield report, drink an average of 58 units a week—29 pints or two bottles of vodka a week—will reduce their drinking, on average, only by 5 units, or two and a half pints. It was Ross Finnie who pointed that out last session. They will still be harmful drinkers. I accept that those are averages—of course they are. However, when the Sheffield study states that the average consumption for moderate drinkers is only 5 units—two glasses of wine—a week, I wonder about the model.

My concerns have gone further, as those who have listened know. The number of hazardous drinkers increases with each decile of increasing income, and it is that pattern of hazardous drinking that we have simply got to change. The proportion of cheaper alcohol in the basket of alcohol purchased is less in the higher-income groups but it is still significant, and minimum unit pricing will barely touch the wealthier 70 per cent of the population—they can absorb with ease any proportionate price increase that the cabinet secretary cares to name. Minimum unit pricing will punish those who are less well-off if they are moderate drinkers at a higher level. For example, a man of modest means who drinks 20 units a week—a bottle of vodka a week—will now pay a minimum unit tax of £200 a year, which I do not regard as appropriate. The less well-off, who are drinking safely and moderately, will have to pay a price for those who are drinking irresponsibly.

The cabinet secretary has referred to other concerns such as internet sales, cross-border purchasing and increased black market or counterfeit sales. Those are concerns, but they are lesser concerns. Nigel Hawkes, writing in the British Medical Journal the other week, said:

“a deal which gives the retailers, who are part of the problem, over 100 million pounds and takes away millions from the taxpayer is a deal not worth doing.”

We urgently need measures to change the culture. We must confront those who get intoxicated on our streets. We need a return to a culture in which getting drunk is not acceptable. A general taxation approach is preferable, building on Alistair Darling’s alcohol duty escalator, which the coalition is continuing, along with new measures from the coalition, which include changing the definition of cider and encouraging lower-strength beer. Those measures will have an effect. A taxation or levy approach would be much more equitable and would generate revenue for the public purse, not for alcohol retailers.

It is ironic that, despite complaining that it does not control alcohol duty, the SNP is refusing to implement the social responsibility levy that the Parliament passed. Labour still believes that introducing minimum unit pricing with no adequate clawback mechanism risks doing more harm than good by generating windfalls in excess of £100 million.

However, we are responding to the cabinet secretary’s welcome and more measured tone both at committee and today—with her agreement to notify on the legality and to insert the sunset clause—in the hope that she will also refer the research measures to the new chief scientist, Professor Andrew Morris. Therefore, despite our continued real reservations about the unintendeds of the bill, we have lodged our reasoned amendment, which I hope that the cabinet secretary will accept, to allow us to move forward unanimously.

On that basis, I move amendment S4M-02305.1, to insert at end:

“but, in so doing, strongly believes that the Scottish Government should bring forward proposals to eliminate the windfall to large retailers arising from the minimum unit price by means of the proposed public health levy or other targeted levy.”

**The Deputy Presiding Officer:** I call on Duncan McNeil to speak on behalf of the Health and Sport Committee. You have 10 minutes, Mr McNeil.

15:30

**Duncan McNeil (Greenock and Inverclyde) (Lab):** Thank you, Presiding Officer. I apologise to
you and the cabinet secretary for missing her opening remarks. There was a bit of confusion.

The eyes of the world are upon us. Several witnesses said as much during our stage 1 consideration of the bill. The Washington Post, RTE, the Chicago Tribune, Fox News and, would you believe, even The Guardian have been reporting on minimum pricing. The international scrutiny is welcome, but it is as much to do with our renowned affinity with alcohol as with the policy that has been proposed.

From the glasses that are raised at Burns suppers and the biggest hogmanay party in the world to the mischief of "Whisky Galore" and the lyrics of Gerry Rafferty's music as he wound his way down Baker Street, drink plays a starring role in Scottish life. It is centre stage in so much of our culture, our sense of identity and our popular imagination, and hence in the image that we project to others. Whisky is one of the symbols most commonly associated with us. It is part of our identity, along with tartan and golf.

That is a gift in terms of global marketing, export sales and the strength of our economy. What country would not wish for such a calling card? However, increasingly we face the sobering reality that alcohol can be a destructive force for many people. I was shocked—like others, I am sure—to learn that at least 900 children in Scotland were damaged by alcohol before they were born, that thousands more children live with a drink-dependent adult, and that one Scot dies every three hours from an alcohol-related cause.

Children 1st told the Health and Sport Committee:

"Scotland needs to shift its attitude and behaviour towards and relationship with alcohol."—[Official Report, Health and Sport Committee, 17 January 2012; c 878.]

We recognise that that will not be an easy change to bring about. Professor Tim Stockwell, a respected academic in the field, said:

"minimum pricing is felt to be an attack on individual freedoms; the right to drink is very dear to many people".—[Official Report, Health and Sport Committee, 10 January 2012; c 786.]

Other witnesses spoke of the link between social deprivation and the incidence of drink and indeed substance abuse, which is a further complication.

The committee heard a good deal about the impact of alcohol misuse, not just on individuals but beyond that, on our health and social services, our justice system and the family members who bear the burden and are left to pick up the pieces. Alcohol Focus Scotland told us:

"It is very easy to point at young people and say how antiscial and irresponsible their drinking behaviour is, but all they are doing is reflecting the adult society that they see ... an environment that promotes access and excess and which saturates them in images of alcohol".—[Official Report, Health and Sport Committee, 10 January 2012; c 760.]

That Scotland's relationship with alcohol can rightly be described as unhealthy, damaging, problematic and dysfunctional is beyond question. The Health and Sport Committee is not alone in that conviction. Along with the Scottish Government, the medical profession, academia, the police, children's charities, the drinks industry, retailers, civic society, media commentators and others, the committee believes that we must act to counter the generational harm that is caused by drink, for our misuse and abuse of alcohol are problems that not just merit our attention but demand our remedy.

Some people consider minimum pricing to be an integral part of that remedial action, while others are not so readily persuaded. The committee agrees that a range of initiatives must be pursued, from awareness-raising campaigns for young people and parents to interventions with individuals and packages of intense support. We believe that such a multifaceted approach is essential if we are to challenge and overcome Scotland's booze culture.

A majority of the committee—boosted by one since last Thursday, or so it would appear—is persuaded by the assertion that the bill will help to reduce alcohol consumption. The members in that majority considered the evidence we heard to be overwhelming and compelling. In their view, minimum pricing can cut alcohol consumption by harmful drinkers and reduce the impact of alcohol misuse on public health, crime, productivity and the economy. Professor Stockwell told the committee:

"You will be doing something that—from the scientific point of view—will without a shred of doubt save lives, reduce healthcare costs, prevent death and injury on the roads, prevent birth defects, and reduce public violence".—[Official Report, Health and Sport Committee, 10 January 2012; c 786.]

That majority believes the bill to be a significant contribution to the package of measures that is necessary to curtail Scotland's dangerous affinity with alcohol.

A minority of the committee remains sceptical but is hopeful that the health and social benefits suggested by the Scottish Government may transpire. Some are still unconvinced by the ability of minimum pricing to produce the desired result, and they believe that a universal approach could have an unfair impact on moderate drinkers and those on lower incomes.

Among other concerns is the market response—"the big unknown", as the Institute for Fiscal Studies puts it. It was not covered by either the Sheffield modelling or the evidence from Canada.
We simply do not know how producers or retailers will react to minimum pricing, nor do we know the extent to which profits will be accrued from the policy by some businesses. As the Centre for Economics and Business Research told us:

“The retailers stand to make windfall profits at the expense of poor consumers.”—[Official Report, Health and Sport Committee, 10 January 2012; c 742.]

The question of legality in a European context is also an issue in the minority view. Much depends on the level at which the cabinet secretary decides to set the price and on the balance struck between market intervention and health benefits. I welcome her letter to me last week stating that she intends to notify the order setting a minimum price to the European Union. I shall file the correspondence under “P” for progress. The cabinet secretary’s recent pronouncement on the merits of a sunset clause was similarly encouraging, and the committee will no doubt consider that matter at stage 2.

Christine Grahame: I do not want to take on the committee’s convener, but I am going to. From the tone of his speech, I am not quite sure whether he is speaking for the committee, the majority of which I understood to be fully in favour of the bill, or with a tinge of Labour policy on the matter.

Duncan McNeil: I regret the intervention and the inference that I am not responding correctly or appropriately to the committee’s report. The report laid out a majority view and a minority view. I am sure that I will be judged by my committee members at the end of the day, but I am confident that I have tried effectively to represent both views. If members will let me complete my speech, I will do so.

I want to highlight the positive and constructive nature of the committee’s work on this bill. We speak as one in stating that Scotland’s relationship with drink must change. A number of committee witnesses spoke about the link between social deprivation and drink and substance abuse. In written evidence, the Salvation Army said that “people living in the most deprived areas of Scotland are eight times more likely to be admitted to a psychiatric unit with an alcohol-related disorder”.

It argued that there is a disconnect between those who live with poverty and those who do not. When life becomes a daily struggle, as it does for many, drinking can be seen as a coping mechanism in dire circumstances. This is a complex social and cultural problem, and all of us on the committee recognise the need for a range of actions.

We acknowledge the public health motivations behind the bill and endorse the wider programme for tackling alcohol misuse detailed in the Scottish Government’s framework for action. Certainly, what the committee heard in evidence, opinion and argument—a good deal of it alarming, most of it cogent and not all of it consensual—made clear that the time has come to throw off the stereotype of the drink-sodden Scot, to embrace the word “moderation” without fear of ridicule and to work towards the goal of a healthier and happier society.

Our stage 1 report details the committee’s consideration of the bill and sets out our conclusions and recommendations. I hope that it will also provide a solid contribution to the work that lies ahead to achieve the desired goal. There may be differences of opinion on the policy, but supporters and sceptics alike welcome further debate. We look forward to the cabinet secretary’s decision before stage 3 on the level at which she will set the minimum price.

15:40

Ruth Davidson (Glasgow) (Con): Despite the cabinet secretary’s sense of déjà vu, the Scottish Conservatives approach this debate rather differently from our approaches to previous debates on minimum pricing policies for the 2010 Alcohol etc (Scotland) Bill. I feel that it is incumbent upon me to explain why that is the case.

We have always appreciated that many problems arise from the irresponsible use of alcohol. My area of Glasgow suffers from some of the most acute alcohol-related health and social problems in the United Kingdom. The fact that there is an issue that needs to be addressed is not seriously in dispute in the chamber, but when the state enters this arena, we should be mindful that many of the policies that we propose will come to very little if society is unwilling to move with them. We need a change in the attitude and relationship that many Scots have with alcohol. Price has a part to play—but only a part—and we hope that once minimum pricing is resolved we can move the debate on much further to changing the culture. That is why we must view minimum pricing not in isolation, but as a building block in a wider range of initiatives.

In 2010, Scottish Conservatives were sceptical. After all, new powers over alcohol misuse had recently been introduced, with little time to come into effect. The evidence that was presented to the Health and Sport Committee on the minimum pricing proposals was less than convincing. However, the updated Sheffield study goes some way towards demonstrating that the bill before us has the potential to provide meaningful benefits to Scottish communities. In addition, I recognise and welcome the evidence from Canada, which has been useful in providing some empirical rather than theoretical support for the Scottish Government’s position.
While the suggested benefits to Scotland are difficult to prove, conversely it is extremely difficult to suggest that minimum pricing will have no clear benefit for health and social problems. The case suggesting that lives may be saved, or that there may be a reduction in the enormous number of acute hospital admissions linked to alcohol, is worth pursuing. With such high stakes, it is reasonable that we are open minded.

In 2012, while we remain sceptical, we are prepared to support the bill, subject to several important caveats. First, we intend to introduce a sunset clause amendment at stage 2, which the Scottish Government has indicated that it will support. A five-year period will allow us all to examine whether minimum pricing can have a material impact in Scotland and will give us the data that Dr Simpson wants to see. However, that will happen only if we are prepared to allow a robust study of the policy’s impact. We have proposed that outcomes be measured against a control group from a similar area elsewhere in the United Kingdom where minimum pricing has not been implemented.

We must give the bill every chance to succeed in helping with Scotland’s alcohol problem and assess its benefits rationally, based on the evidence. If minimum pricing does not make the difference, the legislation should not be left on the books; if it does, the Parliament will have the opportunity to refresh it in the next session.

Are the proposals legal within EU law? The Scottish Government has stated that it is confident in its position that minimum pricing is entirely legal, but we favour further evidence rather than assertion, given the previous case load of the European Court of Justice and statements that the European Commission has made on the subject. We have therefore proposed that minimum pricing be subject to voluntary notification to the European Commission, which will in turn offer an opinion on its compliance with EU law. We are under no illusions that that opinion will be the last word on the matter. That certainty can be provided only by the European Court of Justice.

Jackie Baillie (Dumbarton) (Lab): It would be helpful if the member clarified whether the Tories intend that the entirety of the bill, or simply the order-making power, should be notified to the EU.

Ruth Davidson: We would like quite comprehensive notification to the European Commission. In making a voluntary submission, we will have discharged our duty of full diligence in the legislative process.

I welcome the cabinet secretary’s agreement to voluntary notification, but I seek clarification today of the precise form that that notification will take; the detail of the timescale in which she intends to refer the matter; and an indication of the date by which she expects a response. This is not a side issue. I hope that the Government, having agreed to voluntary notification, will get on with it.

I have dealt with technical and procedural matters: let us turn to the substance of the proposals. Even if we assume that the policy will have a measurable impact, we are under no illusion that it will be a silver bullet. Underage people will still consume alcohol, there will still be crime and disorder, and drink-fuelled domestic abuse will still be a blight on our nation. There is no panacea for those issues, and we have realistic expectations of what can be achieved, even if minimum pricing is successful in meeting its objectives.

That is why, in the discussions and correspondence involving our health spokesman, Jackson Carlaw, myself as the party leader, and the cabinet secretary over many weeks and months, Jackson Carlaw and I have sought to highlight the Conservatives’ commitment to further working in areas of education and community support and on further public health measures in order to effect a cultural shift across Scotland in relation to alcohol. I thank the cabinet secretary for her straight dealing with both of us in that time and for her recognition of our good faith while the discussions continued. We sought assurances from her that we can look beyond price and work on other measures to address the alcohol culture in Scotland. As a party, the Scottish Conservatives are committed to working more closely in that area with the Government.

Although the Scottish Conservatives remain healthily sceptical, particularly about the assertion that the duty system would be less effective, we sincerely hope that the policy will work. It has been a political priority for Jackson Carlaw and me, as the deputy leader and leader of our party respectively, for Conservatives to play our part in helping to tackle one of the gravest social concerns of our time, which costs this country hundreds of millions of pounds and has immeasurable costs in lives. To give the legislation the authority that only cross-party support can confer, and given the amendments that we intend to lodge and the assurances that the cabinet secretary has indicated that she is willing to provide, I invite other members who may as yet be unconvinced to reconsider their position on the bill.
cross-party support for minimum pricing, irrespective of that majority. That is significant.

I welcome the backing of the Green Party and the Liberal Democrats for minimum pricing, and the more recent lending of support by Conservatives in Scotland. It is clear that nearly all the parties see minimum pricing as an opportunity to improve Scotland’s relationship with alcohol and to push forward with a much-needed public health initiative. The case for minimum pricing is so persuasive that even the Labour Party in England wishes to give it a go. That leaves Scottish Labour badly isolated, not just politically but in relation to almost every other group in society that has considered minimum pricing. Labour’s isolation is most dramatic in relation to the medical profession and the academic world.

SNP colleagues will address various aspects of the bill in the debate. Jim Eadie will talk about the legal position; Richard Lyle will speak about how he was personally influenced by the committee’s evidence as it was taken; and Gil Paterson will talk about business aspects of minimum pricing, including alleged windfall profits.

Malcolm Chisholm (Edinburgh Northern and Leith) (Lab): As the member knows, I supported the arguments for minimum pricing that the cabinet secretary put forward, and I still do. However, I found it rather odd that she did not refer to Labour’s amendment, which I also support. Will the member give either a personal view or the Scottish Government’s view of the sensible proposal in Labour’s amendment?

Bob Doris: The Scottish Government always takes a sensible approach to taxing the supermarkets—something on which the Labour Party has not been consistent.

I want to discuss some of the evidence that has been used to underpin minimum pricing, much of which is contained in the work that was done by the University of Sheffield. The Sheffield study is not a single piece of evidence but marshals a wide range of the evidence available to analyse the link between price and consumption, and between consumption and harm. All parties on the Health and Sport Committee, including the Labour Party, acknowledged that those links existed. Indeed, all parties agreed that the University of Sheffield’s modelling work was valuable and reliable.

There is direct evidence from here in Scotland to demonstrate just how robust that work was. The university was asked to do modelling work for the Scottish Government’s alcohol multibuy ban before it was introduced. The results predicted that beer sales would fall by 8 per cent; they did. They predicted that wine sales would fall by 6.1 per cent; they fell by 5 per cent. They predicted that the sale of spirits would fall by 2.7 per cent; it fell by 3 per cent. It is clear that the impact of the multibuy ban closely mirrored the predictions.

With that in mind, let us look at some of the predictions from the Sheffield study on the potential benefit of minimum pricing if the unit price is set at 45p in the first year. It is predicted that there would be 36 fewer alcohol-related deaths, 950 fewer hospital admissions and 310 fewer violent crimes, and that £36 million would be saved in related costs. Those are estimations of course—the real numbers may vary to a greater or lesser extent within a margin of error—but those are impressive statistics, which are backed up with robust evidence. Of course, no price can be put on the benefit to an individual whose life is not ruined by alcohol or to the family or community in which they live.

The committee took evidence from Canada, where various forms of minimum pricing exist. Strong evidence from Canada is already starting to emerge, particularly with regard to a dramatic reduction in admissions to hospitals in British Columbia because of alcohol-related incidents. In giving evidence to the Health and Sport Committee, Professor Stockwell, who is assessing Canada’s experience, said that the Scottish system was far better than the systems in Canada and that we can expect to see positive results once the bill has been implemented.

Jackie Baillie: Will the member take an intervention?

Bob Doris: I do not have time.

I want to examine some of Labour’s misleading claims against minimum pricing, for instance in relation to binge drinking. The Health and Sport Committee heard that while minimum pricing may not reduce the frequency of bingeing, in all likelihood it will reduce the amount of alcohol consumed at each binge episode. Labour claimed that minimum pricing would not be effective with harmful drinkers. Not even the research that Labour cited substantiates that claim. The committee discovered that research from the Centre for Economics and Business Research did not look at the types of drink that each group of drinkers was consuming. It took no account of whether the drink being consumed was from the on-trade or off-trade, nor of the average price paid by each group for alcohol. Those are all key components of any modelling work.

Even with all those research deficiencies in Labour’s evidence, it still predicted that there would be an impact on harmful drinkers, although slightly less than for other groups. Every other piece of evidence, including the peer-approved, robust and reliable Sheffield study, said that harmful drinkers would be the most affected. Labour is in denial about the evidence.
In low-income groups, 80 per cent would be almost unaffected and only 20 per cent—the most harmful drinkers—may pay more. The price differential between those groups and higher income groups was just 0.7 per cent—a price worth paying for the social benefit that our deprived communities will reap from minimum pricing. Every party in the chamber except one is now on board for an opportunity to change Scotland’s relationship with alcohol. Now is the time for Labour to step up to the plate and support minimum pricing at stage 1 and throughout the bill process.

15:54

Graeme Pearson (South Scotland) (Lab): It is with some concern that I enter the debate. Over the decades, I have become used to the notion that when alcohol is present in any discussion it can cause violence and upset. This is the only chamber that I am aware of in which people get upset, tending towards violence, even when they are simply discussing alcohol. I hope that we are beginning to arrive at a sober conclusion as we take matters forward.

We are definitely dealing with a conundrum wrapped up in a quandary. A commercial business and industry competes to deliver higher volumes of its product to citizens who are determined in their endeavours to consume that product, while civic and public Scotland tire of paying the price for that consumption in terms of ill health—and, indeed, death—criminality, social disruption, family breakdown and the heartache that goes along with that.

John Finnie (Highlands and Islands) (SNP): Given the member’s background and his knowledge of the effect of alcohol on society, are the views that he is expressing his or his party’s?

Graeme Pearson: The views that I have expressed thus far are based on my experience of nearly 40 years in law enforcement. The member is familiar with the debates that have taken place in the Parliament and I hope that he accepts that, although we may separate in our views on the way forward, our views are honestly held and the background to them is firmly researched.

We all know that we face a challenge that has caused problems for centuries, such as those depicted in Hogarth’s 18th century “Gin Lane”, which led to the creation of the Salvation Army, the Pioneers and Alcoholics Anonymous to name but a few. The problem is well known to us and is broadly recognised. The time is right to deliver some responses.

I welcome the cabinet secretary’s inviting of contributions to the strategy to deal with the abuse of alcohol. In that connection, on behalf of the Scottish Labour Party, I offer six proposals that are informing our considerations as we prepare for a bill that will include justice provisions that are designed to deliver a positive outcome on the issue.

The cabinet secretary is quite right to say that there is no silver bullet. No one is confident that the solutions are to hand. Those who abuse alcohol seem to be completely committed to destroying their lives by doing so, regardless of the evidence that is provided to them.

We suggest that consideration should be given to the introduction of alcohol bottle tagging. That development, which was piloted in Dundee city, was found to be most useful in identifying those premises that were the source of liquor for young people who abused it in a binge fashion in various public areas away from overall review.

We propose, and invite consideration of the idea, that alcohol fine diversion is a way forward. Rather than criminalise those who are found to be indulging in alcohol abuse, we should, at an early stage of their involvement with alcohol, divert them towards an education process involving a series of courses and support, much as we do with speeding drivers. That would give them the opportunity to consider their position before they become involved in the heartbreak of a lifelong indulgence in alcohol.

We propose the creation of an alcohol arrest referral scheme, alongside the drug referral scheme. That would allow people who sit in our cells regularly of a weekend at times of crisis to take the opportunity to seek advice and support.

Drinking banning orders could be applied to individuals who have been identified by the courts not only to have engaged in criminality, but to have abused alcohol in a public place. Breaches of those banning orders would bring them back before the courts. That measure would focus on the source of many of those people’s problems.

We also propose alcohol treatment and testing orders as an extension of the current drug treatment and testing orders. If we think that those who engage in drug abuse should be subjected to regular testing and that that has a significant effect in disciplining their lifestyle and bringing them back to a healthy way of living, why should we not apply the same rigours to those who engage in alcohol abuse, which kills many more people in our communities?

Christine Grahame: Those are all superb and worthy examples, but it would certainly be possible to have minimum unit pricing alongside the measures that the member very reasonably puts forward.
The report went on to state: “Committee received was, in the words of the general practitioners’ surgeries day in, day out. Emergency departments wee k in, week out or in consequences of alcohol misuse in accident and emergency departments. Those who work in alcohol or addiction services, professionals who work in the field. They included from the doctors, nurses and other healthcare Scotland’s relationship with alcohol successfully. In our nation’s armoury if we are to tackle challenges—if not the greatest such challenge—to face our society. As the Health and Sport Committee makes clear, alcohol costs our society the damage, pain and distress that alcohol misuse causes—not to mention the crime and disorder that it engenders—is no longer acceptable. It is right that we as a Parliament take all necessary action to address the problem. No one is suggesting, as the cabinet secretary rightly reminded us, that minimum pricing is a silver bullet, but it is an essential and necessary weapon in our nation’s armoury if we are to tackle Scotland’s relationship with alcohol successfully.

We heard that message time and time again from the doctors, nurses and other healthcare professionals who work in the field. They included those who work in alcohol or addiction services, and the staff who must cope with the consequences of alcohol misuse in accident and emergency departments week in, week out or in general practitioners’ surgeries day in, day out.

The evidence that the Health and Sport Committee received was, in the words of the committee report, "overwhelming and compelling". The report went on to state:

"The Committee believes that there is strong evidence to link price with alcohol consumption and that there is a direct link between consumption and harm."

There is no doubt that progress has been made in achieving consensus during the committee stage. In the previous session of Parliament, Labour, the Conservatives and the Liberal Democrats each claimed that the evidence from the University of Sheffield had been discredited on the basis of a Centre for Economics and Business Research report that had been commissioned and funded by the alcohol industry.

This time round, the Health and Sport Committee agreed, on balance, that it was persuaded of the value and reliability of the Sheffield work. The meta-analyses, the observational studies, the econometric modelling and now the emerging empirical evidence from Canada all support minimum pricing. All the witnesses agreed that minimum pricing had a vital role to play.

As the addiction specialist Dr Peter Rice said in evidence to the committee, the bill will create a situation in which "Instead of power lying in the hands of the retailers … one of the very most important determinants of our health will be under the watch of the Parliament."

Professor Stockwell from Canada addressed the issue of the supermarkets’ profits directly when he stated in evidence:

"On private profits, part of me thinks from a public health and safety point of view that it does not matter who takes the profits; rather, what matters is having fewer dead and sick people and more healthy babies."—[Official Report, Health and Sport Committee, 10 January 2012; c 753, 794.]

Jackie Baillie: Will the member take an intervention on that point?

Jim Eadie: I will gladly take an intervention in the hope that, even at this late stage, Labour may come on board and join the growing consensus in favour of minimum pricing.

Jackie Baillie: Does the member recall that Professor Stockwell stated in evidence to the committee:

"Minimum pricing will be more in your favour if you can apply the levy that I thought was going to go ahead".—[Official Report, Health and Sport Committee, 10 January 2012; c 797.]

Should we not agree to claw back the profits from the supermarkets?

Jim Eadie: I am grateful to Jackie Baillie for that intervention. We should agree with Professor Stockwell’s evidence in the round and not cherry pick the evidence as some people seek to do.

In direct response to Jackie Baillie’s point, that is exactly what the Scottish Government has done: the measure is called the public health levy, and
when she had the opportunity to support it during the budget process, she chose not to do so.

Drew Smith (Glasgow) (Lab): Will the member take an intervention?

Jim Eadie: I would like to make further progress.

Just as the evidence that the Health and Sport Committee received supported minimum pricing, so too has the political support and momentum in favour of the policy grown in recent weeks.

The Liberal Democrats quite sensibly reviewed their policy and decided to support minimum pricing. I pay tribute to Willie Rennie for the leadership that he has shown on the issue. The Conservatives in Scotland were originally sceptical about the policy, but they have listened to the evidence, reviewed their position and changed their policy in light of the evidence. They, too, deserve credit for changing their stance.

That brings me to the Labour Party in Scotland. I pay tribute to former Labour health ministers, Susan Deacon and Malcolm Chisholm, for the lead that they have given by supporting minimum pricing. I also pay tribute to the convener of the Health and Sport Committee, Duncan McNeil, who has sought at all times to behave in a constructive and consensual fashion. However, when it comes to Labour’s official position, it will surely be for future generations to analyse the behaviour of Labour on this issue and to seek to understand why a progressive party of the left of centre refused to support a public health measure that had the support of every health professional organisation in the country, a policy that was backed by each of the four chief medical officers in the United Kingdom, a proposal that was endorsed by the medical royal colleges and a bill that was supported by many others across society. It beggars belief for Labour to proclaim not just that it knows best, but that it knows better than all those people and organisations.

This is a defining moment in public health policy in the UK. This is the moment when support for a policy that has been firmly established for some time in the wider policy community can finally be reflected by support from the policy from across the political spectrum. The Parliament must seize this opportunity to call time on Scotland’s relationship with alcohol and to do what the committee calls on us to do and support a measure that we on these benches are confident will save lives, prevent hospital admissions and improve the health of the people of Scotland.

16:06

Willie Rennie (Mid Scotland and Fife) (LD): I can only say that I agree with Jim Eadie. His remarks about the leader of the Liberal Democrats were absolutely spot on, and I will listen to him more carefully in future debates.

My dad was a grocer in Auchtermuchty and Strathmiglo, and I used to work in the shop in the evening after school and on Saturdays. The price of the drink that my dad sold—bottles of vodka and whisky—was not greatly different from the price of drink now, 30 years later. The evidence that has been produced for this debate shows that alcohol is between 44 and 69 per cent more affordable than it was at that time, which confirms my recollection of the prices at that period. The price of alcohol has gone up by 22 per cent, but incomes have gone up by 97 per cent, according to some of the studies, which means that alcohol is much more affordable than it used to be.

Those figures can be tied to consumption, which has risen by 22 per cent since 1980. The committee’s report says clearly that “there is a body of evidence that links price to consumption, and consumption to harm.”

That is a simple, straightforward statement, and I agree with it.

When I worked in the shop, I saw alcoholics coming in. I could smell the drink on their breath and knew that they came in every day—sometimes at eight o’clock in the morning, buying their cans of Special Brew. They had serious problems with drink, even back then. The problem has multiplied since that time. When I was the MP for Dunfermline and West Fife, people would come traipsing through the door to ask about how they could get access to specialist support in hospitals for their severe alcohol problems. I saw a variety of other cases as well, including pensioners who were deeply concerned about antisocial behaviour outside their houses night after night.

The problem is severe. Since 1980, the annual alcohol-related death rate has doubled from 641 to more than 1,300. The evidence is clear, and we should accept that we need to put in place a serious measure.

There is a correlation between how difficult something is to do and the impact that can be made. Education is easy. Politicians can always call for more education. We can send out leaflets and give talks, but the impact of that is not great. The stuff that is hard to do politically is to rig prices, but that has the biggest impact. We have to bite the bullet. The devastation that cheap alcohol causes in communities—it sometimes has the biggest impact in the poorest communities—means that we have a duty to make an impact on the problem.

We have the evidence from the experts, who almost all agree with minimum pricing. The British
Medical Association, Alcohol Focus Scotland and the Royal College of Psychiatrists have overwhelming evidence. Consider the time and effort that they have committed to the campaign and the number of doctors and nurses who write to me and say, “You have to do something about this.” That shows us their view. They have the evidence. There will be debates about the stuff on the edge, but if there will be fewer deaths—the evidence is there that there will be—we should support minimum pricing.

We have the expert groups on side, we know about the problem and we have part of the solution, which is to deal with price, so we need to get on with it. Even Tesco is on side. Lucy Neville Rolfe from Tesco stated:

“We can't put up our prices because that would be commercial suicide, and we can’t act together to put up prices because that would be against competition law. The only safe solution is for the government to bring forward legislative proposals which Tesco and others in our industry can support.”

Tesco is asking for minimum pricing, although others disagree. I am pleased to say that some have now backed off and are not as vociferous as they were.

We have changed our position. I have personally always supported the minimum pricing of alcohol, because I thought that it was the right thing to do. For our party, the position was previously finely balanced, but I am pleased that I have persuaded it round to my point of view and we are now on the right track.

I think that everybody accepts that price is a factor. I think that even Labour accepts that price is a factor and we are now debating who gets the financial benefit. I am not sure why Labour has previously finely balanced, but I am pleased that I have persuaded it round to my point of view and we are now on the right track.

Dr Simpson: No one disagrees that price has an effect. Our amendment is about the fact that nobody is looking at the market response. The Institute of Fiscal Studies says that the market response will have a significant effect on the policy by reducing price just above the level of the minimum unit price, so the basket will remain just the same.

Willie Rennie: The evidence that I have received from some of the supermarkets is that the differential will remain and that we will get rid of some of the very cheap brands and the others will remain. If Dr Simpson has another point of view, that is fine.

The Health Committee in the House of Commons has said that the policy should involve a combination of duty and price. The benefit of the UK coalition seeming to come round to minimum pricing is that we could perhaps find a solution using that methodology. We support such an approach.

I appeal to the industry not to go down the route of the tobacco industry and to fight the proposal tooth and nail, because there is a will in the Parliament to deliver minimum pricing. I appeal to the industry: let us get on with it.

16:13

Gil Paterson (Clydebank and Milngavie) (SNP): I come to the debate as a lifelong non-drinker. However, I have no hang-ups about alcohol consumption; in fact, I like going into pubs because I enjoy the atmosphere and the chat. While I am there, I drink the other national drink: Irn-Bru. As they say in Paisley, alcohol is not my cup of tea.

During the recent parliamentary elections, I was asked, from time to time, about my views on minimum pricing. Of course, my answer was that I support it, based on my experience in business, which is that when the price of a commodity is increased, the result is a decrease in the amount of it that is sold. Although I was aware of the Sheffield study and the projected outcomes, I was already convinced by how markets work. My stock answer to people was that we had to give minimum pricing a go in any case, because of the serious effects of overconsumption of alcohol on people’s health and because of alcohol's direct and indirect involvement in violent assaults and high levels of antisocial behaviour.

Supermarkets’ strategy is to identify products that they can pile high and sell cheap in order to entice more people into the store. Alcohol has been a dominant loss leader in that context, and when minimum pricing kicks in, the supermarkets will simply swap to another commodity to draw in the crowds. The only product that I know of that defies the laws of gravity—in the business sense—is shares. The more expensive they are, the more that are sold—particularly to financial institutions, which queue up to buy them.

Now that I have had the benefit of following the Health and Sport Committee’s work, my views have been reinforced. The vast weight of opinion that the committee heard was in favour of minimum pricing, and the best argument from people who are opposed to the approach has been that it will not work as well as we think it will.
We have been told that the introduction of minimum pricing will create a bonus for retailers—the alcohol windfall, as it is commonly known. That is a totally bogus claim that is without foundation; submissions to the committee never actually said that there will be such a bonus, but only that there might be such a bonus.

I will explain why I think the claim is bogus. When minimum pricing is introduced, consumption will fall. That means that production will fall and costs per unit will increase. Does any member who has a basic knowledge of market forces really think that manufacturers will be generous enough not to put up costs at the factory to compensate for lost revenues on sales? I do not think so. What will happen is that as margins are calculated they will be shared relative to costs. I predict a profit-neutral situation, within reason, for all concerned, whatever sector we are talking about. No one will get particularly rich as a result of the policy.

I find it extraordinary that Labour members who heard the high-quality evidence that came from Canada are still not in favour of minimum pricing. I acknowledge that there is a massive difference between the Scottish plan and the Canadian plan; the Canadians put the price up for financial gain and to increase revenue, whereas our policy is for the benefit of public health.

At any rate, differences to do with who and where do not matter; the research into what happens when the price of alcohol goes up is the defining evidence. Professor Stockwell has shown without a shadow of doubt that when price goes up consumption goes down and that, ultimately, harm goes down, too. In his evidence to the committee he said:

"Theoretically, you are in a much better position. Yours is the purest approach because you are starting from the public health aspect. Usually, minimum prices are introduced to protect Government revenue while health considerations, if they were ever there, are not at the forefront of people’s minds."—[Official Report, Health and Sport Committee, 10 January 2012; c 792.]

He also said:

"Many people object to pricing strategies, but minimum pricing is perhaps one of the least objectionable strategies. I am sure that that is why you are considering it in Scotland. All pricing strategies have the most impact on heavy drinkers, but minimum pricing especially targets heavier and younger drinkers, because they mostly prefer cheaper drinks. Minimum prices can be adjusted so that they are higher for more hazardous products, which the Scottish Government proposes to do."—[Official Report, Health and Sport Committee, 10 January 2012; c 785.]

Labour has produced a fig leaf to cover up the fact that it has ignored extremely high-quality evidence on minimum pricing, in particular from Professor Stockwell. However, I am sure that as the debate in England crystallises around the need for minimum pricing and Ed Miliband follows—as he is bound to do—David Cameron on the matter, Labour will do what it always does and follow orders.

The Deputy Presiding Officer: Can you begin your conclusion, please?

Gil Paterson: Thank you, Presiding Officer. I conclude by saying to the cabinet secretary, in the Gaelic, slàinte mhath, which sums up her great intentions on the issue: good health for the people.

16:20

Kezia Dugdale (Lothian) (Lab): As today is no smoking day, it is perhaps worth remembering the historic decision that Parliament took to ban smoking in public places, the effects of which have been well evidenced many times over and most recently in last week’s figures on premature births. When members made that decision, they did not just change the law that day—they changed Scotland’s culture. I do not believe that the Alcohol (Minimum Pricing) (Scotland) Bill provides a smoking-ban moment.

It is widely accepted by many members—and even by the Government—that minimum unit pricing is not a magic bullet. Labour’s position is clear and consistent: we cannot endorse a measure that will do more to boost retailers’ profit margins than it will to improve our nation’s public health. That is why the reasoned amendment that we have lodged is about recouping the increased profit for public benefit. If the Government accepts the amendment, we will accept that minimum unit pricing is a worthy experiment that is worth voting for.

I believe that support for minimum unit pricing comes from a desperate will to do something—anything—to address Scotland’s drink culture. There is no MSP who is not troubled by the country’s MSP who is not troubled by the country’s booze culture. I say to Bob Doris and Jim Eadie that it belittles Parliament and the country’s booze culture. I say to Bob Doris and Jim Eadie that it belittles Parliament and the stature of our debates to label any opposition to the bill as being driven by party politics. The fact that we disagree with the SNP does not mean that we care less. To suggest that is cheap and offensive and does nothing but reinforce the view that we as politicians are more interested in squabbles and point scoring than in improving the nation’s health.

Bob Doris: Will the member give way?

Kezia Dugdale: If there is one person who is likely to introduce squabbles and point scoring into the debate, it is Bob Doris.

Bob Doris: I thank the squabbler for taking an intervention. In relation to point scoring, if the Labour Party is so worried about supermarket profits, why was it against the retail levy that the
Scottish Government proposed in the previous parliamentary session?

Dr Simpson: We supported that.

Kezia Dugdale: My colleague tells me that we supported the measure. I was not a member then, of course.

It is perhaps worth mentioning that the Alcohol etc (Scotland) Act 2010 put the social responsibility levy on the statute books. The SNP Government intends to leave it there but has no plans to use it. [Interruption.]

The Deputy Presiding Officer: Can we hear the member, please?

Kezia Dugdale: The principles that I have described apply as keenly to the bill as they do to the debate, which is why we in the Labour Party are desperately disappointed that the bill is so narrowly drawn that it cannot be meaningfully enhanced or—realistically—amended.

Last September, when I spoke in James Dornan’s members’ business debate on alcohol, I said that the bill would do little to shift the alcohol culture in this country. I will discuss three groups of drinkers, the first of which is hazardous drinkers. People who live in Edinburgh or walk about in Edinburgh regularly will know that a group of hazardous drinkers sits in Hunter Square—or at least they used to, before the police moved them on. Those people drank all day, swore and caused antisocial behaviour before they were eventually moved on to Bristo Square, which is further up the road. In the university community there, they did the same drinking and swearing and caused the same problems, until they were moved on. Yesterday, I drove past those individuals as they sat on the grass at the back of the Dumbiedykes housing estate, which is just across the road from here. They are now out of sight and, therefore, out of mind. As Richard Simpson said, minimum unit pricing will do nothing for those individuals.

Problem drinkers look like you and me, Presiding Officer. They hold down jobs and bring up families, and they go home and drink a bottle of wine, night after night. Minimum unit pricing will do little to change the impact of the cost of a bottle of wine and it is key to the cultural shift that we need in this country. Education is critical to that—not just education of adults, but of children. In the 1980s and 1990s, we ran campaigns such as smokebusters that got kids to go home and bin or hide their mum’s fags. We need a similar education campaign that tells mums and dads, “Please don’t drink that four-pack” or “You don’t need that bottle of wine tonight.” Education is critical to the culture change that we need in this country.

A couple of weeks ago, we had a cross-party group meeting in Parliament at which children and young people came together to talk about parental drug and alcohol misuse. Two young Prince’s Trust ambassadors were there, and they were heartfelt in their view that our education system should do more than just tell young people about the dangers of drugs and alcohol. They told us that our education system must teach young people how to cope with the misuse of drugs and alcohol by their parents. That is the type of intervention that I would like the Government to make. It is about a wider range of interventions to change the cultural framework and do so much more than simply looking at price, as in this narrowly drawn bill.

Finally, I want to talk about future generations of young people for whom price is not yet an issue. There are five, six and seven-year-olds who are watching their parents drinking, and seeing billboard and bus-shelter advertisements promoting drink as an answer to how to have a good time. We need to ban the advertising and do so much more to make sure that the generations who follow do not have the same problems with alcohol as the current generation has.
Kenneth Gibson (Cunninghame North) (SNP): What a pleasure it is to speak in a debate on legislation that I am confident will be a major step towards creating a Scotland that is better able to address its deadly relationship with alcohol, which will result in a far safer, healthier and happier society.

To address Kezia Dugdale’s point about education, I say that I am afraid that the World Health Organization disagrees with her and says that education is less effective than legislation.

To their credit, the Liberal Democrats and the Conservatives now realise the merits of the proposed legislation, but I am saddened to see that the Labour Party obstinately refuses to accept the overwhelming weight of evidence from the medical profession, the police, alcohol addiction services, and religious institutions. Richard Simpson is becoming the King Canute of Scottish politics with this issue; he is trying to hold back the waves of evidence that are being presented. If Labour members possessed a shred of humility, they would be ashamed of themselves and admit that they have got it wrong. A “Mea culpa” in politics is sometimes appropriate, and the Conservatives and Liberals will suffer no harm by accepting that the proposed legislation should proceed.

Of course, the vote is not until 5 pm, so I ask members, rather than just staying in the trenches, to think carefully and to listen to the arguments that are being made this afternoon before pressing their buttons this evening. The evidence about the impact of minimum pricing is compelling, and I do not want to go over again what colleagues have said about Professor Stockwell. However, NHS Scotland showed that setting a unit price of 45p would have an almost immediate impact and a growing effect over the years. A minimum price of 50p would be even more effective. In the first year of a 45p minimum price, we will see 50 fewer deaths and 1,200 fewer hospital admissions. In year 10, those figures will have risen to 225 fewer deaths and 4,200 fewer hospital admissions per annum.

Of course, it must be remembered that it is not only the health and wellbeing of drink misusers that will improve. Jon Stoddart of the Association of Chief Police Officers said:

“Research shows that as price has decreased, consumption has increased—the average person is drinking more than 11 litres of alcohol a year, more than twice the average consumption in the 1950s. The introduction of a minimum price per unit of alcohol would make alcohol less affordable thus reducing consumption and in turn the associated harm.”

The police know about the effect of alcohol misuse and they strongly support minimum pricing to reduce crime. We are not just talking about crimes of domestic violence and disorder, but serious crimes such as murder, which often have alcohol as a contributing component.

Earlier today, leaders of nine major children’s charities signed a letter calling on Parliament to back minimum pricing, pointing out how important it will be in reducing violence against children at home, and in tackling “the physical, emotional and developmental scars of alcohol misuse during pregnancy”.

Kezia Dugdale: I have that letter in front of me, and it says that a pricing level must be appropriate and

“applied as part of a wider framework for action”.

Is Mr Gibson satisfied that the Government is doing enough?

Kenneth Gibson: We are working in a range of areas to deal with the issue. The problem with the Labour Party is that it will consider everything but minimum pricing, which is why it is condemned in the debate. What serious person can look anyone in the face and argue that the legislation will not tackle one of the greatest challenges to our society?

The Finance Committee, of which I am the convener, took evidence from the Scotch Whisky Association, the Scottish Grocers Federation and the team behind the bill. Paragraph 23 of the financial memorandum states:

“Alcohol misuse acts as a brake on Scotland’s social and economic growth, costing an estimated £3.56 billion each year… For the mid-point estimate, this includes £866 million in lost productivity, a cost of £269 million to the NHS and £727 million in crime costs.”

That affects real people and real lives, and we are trying to do something about it.

The SWA said that a minimum price of 50p per unit of alcohol would impact negatively on global sales of Scotch whisky to the tune of 14.5 per cent. That would, however, require that dozens of countries create illegal trade barriers, as the bill team pointed out. The Scotch whisky industry is booming not because whisky is cheap to export, but because it is a highly sought after, high-quality luxury project.

The SGF claimed that minimum unit pricing is a regressive policy that would affect low-income families and individuals. It should be remembered, however, that the alcohol-related death rate in the most deprived 20 per cent of our population is five times higher than it is in that of the least deprived. Legislation to reduce alcohol consumption must be tried in order to help the most deprived section of the population, because they are most likely to suffer harm as a result of alcohol. The claims of the SWA and the SGF do not stand up to scrutiny.
The economic health benefits of the policy are clear and far outweigh any supposed adverse impacts. I, for one, am proud that this Government is taking action to tackle Scotland’s dangerous relationship with the bottle. The overwhelming majority in this Parliament will vote to create a safer, healthier, more prosperous and happier Scotland.

Labour’s feeble attempt to try to distract people from the bill with a members’ bill of its own, which will include just about anything but minimum pricing, will be seen for the desperate spoiling tactic that it is. I say that more in sorrow than in anger.

Alan Cochrane is not a man whom I quote very often, but in today’s Daily Telegraph he wrote that Labour’s stance is not “so much a policy as a smokescreen designed to mask the party’s stupidity in allowing itself to be outflanked and ultimately isolated on this crucial aspect of social strategy.”

With regard to the nonsense about profits for supermarkets, Labour voted against the health supplement, which will bring in £95 million over three years from large retailers that supply alcohol. Let us forget Labour’s nonsense—it is against minimum pricing because the SNP has introduced it, and will be embarrassed when it is a success. I am astonished by the position that is being taken by Dr Richard Simpson—a member of the medical profession—on the issue.

16:32

Christine Grahame (Midlothian South, Tweeddale and Lauderdale) (SNP): I am wearing two hats today—my old hat represents my role as a convener of the previous session’s Health and Sport Committee, which heard all the evidence on minimum unit pricing, and my new hat represents my current role as convener of the Justice Committee. The evidence was, and remains, overwhelming.

I say to Kezia Dugdale, who is a lady who has merit, that she should not just look at the streets of Edinburgh, but read the evidence from all the professions, including the academic evidence on the impact of minimum unit pricing. It is not the be all and end all, but it is one part of a whole programme to reduce binge drinking and the alcohol-fuelled society in Scotland.

I am pleased that the Conservatives and the Liberals support minimum pricing. Their suggestion that a sunset clause be included is right and sensible, as are their monitoring proposals.

The great difficulty with the Labour amendment is that it refers to “the windfall to the large retailers”.

From my recollection, apart from Tesco—there might be another one now—the large retailers are opposed to minimum unit pricing. If they were going to make a lot of profit from minimum unit pricing, they would be in favour of it. Therefore, if they oppose it, they are opposing an increase in their profits. Labour is exercising a strange logic.

Dr Richard Simpson mentioned that Labour will address caffeinated drinks in its bill, but when that issue was raised at the Health and Sport Committee, Dr Alasdair Forsyth told us:

“There is no research that suggests that mixing caffeine and alcohol is related to moods in any way—that it makes people either more or less aggressive.”

Moreover, Chief Superintendent Bob Hamilton said that

“we have no evidence that that type of caffeinated product is a cause of violence or increases violence.”—[Official Report, Health and Sport Committee, 15 September 2010; c 3308.]

Dr Richard Simpson is shaking his head, but that is evidence; it is not hearsay or something that I have just heard.

Dr Simpson: Let me be clear. Is Christine Grahame saying that the US Food and Drug Administration’s decision to ban pre-mixed caffeinated alcohol is founded on absolutely no evidence whatsoever?

Christine Grahame: I am saying that the evidence that was presented to the committee by the police and academics was that caffeinated alcohol does not lead to aggression. When Helen Eadie asked about the matter, she was told that the issue is not really what people drink, but why they drink it, and that it is not so much the steady heavy drinker that we are concerned about in relation to violence in society, but the binge drinker who drinks anything that they can lay their hands on and, most important, the cheapest thing. The impact of that is that people stay at home to drink. They front-load before they go out, because they say that they cannot afford the prices in restaurants and pubs. Therefore, they buy the cheap stuff to get themselves going. The only reason why people do that is to bevvvvy themselves out of their minds.

Duncan McNeil clearly set out the results of that. I am sorry that he is not in the chamber now—I was a bit hard on him, but he deserved it.

Jackie Baillie: No, he did not.

Christine Grahame: He certainly deserved it, given the tone of his speech, which he was making as convener of the Health and Sport Committee. Perhaps he will learn. This is important, because he has a fine record on the issue. The committee report states:
“The Committee draws particular attention to the issue of protecting children who may be growing up in a household where alcohol is being abused and the detrimental effect that this can have on their care, development and wellbeing.”

I commend Duncan McNeil, as he has chased for 12 years the issues of the effects of alcohol and drugs on children in households. We are considering the impact on the next generation. To speak with my Justice Committee convener’s hat on, there is evidence that domestic violence is fuelled by alcohol. Even the loss of a football game can mean that some woman is sitting at home wondering what the consequences will be for her because somebody is fuelled by alcohol.

Graeme Pearson said a lot of grand things and set out good ideas, which is why I say to him that minimum unit pricing is only one of a range of measures. I say to the Labour back benchers, as one back bencher who breaks the party’s whip, that they can break the whip and survive if they believe in the principles. I know that Malcolm Chisholm has occasionally done that.

The cost to Scotland is not just on health issues. This could be a justice debate or one on homelessness—Kezia Dugdale mentioned homelessness among people who drink too much alcohol. Alcohol causes a range of problems in society. I say to Kezia Dugdale, who is new to the Parliament, that she should think hard on the evidence that two committees of the Parliament have heard. Everything rams home the fact that minimum unit pricing will, as part of a programme, have a serious and important impact on Scotland’s alcohol problems through the generations.

16:38

Helen Eadie (Cowdenbeath) (Lab): I support the amendment in the name of Jackie Baillie. I applaud everyone, of every political party and of none, who works to help diminish a problem that is without doubt the gravest concern of our nation today. No one in Parliament disagrees that excessive alcohol consumption is one of the biggest challenges in Scotland. However, in my judgment, there are two big objections to the Government’s proposal.

The first is that it will give away in excess of £100 million per year through what has become known as a windfall tax to the private profitiers. It is not only me who says that. That point was not challenged at any time in the evidence to the previous Health and Sport Committee, which I served on up to 2011. An Institute for Fiscal Studies report states that, if the measure were to be applied across the United Kingdom, a minimum alcohol price of 45p per unit “could transfer £700 million from drinkers to firms”.

That is not conjecture; it is from the Institute for Fiscal Studies.

My second objection is about the lack of any definitive evidence or certainty from the European Commission. The Law Society of Scotland and the whisky industry have cast serious doubt on the proposal and have suggested that the Scottish Government could break European Union laws. The Conservative and Liberal Democrat members, whose parties are coalition partners at UK level, need to reflect on whom the Commission will find culpable if EU law is broken. Will Westminster be charged as having broken EU law, or will it be the Scottish Government? I know, from reading a research paper of the House of Commons library, that that question has exercised the minds of senior civil servants and has caused them a fair amount of activity. Ruth Davidson and Willie Rennie need to read that research paper and speak again to their leaders. I am sure that they would not want to land either David Cameron or Nick Clegg in it by having such scant regard for EU law.

I will deal with the concern about the windfall tax first. Had the Government given a clear commitment in the course of its current bill that it would honour the commitment that it gave to the Health and Sport Committee when I served on it, taking evidence on the bill, then one of my biggest objections would have been addressed. It is clear, from the briefing that has been sent to members from the British Medical Association Scotland, Alcohol Focus Scotland and Scottish Health Action on Alcohol Problems—SHAAP—that those organisations have been seriously misled by the Government.

Nicola Sturgeon: Will the member take an intervention?

Helen Eadie: In the briefing, those organisations talk clearly about the Scottish Government’s proposal to introduce a public health levy on the big retailers who profit substantially from the sale of alcohol. Well, I have a newsflash for those organisations: there is no such proposal. The Government has changed its course from its work on the first such bill that came before Parliament, and those organisations need to speak urgently to the Scottish Government on those issues.

Nicola Sturgeon rose—

Helen Eadie: Do the BMA Scotland and SHAAP feel comfortable with the fact that the windfall of £100 million a year will go to the shareholders and not to the public purse through a social responsibility levy or a public health levy? To me, that has been a persuasive point, as I have stated. Do all the back benchers in the SNP, the Lib Dems and the Tories feel comfortable with that? I
am not surprised that the Tories prefer that course of action.

Jackson Carlaw: Ahoy! Will Mrs Eadie take an intervention? [Laughter.]

Helen Eadie: I am sure that there will be some shuffling in their seats and discomfort among some of the back benchers of the other parties. If there is not, then shame on them. According to the Institute for Fiscal Studies, the biggest beneficiaries will be Tesco, Asda and Sainsbury’s, as well as the stores that sell alcohol most cheaply—the discount retailers Aldi, Lidl and Netto. Waitrose, the Co-op and Marks and Spencer will gain relatively little because they do not sell much cheap alcohol.

Jim Eadie rose—

Helen Eadie: Some of the gains will be made not only by retailers, but by manufacturers. I was not elected to this Parliament to put money in the pockets of those who are already rich. I was sent here to tackle why people in my constituency who need treatment cannot get it because the already-strapped NHS budgets in Fife are being further starved of cash by cutting of treatment budgets— but, hey ho. Who cares if a highly respected nurse from Lochgelly cannot get her alcohol treatment as long as Tesco and Asda get their profits? Let her life crumble: it’s the rich what gets the profit, it’s the poor what gets the pain. Tartan Tories—that is what the SNP members are.

Members: Oh!

The Deputy Presiding Officer (John Scott): Order.

Helen Eadie: Other members have spoken about the Institute for Fiscal Studies and the Centre for Business Research. One of the key points about the centre’s work was its finding that the Scottish Government has never undertaken an impact assessment on jobs—no one has— following what the whisky industry’s submission said. In shaping policy, that is just one facet, but it is not an insignificant aspect for Scotland. The Government is determining policy without knowledge of, or data on, the impact of the bill on jobs across the Scottish drinks industry. I concede that health must be a top priority, but the Government should not show what is perceived to be scant regard for that important consideration. [Interruption.]

The Deputy Presiding Officer: Order.

Helen Eadie: In the current financial climate, jobs are at a premium nationwide. Woe betide the politician who does not show regard for employment and trade issues.

The Deputy Presiding Officer: The member must close now, please.

Helen Eadie: I thank the Presiding Officer for the opportunity to take part in the debate.

16:44

Richard Lyle (Central Scotland) (SNP): I have been called many things in my life, but I have never been called a tartan Tory.

In her speech at the weekend, the cabinet secretary had a confession to make: she had got her prediction wrong about the number of seats that we would win in Glasgow—we actually won one more. In a spirit of honesty, I, too, have a confession to make. In my maiden speech last year, I welcomed the reintroduction of the bill but, to be honest, I did not support minimum unit pricing prior to coming to Parliament. However, after nearly a year as a member of the Health and Sport Committee, I have been convinced by the evidence of the benefits of the proposal, and I pledge my full support to the committee’s report on the bill.

It is the overall health and wellbeing of the people of Scotland that the bill addresses. Scotland faces many health problems, such as obesity, and we do not want alcohol abuse to add to them and continue to worsen the country’s health. Liver disease is already the second most common cause of death in the under-65s. Scotland has a noticeable problem with alcohol misuse compared with the rest of the UK, and we must acknowledge it as a concrete issue.

Off-licence sales of pure alcohol in Scotland increased by 52 per cent between 1994 and 2010, and off-licence sales of vodka in Scotland are almost 2.5 times higher than in England and Wales. If we consider that the Scottish population is minute in comparison with our English neighbours, those statistics are worrying enough to warrant the introduction of minimum unit pricing of alcohol as a disincentive for binge drinking and alcoholism.

The measure will benefit not only the younger generation, for whom binge drinking has become a culture, but those young people who have to deal with alcoholism in their families. It is estimated that 65,000 children live with a parent with an alcohol problem, and excessive drinking by a partner is cited as a contributory cause in one divorce case in three. We must consider not only the immediate health effects but the detrimental collateral damage that is caused by alcohol misuse.

Scotland has previously toyed with the idea of introducing a minimum price at less than which a unit of alcohol must not be sold, but the proposals have always been removed at the later stages of the consideration of legislation. That happened back in 2009. I believe that a significant proportion of the cases that are reflected in the statistics...
could have been avoided if the Government had been able to follow through with its plans at that time.

Feedback has been received from the variety of sectors that are involved. The committee issued its call for written evidence on 1 November 2011, and 95 submissions were received. Some 85 per cent were in favour, and 15 per cent against. Those who were in favour of the proposal were from the health, licensing and on-trade sectors, and those who opposed it tended to be from the alcohol manufacture and off-trade sectors. Although the committee recognises the manufacturers’ concerns, it is our job to see beyond that and listen to the statistics, which resonate loudly. They show us that Scotland has an alcohol misuse problem that is detrimentally affecting our health and our society, and minimum unit pricing might help us to tackle that.

Minimum unit pricing will be the most effective and efficient way in which to reduce alcohol consumption. That is why we propose—and I accept—that method over banning the sale of low-cost alcohol or increasing duty on alcoholic drinks.

As has been confirmed today, the bill already has the support of the Conservatives, the Liberal Democrats and the Green Party. The Labour Party still opposes the bill and, although it has made an effort to present an alternative set of regulations, they would not combat the Scottish relationship with alcohol as effectively as the setting of a minimum unit price. It is the correlation between low prices and high-strength alcohol that has to be changed.

The relationship between minimum unit pricing and health benefits is supported widely in the academic world as well as the political world. Tim Stockwell, a professor at the centre for addictions research of British Columbia, when talking about a report on whether minimum pricing reduces consumption, concluded:

“This is significant information for policies to prevent the substantial toll of death, injury and illness associated with hazardous alcohol use”.

Some manufacturers are adamant that there is no correlation. However, empirical evidence—I like those words—has shown that minimum unit pricing has been beneficial. The Health and Sport Committee held a videoconference with Professor Stockwell and, although we agreed that each society reacts differently to policies so they cannot be directly compared, the evidence thus far shows that minimum unit pricing has led to positive outcomes both for health and in other areas that are connected with alcohol abuse, such as crime. Professor Stockwell assured the committee:

“Theoretically, from a purely public health perspective, the idea of pricing ethanol in such a way that the more ethanol someone purchases for their consumption, the more expensive it will be, what is proposed in Scotland is perfect.”—[Official Report, Health and Sport Committee, 10 January 2012; c 798.]

Therefore, as a back-bench MSP, I urge every party and every member to support this proposal to tackle alcohol misuse in Scotland.

I am a smoker. I did not support the smoking ban, and I was wrong. I did not support minimum unit pricing at first, and again I was wrong, but I now support the bill.

16:50

Drew Smith (Glasgow) (Lab): As another member of the Health and Sport Committee, I associate myself with the cabinet secretary’s opening remarks about Duncan McNeil, the members of the committee and the clerking team.

Many areas of consensus emerged from the committee’s consideration and scrutiny of minimum pricing per unit of alcohol. We all agreed that Scotland has a negative relationship with alcohol, and that that relationship should be challenged. That is a bold statement.

Through its production and sale, alcohol is an important and integral part of our economy. It is a part of life. We drink to wet the baby’s head and we buy pints for our friends, when—if not before—they reach the date of majority. We celebrate success with champagne—or some of us do—and some of us drink to unwind or to socialise in the pub on a Friday afternoon, or we go home to a glass of supermarket wine. After our debates in the chamber this afternoon, many members will head downstairs to mark Commonwealth day. An alcoholic beverage will be offered at the bottom of the steps and a proportion of members will accept a glass, some perhaps keeping an eye out for a second one. Alcohol creates jobs and sustains industries. We know that it is a popular part of life.

I do not believe that we need to ban alcohol from this building or from our supermarkets. The negative impact of alcohol comes because of harms that are largely a result of alcohol abuse and overreliance on drink—that is what separates drinking from smoking, at least to some extent. Tackling Scotland’s drinking problem, by which we mean tackling drinking that has become a problem, along with tackling the problems that lead to alcohol abuse and those that abuse can cause, is an issue on which we agree in the chamber. We do not need to divide on it, or imply any division or lack of commitment on the part of others.

As a committee, we agreed that tackling problem drinking requires a range of responses. I welcome and agree with much of the alcohol framework, which was written in partnership with
experts, and I commend everything that the Government has done to advance that agenda. Similarly, I welcome the proposals introduced by my colleagues Dr Richard Simpson, who is a former consultant in addictions, and Graeme Pearson, who has served at every level of policing in Scotland. They are both much more expert than I am and, indeed, than many of the rest of us are. The Government believes, and the cabinet secretary has argued, that minimum pricing is the most pressing legislative change that needs to be made next, and now.

Before I came to this place, I had no strong view on minimum pricing, but I was certainly aware that my party’s opposition to it had not brought us any particular electoral advantage. Now I am here, and find myself a Health and Sport Committee member, and I discover that the majority view of committee members is that the evidence that we received in support of minimum pricing was “overwhelming and compelling”. The witnesses from whom we heard, and their range of views, were interesting, intriguing and persuasive in some cases, but that their evidence was overwhelming and compelling was not the conclusion that I reached.

Indeed, when the cabinet secretary gave evidence, she did not claim that an overwhelming and compelling case existed somewhere else in the world, or from hypotheses, to show that minimum pricing would definitely work exactly in the way that a theoretical model suggested, with no unforeseen consequences and no disproportionate impact on those with lower incomes. Instead, she argued, perfectly legitimately, that on balance there was a case for trying the measure, and she accepted that even if it delivered all that she hoped for it would not be a silver bullet. I ask Parliament to draw its own conclusions about how a majority of committee members managed to find the Government’s proposals even more impressive than the Government itself claimed them to be.

I do not dispute that there is a link between price and consumption, and I agree that overconsumption can undoubtedly lead to harm. The evidence for both those things is well understood and the world did not need a report from our committee to tell it that. My concerns are not based on the legality or otherwise of the measure, although witnesses did express such a concern. I would prefer notification of the policy to Europe, and I welcome the commitment to that. I would want to have a better idea of how the market might respond. I hope that a sunset clause and proper robust evaluation will help if the market responds in a way that makes things worse by changing pricing structures or the marketing of specific products.

However, those problems do not explain my unease about the bill. Increasing by law the price of goods in supermarket baskets will take money from consumers and pass it on to retailers. I hope that that is understood. If someone has money, that is fine, but if someone is on a low income, even if they drink moderately, safely and legally within all the guidelines, they will be disproportionately penalised by the minimum pricing measure. They will spend a higher proportion of their income on their weekly shop, which many of us already find hard to afford. Some, like Bob Doris, see that as a price worth paying to get a particular policy prescription agreed, no matter that heavier and problem drinkers and young drinkers are less likely to be price sensitive or that poorer people already drink less than wealthier people. If someone cannot afford the increased price of your safe and legal tipple, which they enjoy responsibly, then tough—it is a price worth paying because it might reduce overall consumption at population level.

I hope that we will all reflect on that when we go downstairs to our next reception or to the bar where we can use our salaries to buy a drink in the full knowledge that the minimum pricing measure will have no impact on us. For the reasons that I have given and others, I support the amendment in Jackie Baillie’s name, which calls for the totality of the windfall that will accrue to supermarkets from lower-income people as a result of the measure to be eliminated by a social responsibility levy, which is a measure that was accepted before.

The cabinet secretary has said previously: “we suggested that we work together to use the social responsibility levy to claw back increased revenue for reinvestment in our services.”—[Official Report, 10 November 2010; c 30143.]

However, what is the Scottish Government’s position now? It has no plans to implement the social responsibility levy. Without a proper measure to claw back the windfall that will go to supermarkets, minimum pricing is not just a tax on the poor but a simple transfer of money from the poor to the rich.

16:56

James Dornan (Glasgow Cathcart) (SNP): There has been a lot of talk about the cost of alcohol and the culture of alcohol in this country. Unlike Gil Paterson, I am not a lifelong teetotaller. I used to be a typical west of Scotland drinker. I used to be a typical west of Scotland drinker. I would go out on a Friday night with my mates, I would run football teams on a Saturday and I would go out on a Saturday night. I decided after one weekend that I was not going to do that any more. I reckon that for two years I was drinking as I always had for one reason only: because it was
the culture and I was scared to stop. I was not scared to stop because I loved drinking, because to be honest I could take it or leave it. However, I wondered what I would do if I did not drink and where I would go on a Friday or what I would do on a Saturday.

I just kept on doing the same thing until I thought, “I’m not doing this any more,” and stopped it. Afterwards, the biggest problem was how my friends treated me, because they do treat you differently until they get used to it. The first thing that they do when you come in the pub is ask, “What do you want? What do you mean Irn Bru? Here’s a pint”—blah, blah, blah. It takes a while, but they get used to it and you move on.

That is the culture that we are up against in Scotland and which most or many of us have to face. There is no doubt that, if we really want to battle alcohol, we have to fight the culture. The bill is about minimum unit pricing, but a lot of the work that has been done by the Government, and even a lot of the work that Graeme Pearson and others have talked about today, is about changing the culture of Scotland. We have a very difficult task ahead of us and we should take it very seriously.

On the financial cost of alcohol to this country, my partner is a nurse who has worked in general nursing. She used to work in the medical receiving ward in a hospital that I will not name. She said that she hated the weekends because 90 per cent of the cases then were alcohol related. It was not just the problems that people came in with, which might include injuries from violence or liver problems, it was the fact that many people who were already in the hospital and needed treatment were not getting treatment because of the emergency cases that came in with what were almost self-inflicted wounds. The health service did what the health service does and treated everybody according to their needs and gave people a great service, but there was a bit of resentment among staff because they saw for example, a suffering old woman in hospital who was perhaps not getting the treatment that she needed because somebody else needed it.

We therefore have a real issue here and it upsets me to see politicians from a party that I used to support, which is meant to be based on looking after those who cannot look after themselves, who blindly refuse to support a position—I do not care what they say—only because it came from us. The cabinet secretary took over the role—I do not care what they say—only because it came from us. The cabinet secretary—I do not care what they say—only because it came from us. The cabinet secretary—I do not care what they say—only because it came from us.

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We therefore have a real issue here and it upsets me to see politicians from a party that I used to support, which is meant to be based on looking after those who cannot look after themselves, who blindly refuse to support a position—I do not care what they say—only because it came from us. The cabinet secretary—James Dornan: This is an important part of the parliamentary process. Kezia Dugdale mentioned the smoking ban. That ban is, without a doubt, the Parliament’s greatest achievement, but let me give a wee history lesson. The smoking ban proposal started with Kenny Gibson; it then went to Stewart Maxwell, and then to Jack McConnell. I was working for Stewart Maxwell at the time. I assure members that the Labour Party did not support the smoking ban, but it saw the evidence, changed its mind, took the bill and strengthened it, and we got a better bill because of that. I would like the Labour Party to do that now. With the smoking ban, Labour members put aside the fact that a proposal came from us, took that proposal and made it theirs. The SNP and the Parliament supported the bill, and we got the best piece of legislation that it has ever passed.

It is not too late. Kenny Gibson said 5 o’clock. Oh, dear—a missed deadline. It is just after 5 o’clock, and Labour members have an opportunity to get together and vote on another piece of legislation that will make us proud.

The bill is not the end result. Graeme Pearson made a great speech, but his conclusion was madness. He took us right up to the line, and all that he needed to do was say, “All these things have to be in place plus minimum unit pricing.” and his contribution would have been perfect, and he would have been a credit to himself and his party. That is what we need.

Tim Stockwell said: “without a shred of doubt”

this will

“save lives, reduce healthcare costs, prevent death and injury on the roads, prevent birth defects, and reduce public violence”.—[Official Report, Health and Sport Committee, 10 January 2012; c 786.]

[Interruption.] Did Duncan McNeil say that?

Duncan McNeil: Yes.

James Dornan: That is good. Were you drunk at the time?

The Deputy Presiding Officer: Can we have debates through the chair, please?

James Dornan: Alcohol misuse and violence go hand in hand. A World Health Organization paper reports that economic modelling strongly
suggests that minimum pricing will work, and that a 1 per cent increase in the price per ounce of alcohol would reduce the incidence of intimate partner violence against women by 5.3 per cent. Surely Labour members should support that.

Jackie Baillie: Will the member take an intervention?

James Dornan: Yes, I will.

The Deputy Presiding Officer: No. The member is in his final minute, so he will not do so.

James Dornan: In that case, I will not. I am sorry.

Labour members have, rightly and commendably, strongly condemned violence against women and anybody else. Surely anything that will tackle that problem should be supported.

The cabinet secretary has done everything that she can. There are a few minutes to go. I beg members to support the proposal; we can then move on to stage 2.

17:02

Jackson Carlaw (West Scotland) (Con): The cabinet secretary began with a round of congratulations to various people who assisted her in drafting the bill. I was reminded of a comment that she once made that made me blush in my early days in the chamber. She stood up and said that Jackson Carlaw could tempt her to do many things. My scepticism has surrendered to the concessions of her advances as the bill has progressed through the chamber.

I say to the cabinet secretary that not every Conservative is in a swoon at the prospect of supporting the bill. That is an important point. The two concessions of principle and substance that she has offered are therefore important to us. The first, which relates to the sunset clause, arises from the evidence of Professor Brennan, who is the author of the Sheffield study. He said:

“If minimum pricing turns out to be completely ineffective or a counterproductive policy, for reasons that are not included in the modelling and which have not been included elsewhere, that is evidence, and evidence should be included in policy making.”—[Official Report, Health and Sport Committee, 24 January 2012; c 919.]

The sunset clause is therefore a vital necessity in addressing the scepticism that still rests around the policy—which Dr Simpson and, in particular, Drew Smith detailed perfectly legitimately—but which some of us are nonetheless prepared to set aside to give minimum pricing its chance.

The second concession is the requirement to establish the legal position. The cabinet secretary has said that she adheres to the position that she is under no obligation, which we are happy to endorse, but that she will voluntarily notify the pricing mechanism to the European Union. It is important for the Parliament that that process should begin at the earliest possible date and that, before the Parliament considers the bill at stage 3, we are assured that we have done everything that we can to clarify the position with the European Union.

A number of points have been made and I want to respond first—in case I run out of time—by paying tribute to the performance of Helen Eadie, which I would characterise as quite magnificent. She was impervious to entreaties, from all round the chamber, for the chance to intervene. She asked the position of the United Kingdom coalition. I do not know the answer, but I hope that the coalition will follow Ruth Davidson’s lead and that London will be governed by the Scottish Conservatives from Edinburgh in supporting what I hope will be a policy that can be pursued across the whole of the United Kingdom. It is perfectly legitimate to raise the issues of internet selling and cross-border selling, but they could be set at rest if this policy were pursued across the whole of the kingdom.

Christine Grahame: Will the member take an intervention?

Jackson Carlaw: Oh, I had better.

Christine Grahame: On the issue of cross-border selling, is the member aware that Scottish Borders Council voted unanimously for minimum unit pricing some years ago? I think that the motion was introduced by a Tory councillor.

Jackson Carlaw: Mrs Grahame always surprises me, and she does so again today.

For Gil Paterson to say that it was totally bogus to be concerned about the windfall was to overstate the case. In her letter to Ruth Davidson, even the cabinet secretary accepts that there might be a windfall and that it will have to be considered. I also sound a cautionary note to Gil Paterson: all those carbonated drinks could be bad for his teeth and could, at his age, give him quite bad wind. If I were him, I would have the occasional non-carbonated drink.

Gil Paterson: I agree with Jackson Carlaw because, just last week, I got my front teeth knocked out. He was not being clairvoyant.

No one in the committee was definitive: the words used were “may” and “could”, not “will”. The committee did not say that there was evidence on what exactly would happen. My argument may have been the opposite of someone else’s; I was offering a different perspective, that was all.

Jackson Carlaw: I understand, but I would rather not be so absolute. It is Parliament's
responsibility to anticipate what might happen and to find ways of dealing with it.

I enjoyed Mr Eadie's contribution. Until this afternoon, I had not known that he was a comedian. He said that the Labour Party was cherry picking from the evidence, which I thought was a bit rich in the circumstances. However, Mr Eadie and Mr Doris take a step too far for me when they become evangelists for this legislation. Why did Mr Eadie use the phrase “call time”? I thought that we had agreed that we would not. The determination to cull any scintilla of doubt does the legislation a disservice. Even the cabinet secretary accepts that we are embarked on an experiment. It is one that we all hope will succeed—and, in her case and in Mr Eadie's case, believe will succeed. However, to try to will from the debate anybody's scepticism is to raise an expectation in the public mind that may go beyond the scope of the bill in assisting in addressing the whole alcohol issue.

I am glad that we are going to draw a line and move forward. We must tackle Scotland's cultural association with drink—and we have not even begun to scratch its surface. If you ask children where their eyes, nose, ears or mouths are, they can answer, but if I were to ask people in the chamber where their pancreas, liver or kidneys were—the organs that are damaged by alcohol—they would probably point to all the wrong places. People do not understand the difficulties that they are creating for their own health in later life—not necessarily through excessive drinking, but through the repeated, consistent and sustained drinking of alcohol. Dealing with the association between drink and Scotland is a battle that we have still to fight.

I asked the Labour Party to consider this concluding point. If the jury is out on whether this legislation can work, its chances will be all the greater for the authority that cross-party and all-party support will give it. Now is the time to give minimum unit pricing its chance, which is why we will vote with the Government tonight.

17:09

Jackie Baillie (Dumbarton) (Lab): Across the chamber, we have all acknowledged the real concern that exists about the overconsumption of alcohol in Scotland. We consume 23 per cent more than our counterparts in the rest of the UK. As Jim Eadie rightly pointed out, the consequences of that can often be seen in our ambulances, our hospitals and our prisons. We need a range of actions to tackle what is a complex problem.

Parliamentary arithmetic means that the bill will succeed, so our focus has been to mitigate people’s genuine concerns about minimum unit pricing. I say at the outset that we have always agreed that there is a relationship between price and consumption—Labour members have never doubted that—but minimum unit pricing is simply one pricing mechanism. Our consistent preference has been for the use of targeted taxation measures on a UK-wide basis.

The concerns about MUP include concerns about the windfall—which is the subject of our amendment—the legality of MUP and its impact. I will deal with each of those in turn.

The University of Sheffield has estimated that a minimum unit price of 45p will generate a windfall of £103 million; at 50p, the windfall rises to £125 million; and at 55p, it is estimated to be £146 million. That money will be generated each year and all of it will go into the pockets of supermarkets and large retailers. Not one penny of it will go to alcohol education, enforcement or treatment. At a time of tightening budgets, when resources are scarce and when the alcohol treatment budget is being cut in real terms—it has been reduced by 7.5 per cent, which amounts to a cut of more than £3 million—the SNP Government is intent on giving the supermarkets increased profits through that windfall.

We need to consider what the supermarkets will do with the money. I understand that the cabinet secretary thinks that they will make bananas cheaper. I say to her, as gently as possible, that that is a very naive view of the way in which the market behaves. A recent Institute for Fiscal Studies report discussed some of the economic issues to do with minimum pricing. It said that we needed to have an understanding of the measure's indirect impacts. How will retailers change the price of alcohol that is currently sold at a level above the proposed minimum price or the price of other products? How will manufacturers change the range of alcohol products that are available once cheap goods are no longer competitive on price? As yet, we do not have clear answers to those questions, but such secondary effects are extremely important in assessing the overall impact of minimum pricing.

We know that the sale of alcohol is important for the retail sector. Some retailers have sought to be creative to get round the discount ban, and they are likely to do the same with MUP. I can already picture some of the market responses and the unintended consequences—a depression in the price of premium brands and shelves and shelves of own-brand spirits.

We supported the social responsibility levy in the Government's Alcohol etc (Scotland) Bill, but it is not to be implemented. During stage 3 consideration of that bill, Nicola Sturgeon said about the social responsibility levy:
“Next, they said”—by “they”, I think she meant us—"that it would increase supermarket profits."
That is true. She went on to say:

“They were knowingly misrepresenting the figures”.
That is not true, because the figures came from the Sheffield study, which the Government commissioned. She continued:

“but, even so, we suggested that we work together to use the social responsibility levy to claw back increased revenue for reinvestment in our services.”—[Official Report, 10 November 2010; c 30143.]

We agreed to do that, and that is what we did. What a shame that the cabinet secretary has made it clear that there are no plans to implement the social responsibility levy until the economic circumstances are right.

**Nicola Sturgeon**: Will the member give way?

**Jackie Baillie**: In a minute.

However, the Government has introduced a public health levy that is aimed at large retailers that sell alcohol and tobacco. We supported that measure in the Local Government and Regeneration Committee. When it started life, it would have taken £110 million from the supermarkets over three years, but that was reduced to £95 million. The profits for supermarkets that will arise from MUP over the same period range from £310 million to as much as £450 million, which is three or four times more than the public health levy would collect.

**Nicola Sturgeon**: I wondered when someone in the Labour Party was going to talk about the public health supplement. Labour members voted against the budget that included it.

Will Jackie Baillie concede that she misrepresented the figures and that she has done so again? She always says that all the moneys would accrue to supermarkets when, in fact, they would be spread across the industry. Surely the key thing is that the cabinet secretary should feel free not to listen to me—she does not have a history of doing so.

**Members**: Oh!

**Jackie Baillie**: The debate is not so consensual now.

Professor Stockwell gave evidence to the Health and Sport Committee in support of minimum unit pricing and on Canada’s experience of social pricing. However, the key difference is that there is a state monopoly in Canada, which effectively owns its off-licences. I am not suggesting that the SNP should introduce plans to nationalise Scotland’s off-licences, but Professor Stockwell expressed his disappointment to the committee when he said:

“Minimum pricing will be more in your favour if you can apply the levy that I thought was going to go ahead”.—[Official Report, Health and Sport Committee, 10 January 2012; c 797.]

How disappointing it is that the levy is not going ahead.

We have lingering concerns about the legality of minimum unit pricing. I note that the cabinet secretary is offering to notify the price-setting order to the European Union, but she asserts that there is no need to notify the bill. Others disagree, and argue that notifying only the regulations will not allow for full and proper scrutiny. The bill describes how minimum pricing will be applied and contains the mechanism for calculating the price of products on the market, so it sets an important context.

Ruth Davidson is right: there is no indication at which stage notification will be made. The cabinet secretary should surely just notify the whole bill and end any doubt and uncertainty. I am sure that that is what the Tories wanted, but it is not being delivered in full. The Law Society of Scotland also has reservations on that point.

On the question of impact, I say to Bob Doris that there is little impact on young people and binge drinking, and no impact on caffeinated alcohol products such as Buckfast. Where consumption of particular drinks—namely wine—is increasing substantially, minimum unit pricing does not begin to touch it at all. Where consumption within a particular demographic—namely middle-class, middle-income women—is increasing substantially, there is virtually no impact at all.

In the Government’s early rhetoric, the policy was supposed to be a silver bullet and a magic solution to overconsumption of alcohol. Indeed, despite the Government protesting—as it is doing again—that this is not so, it has produced a bill that is so tightly written that it is incapable of being amended. Members should make no mistake about it: that was deliberate. [Interruption.]
Jackie Baillie: I am conscious of time, but I must address what Christine Grahame and James Dornan said. Domestic abuse is not caused by alcohol. That is to misunderstand the nature of the abuse and its underlying cause—ultimately, it is an abuse of power. To quote the Government's own rhetoric back at it, there is no excuse for domestic abuse.

What has always struck me is the question why, since the prices in Scotland and in the rest of the United Kingdom are largely the same, alcohol consumption is 23 per cent higher in Scotland than in the rest of the UK. It is clearly about much more than price.

I am genuinely disappointed in the SNP's position. We on the Labour side of the chamber were prepared to meet the Government halfway. Our concerns were not a fig leaf, but a real opportunity for the Government to move forward collectively if it wanted to do so.

I simply cannot understand why the SNP is signing up to put hundreds of millions of pounds into the pockets of supermarkets such as Tesco, which reported a £3.8 billion profit last year—that is £10 million each day, and I have not even begun on the others. The SNP wants to give them more. I am bemused, and the people of Scotland will be too. We are prepared to support the Government, but the SNP is stuffing the pockets of supermarkets with gold—

The Deputy Presiding Officer: The member must close.

Jackie Baillie: —when budgets across the public sector are tight and the alcohol treatment budget is being decimated. I urge members to support the amendment.

17:19

Nicola Sturgeon: The debate has been a good one on most sides of the chamber. There have been some excellent speeches—I will not remember everyone, but I single out Bob Doris, Jim Eadie, Willie Rennie, Gil Paterson, Ruth Davidson, Kenny Gibson, Christine Grahame and Richard Lyle. Jackson Carlaw, once he got passed the first couple of minutes of his speech, made an excellent contribution.

The debate has illustrated how most members of the Parliament have managed to come together to do the right thing. The Parliament will now move on to the next stage of the bill, and for that I am very grateful.

Labour has been utterly and depressingly predictable. All that we have heard today are desperate attempts to find any excuse, no matter how weak, to justify a position that I am sad to say has little to do with public health and everything to do with petty party politics.

Jackie Baillie, in a speech that was all about covering up her embarrassment at her ineptitude on this issue, managed to get through literally the entire speech without mentioning the public health benefits of the policy. That sums up Labour's position.

In his opening speech, Richard Simpson asked the rhetorical question, "Why does Labour oppose minimum pricing?" When we strip everything else away, the answer to that question is really simple. Labour opposes it because the SNP proposes it—end of story. That is why the reputation of a party with a once-proud record on public health is as low with the public health community as it is possible to get.

There are many flaws with Labour's position, but today I will highlight three of them. One is its suggestion that we only have the Sheffield model—a suggestion that completely ignores the value of econometric modelling in the development of many other policies, including the minimum wage policy that Labour introduced at Westminster. It also ignores Professor Stockwell's empirical evidence. I thought that one of the low points, if not the low point, of Richard Simpson's opening speech came when he quoted Professor Stockwell as supporting action on caffeinated drinks. Jackie Baillie also quoted him as supporting a levy on supermarkets. However, both completely ignore his evidence when he says that minimum pricing is the right thing to do. That sums up how pathetic Labour's position is.

The most depressing aspect of this debate is that Labour's position seems to boil down to one of rejecting the proposal not only because it is an SNP proposal but because nobody else has done it first. Labour's position is a recipe for doing nothing new about anything ever. It is a pathetic betrayal of responsibility on such an important issue.

The second flaw in Labour's position that I want to address is demonstrated by what can only be described as Richard Simpson's statistical somersaults and contortions, which he engaged in in an attempt to demonstrate that the impact on some groups is less than it is on others and might be less than it is on the population as a whole. I stress that he does not say that there will be no impact on those groups; just that it might be less. I will give members the statistics that they will not hear from Labour, which have been referred to by Bob Doris, Jim Eadie and others. Based on a 45p minimum price, consumption reduces by 3.5 per cent. That rate is 5.6 per cent for hazardous drinkers and 9.9 per cent for harmful drinkers. Further, by year 10 of the policy, alcohol-related deaths go down by nearly 200 a year; hospital
admissions go down by more than 4,000 a year; there are 2,000 fewer crimes every year; and 20,000 fewer work days are lost through absenteeism. Those are the public health benefits of minimum pricing that Labour is blind to and is closing its eyes and ears to.

The third big flaw in Labour's position is that it has absolutely no credible alternative. Speaker after speaker gets to their feet and says, "We know price matters and we accept there's a relationship between price and consumption and consumption and harm!", but not only do they not support minimum pricing, they do not suggest any credible alternative, either.

Jackie Baillie: Will the member give way?
Nicola Sturgeon: Let me finish this point.

The best that we get is some vague reference to tax, which completely ignores the fact that this Parliament cannot introduce such a tax and, more important, the fact that tax is neither as targeted as price nor as proportionate an approach as minimum pricing. On all those issues, and more that I am glad to say that I will come on to, Labour's position is deeply flawed.

On that note, I give way to Jackie Baillie.

Jackie Baillie: I remind the cabinet secretary of a little bit of history. Last summer, we brought forward alternative, worked-through proposals that were supported by the Conservatives, the Liberal Democrats and the Greens. That is consensus. However, of course, the cabinet secretary does not understand the meaning of consensus.

Nicola Sturgeon: I think that what Jackie Baillie previously proposed was a floor price of tax and duty that would add up to a minimum price of 20p.

The Presiding Officer (Tricia Marwick): Ms Baillie.

Nicola Sturgeon: If I do not do consensus, how is it that I have every other party in the chamber on my side and Ms Baillie is completely and utterly isolated? Jackie Baillie would not know consensus if it bopped her on the nose, because for her this has always been about opposing the SNP.

Labour's amendment has to be the biggest fig leaf of all. I could say that Jackie Baillie is putting a blanket over her head on the issue—that would be better than her use of blankets to talk down our national health service.

Jackie Baillie and Labour's latest fig leaf is windfall profits to the supermarkets. Labour ignores—conveniently, because this is an inconvenient truth for Labour—the fact that just a few weeks ago it voted against a budget that introduced a public health supplement that will raise £95 million over the next three years. The real flaw in this part of Labour's argument is that although the Sheffield model shows that the alcohol industry as a whole will gain financially from minimum pricing, that includes producers, retailers and small corner shops as well as big supermarkets. It also includes the on-sales trade, because customers might return to the pubs that I think we all want to see survive and thrive across the country.

If the windfall issue that Labour raises is one that we need to deal with, we have mechanisms through the public health supplement and the social responsibility levy to deal with it, but it is not a reason not to introduce minimum pricing. We need to tackle price, and the evidence base shows that minimum pricing is the most effective and efficient way to do that.

If Labour was serious about the windfall issue, it would vote for minimum pricing and work with us to deal with it—if it needs to be dealt with—rather than use it as yet another pathetic excuse for its rather pathetic opposition on the issue.

Labour can go on as much as it likes about other measures. I have said that where it brings forward measures that amount to more than a rehash of things that it has failed to produce evidence for, this Government will consider them.

I thought that Kenny Gibson summed up the situation rather well. Whereas we accept that minimum pricing is not a silver bullet and that there has to be a package of measures, Labour's position is that it is prepared to support a package of measures only if it has a great big hole in the middle of it where an effective pricing mechanism should be. That is the weakness in its position.

I accept that there are people who remain sceptical. That is understandable in relation to a policy that is groundbreaking, but all the evidence from the doctors, the nurses, the police officers and the public health experts is that the policy can work and that it will have an impact. In the words of Professor Stockwell, who Labour was keen to quote on other matters, the policy will "save lives".

That is why it is time to stop the excuses, it is time to cast aside the fig leaves and it is time to get behind our front-line health professionals and our front-line police officers, who deal daily with alcohol misuse, by backing the policy, getting it on to the statute book and letting it start to make a difference. I am delighted that we have consensus among the other parties in the chamber. It is a shame that Labour remains in abject isolation.
Alcohol (Minimum Pricing) (Scotland) Bill: Financial Resolution

16:59

The Presiding Officer (Tricia Marwick): The next item of business is consideration of motion S4M-02163, in the name of John Swinney, on the financial resolution on the Alcohol (Minimum Pricing) (Scotland) Bill.

Motion moved,

That the Parliament, for the purposes of any Act of the Scottish Parliament resulting from the Alcohol (Minimum Pricing) (Scotland) Bill, agrees to any expenditure of a kind referred to in paragraph 3(b) of Rule 9.12 of the Parliament’s Standing Orders arising in consequence of the Act.—[Nicola Sturgeon.]

The Presiding Officer: The question on the motion will be put at decision time.
Decision Time

The Presiding Officer: The next question is, that amendment S4M-02305.1, in the name of Jackie Baillie, which seeks to amend motion S4M-02305, in the name of Nicola Sturgeon, on the Alcohol (Minimum Pricing) (Scotland) Bill, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

For

Baillie, Jackie (Dumbarton) (Lab)
Baker, Claire (Mid Scotland and Fife) (Lab)
Baker, Richard (North East Scotland) (Lab)
Beamish, Claudia (South Scotland) (Lab)
Bibby, Neil (West Scotland) (Lab)
Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)
Dugdale, Kezia (Lothian) (Lab)
Eadie, Helen (Cowdenbeath) (Lab)
Fee, Mary (West Scotland) (Lab)
Ferguson, Patricia (Glasgow Maryhill and Springburn) (Lab)
Findlay, Neil (Lothian) (Lab)
Grant, Rhoda (Highlands and Islands) (Lab)
Gray, Iain (East Lothian) (Lab)
Griffin, Mark (Central Scotland) (Lab)
Henry, Hugh (Renfrewshire South) (Lab)
Kelly, James (Rutherglen) (Lab)
Lamont, Johann (Glasgow Pollok) (Lab)
Macdonald, Lewis (North East Scotland) (Lab)
Macintosh, Ken (Eastwood) (Lab)
Malik, Hanzala (Glasgow) (Lab)
Marra, Jenny (North East Scotland) (Lab)
Martin, Paul (Glasgow Provan) (Lab)
McCulloch, Margaret (Central Scotland) (Lab)
McDougall, Margaret (West Scotland) (Lab)
McNeil, Duncan (Greenock and Inverclyde) (Lab)
McTaggart, Anne (Glasgow) (Lab)
Pearson, Graeme (South Scotland) (Lab)
Pentland, John (Motherwell and Wishaw) (Lab)
Simpson, Dr Richard (Mid Scotland and Fife) (Lab)
Smith, Drew (Glasgow) (Lab)
Smith, Elaine (Coatbridge and Chryston) (Lab)
Stewart, David (Highlands and Islands) (Lab)

Against

Adam, George (Paisley) (SNP)
Adamson, Clare (Central Scotland) (SNP)
Allan, Dr Alasdair (Na h-Eileanan an Iar) (SNP)
Beattie, Colin (Midlothian North and Musselburgh) (SNP)
Biagi, Marco (Edinburgh Central) (SNP)
Brodie, Chic (South Scotland) (SNP)
Brown, Gavin (Lothian) (Con)
Brown, Keith (Clackmannanshire and Dunblane) (SNP)
Burgess, Margaret (Cunninghame South) (SNP)
Campbell, Aileen (Clydesdale) (SNP)
Campbell, Roderick (North East Fife) (SNP)
Carlaw, Jackson (West Scotland) (Con)
Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)
Constance, Angela (Almond Valley) (SNP)
Crawford, Bruce (Stirling) (SNP)
Cunningham, Roseanna (Pertshire South and Kinross-shire) (SNP)
Davidson, Ruth (Glasgow) (Con)
Dey, Graeme (Angus South) (SNP)
Don, Nigel (Angus North and Mearns) (SNP)
Doris, Bob (Glasgow) (SNP)
Dornan, James (Glasgow Cathcart) (SNP)
Eddie, Jim (Edinburgh Southern) (SNP)
Ewing, Annabelle (Mid Scotland and Fife) (SNP)
Fabiani, Linda (East Kilbride) (SNP)
Ferguson, Alex (Galloway and West Dumfries) (Con)
Finnie, John (Highlands and Islands) (SNP)
FitzPatrick, Joe (Dundee City West) (SNP)
Fraser, Murdo (Mid Scotland and Fife) (Con)
Gibson, Kenneth (Cunninghame North) (SNP)
Gibson, Rob (Caithness, Sutherland and Ross) (SNP)
Goldie, Annabel (West Scotland) (Con)
Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)
Harvie, Patrick (Glasgow) (Green)
Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
Hume, Jim (South Scotland) (LD)
Hyslop, Fiona (Linlithgow) (SNP)
Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)
Johnstone, Alex (North East Scotland) (Con)
Johnstone, Alison (Lothian) (Green)
Keir, Colin (Edinburgh Western) (SNP)
Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)
Lochhead, Richard (Moray) (SNP)
Lyle, Richard (Central Scotland) (SNP)
MacAskill, Kenny (Edinburgh Eastern) (SNP)
MacDonald, Angus (Falkirk East) (SNP)
MacDonald, Gordon (Edinburgh Pentlands) (SNP)
Mackay, Derek (Renfrewshire North and West) (SNP)
MacKenzie, Mike (Highlands and Islands) (SNP)
Mason, John (Glasgow Shettleston) (SNP)
Matheson, Michael (Falkirk West) (SNP)
Maxwell, Stewart (West Scotland) (SNP)
McAlpine, Joan (South Scotland) (SNP)
McArthur, Liam (Orkney Islands) (LD)
McDonald, Mark (North East Scotland) (SNP)
McGrigor, Jamie (Highlands and Islands) (Con)
McInnes, Alison (North East Scotland) (LD)
McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)
McLeod, Aileen (South Scotland) (SNP)
McLeod, Fiona (Strathkelvin and Bearsden) (SNP)
McLetchie, David (Lothian) (Con)
McMillan, Stuart (West Scotland) (SNP)
Milne, Nanette (North East Scotland) (Con)
Mitchell, Margaret (Central Scotland) (Con)
Neil, Alex (Airdrie and Shotts) (SNP)
Park, John (Mid Scotland and Fife) (Lab)
Paterson, Gil (Clydebank and Milngavie) (SNP)
Rennie, Willie (Mid Scotland and Fife) (LD)
Robertson, Dennis (Aberdeenshire West) (SNP)
Robison, Shona (Dundee City East) (SNP)
Russell, Michael (Argyll and Bute) (SNP)
Salmond, Alex (Aberdeenshire East) (SNP)
Scanlon, Mary (Highlands and Islands) (Con)
Scott, John (Ayr) (Con)
Smith, Liz (Mid Scotland and Fife) (Con)
Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
Stewart, Kevin (Aberdeen Central) (SNP)
Sturgeon, Nicola (Glasgow Southside) (SNP)
Swinney, John (Perthshire North) (SNP)
The Presiding Officer: The result of the division is: For 32, Against 86, Abstentions 0.

Amendment disagreed to.

The Presiding Officer: The next question is, that motion S4M-02305, in the name of Nicola Sturgeon, on the Alcohol (Minimum Pricing) (Scotland) Bill, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

For
Adam, George (Paisley) (SNP)
Adamson, Clare (Central Scotland) (SNP)
Allan, Dr Alasdair (Na h-Eileanan an Iar) (SNP)
Beattie, Colin (Midlothian North and Musselburgh) (SNP)
Brown, Gavin (Lothian) (Con)
Brown, Keith (Clackmannanshire and Dunblane) (SNP)
Burgess, Margaret (Cunninghame South) (SNP)
Campbell, Aileen (Clydesdale) (SNP)
Campbell, Roderick (North East Fife) (SNP)
Carlaw, Jackson (West Scotland) (Con)
Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)
Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)
Constance, Angela (Almond Valley) (SNP)
Crawford, Bruce (Stirling) (SNP)
Cunningham, Roseanna (Perthshire South and Kinross-shire) (SNP)
Davidson, Ruth (Glasgow) (Con)
Dey, Graeme (Angus South) (SNP)
Don, Nigel (Angus North and Mearns) (SNP)
Doris, Bob (Glasgow) (SNP)
Dornan, James (Glasgow Cathcart) (SNP)
Dornan, Mark (North East Scotland) (SNP)
Fabiani, Linda (Almond Valley) (SNP)
Fergusson, Alex (Galloway and West Dumfries) (Con)
Finnie, John (Highlands and Islands) (SNP)
FitzPatrick, Joe (Dundee City West) (SNP)
Fraser, Murdo (Mid Scotland and Fife) (Con)
Gibson, Kenneth (Cunninghame North) (SNP)
Gibson, Rob (Caithness, Sutherland and Ross) (SNP)
Goldie, Annabel (West Scotland) (Con)
Graham, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)
Harvie, Patrick (Glasgow) (Green)
Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
Hume, Jim (South Scotland) (LD)
Hyslop, Fiona (Linlithgow) (SNP)
Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)
Johnstone, Alison (Lothian) (Green)
Keir, Colin (Edinburgh West) (SNP)
Lamont, John (Edinburgh West) (SNP)
Lynch, Richard (Moray) (SNP)
Lyle, Richard (Central Scotland) (SNP)
MacAskill, Kenny (Edinburgh Eastern) (SNP)
MacDonald, Angus (Falkirk East) (SNP)
MacDonald, Gordon (Edinburgh Pentlands) (SNP)
MacKay, Derek (Renfrewshire North and West) (SNP)
MacKenzie, Mike (Highlands and Islands) (SNP)
Mason, John (Glasgow Shettleston) (SNP)
Matheson, Michael (Falkirk West) (SNP)
Maxwell, Stewart (West Scotland) (SNP)
McAlpine, Joan (South Scotland) (SNP)
McArthur, Liam (Orkney Islands) (LD)
McDonald, Mark (North East Scotland) (SNP)
McGrigor, Jamie (Highlands and Islands) (Con)
McInnes, Alison (North East Scotland) (LD)
McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)
McLeod, Aileen (South Scotland) (SNP)
McLeod, Fiona (Strathkelvin and Bearsden) (SNP)
McLetchie, David (Lothian) (Con)
McMillan, Stuart (West Scotland) (SNP)
Milne, Nanette (North East Scotland) (Con)
Mitchell, Margaret (Central Scotland) (Con)
Neil, Alex (Airdrie and Shotts) (SNP)
Paterson, Gil (Clydebank and Milngavie) (SNP)
Rennie, Willie (Mid Scotland and Fife) (LD)
Robertson, Dennis (Aberdeenshire West) (SNP)
Robison, Shona (Dundee City East) (SNP)
Russell, Michael (Argyll and Bute) (SNP)
Saldon, Alex (Aberdeenshire East) (SNP)
Scanlon, Mary (Highlands and Islands) (Con)
Scott, John (Ayr) (Con)
Smith, Liz (Mid Scotland and Fife) (Con)
Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
Stewart, Kevin (Aberdeen Central) (SNP)
Sturgeon, Nicola (Glasgow Southside) (SNP)
Swinney, John (Perthshire North) (SNP)
Thompson, Dave (Skye, Lochaber and Badenoch) (SNP)
Torrance, David (Kirkcaldy) (SNP)
Urquhart, Jean (Highlands and Islands) (SNP)
Watt, Maureen (Aberdeen South and North Kincardine) (SNP)
Wheelhouse, Paul (South Scotland) (SNP)
White, Sandra (Glasgow Kelvin) (SNP)
Wilson, John (Central Scotland) (SNP)
Yousaf, Humza (Glasgow) (SNP)

Abstentions
Baillie, Jackie (Dumbarton) (Lab)
Baker, Claire (Mid Scotland and Fife) (Lab)
Baker, Richard (North East Scotland) (Lab)
Beamish, Claudia (South Scotland) (Lab)
Bibby, Neil (West Scotland) (Lab)
Dugdale, Kezia (Lothian) (Lab)
Edie, Helen (Cowdenbeath) (Lab)
Fee, Mary (West Scotland) (Lab)
Ferguson, Patricia (Glasgow Maryhill and Springburn) (Lab)
Findlay, Neil (Lothian) (Lab)
Grant, Rhoda (Highlands and Islands) (Lab)
Gray, Iain (East Lothian) (Lab)
Griffith, Mark (Central Scotland) (Lab)
Henry, Hugh (Renfrewshire South) (Lab)
Kelly, James (Rutherglen) (Lab)
Lamont, Johann (Glasgow Pollok) (Lab)
Macdonald, Lewis (North East Scotland) (Lab)
Macintosh, Ken (Eastwood) (Lab)
Malik, Hanzala (Glasgow) (Lab)
Marra, Jenny (North East Scotland) (Lab)
Martin, Paul (Glasgow Provan) (Lab)
McCulloch, Margaret (Central Scotland) (Lab)
McDougall, Margaret (West Scotland) (Lab)
McNeil, Duncan (Greenock and Inverclyde) (Lab)
McTaggart, Anne (Glasgow) (Lab)
Park, John (Mid Scotland and Fife) (Lab)
Pearson, Graeme (South Scotland) (Lab)
Pentland, John (Motherwell and Wishaw) (Lab)
The Presiding Officer: The result of the division is: For 86, Against 0, Abstentions 32.

Motion agreed to,

That the Parliament agrees to the general principles of the Alcohol (Minimum Pricing) (Scotland) Bill.

The Presiding Officer: The next question is, that motion S4M-02163, in the name of John Swinney, on the financial resolution on the Alcohol (Minimum Pricing) (Scotland) Bill, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

For

Adam, George (Paisley) (SNP)
Adamson, Clare (Central Scotland) (SNP)
Allan, Dr Alasdair (Na h-Eileanan an Iar) (SNP)
Beattie, Colin (Midlothian North and Musselburgh) (SNP)
Biagi, Marco (Edinburgh Central) (SNP)
Brodie, Chic (South Scotland) (SNP)
Brown, Gavin (Lothian) (Con)
Brown, Keith (Clackmannanshire and Dunblane) (SNP)
Burgess, Margaret (Cunninghame South) (SNP)
Campbell, Aileen (Clydesdale) (SNP)
Campbell, Roderick (North East Fife) (SNP)
Carlaw, Jackson (West Scotland) (Con)
Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)
Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)
Constance, Angela (Almond Valley) (SNP)
Crawford, Bruce (Stirling) (SNP)
Cunningham, Roseanna (Perthshire South and Kinross-shire) (SNP)
Davidson, Ruth (Glasgow) (Con)
Dey, Graeme (Angus South) (SNP)
Don, Nigel (Angus North and Mearns) (SNP)
Doris, Bob (Glascow) (SNP)
Dorman, James (Glascow Cathcart) (SNP)
Eadie, Jim (Edinburgh Southern) (SNP)
Ewing, Annabelle (Mid Scotland and Fife) (SNP)
Fabiani, Linda (East Kilbride) (SNP)
Fergusson, Alex (Galloway and West Dumfries) (Con)
Finnie, John (Highlands and Islands) (SNP)
FitzPatrick, Joe (Dundee City West) (SNP)
Fraser, Murdo (Mid Scotland and Fife) (Con)
Gibson, Kenneth (Cunninghame North) (SNP)
Gibson, Rob (Caithness, Sutherland and Ross) (SNP)
Goldie, Annabel (West Scotland) (Con)
Grahame, Christine (Midlothian South, Tweeddale and Lauderdale) (SNP)
Harvie, Patrick (Glascow) (Green)
Hepburn, Jackie (Cumbernauld and Kilsyth) (SNP)
Hume, Jim (South Scotland) (LD)
Hyslop, Fiona (Linlithgow) (SNP)
Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)
Johnstone, Alex (North East Scotland) (Con)
Johnstone, Alison (Lothian) (Green)
Keir, Colin (Edinburgh Western) (SNP)
Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)
Lochhead, Richard (Moray) (SNP)
Lyle, Richard (Central Scotland) (SNP)
MacAskill, Kenny (Edinburgh Eastern) (SNP)
MacDonald, Angus (Falkirk East) (SNP)
MacDonald, Gordon (Edinburgh Pentlands) (SNP)
Mackay, Derek (Renfrewshire North and West) (SNP)
Mackenzie, Mike (Highlands and Islands) (SNP)
Mason, John (Glasgow Shettleston) (SNP)
Matheson, Michael (Falkirk West) (SNP)
Maxwell, Stewart (West Scotland) (SNP)
McAlpine, Joan (South Scotland) (SNP)
McArthur, Liam (Orkney Islands) (LD)
McDonald, Mark (North East Scotland) (SNP)
McGrigor, Jamie (Highlands and Islands) (Con)
McInnes, Alison (North East Scotland) (LD)
McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)
McLeod, Aileen (South Scotland) (SNP)
McLeod, Fiona (Strathkelvin and Bearsden) (SNP)
McLetchie, David (Lothian) (Con)
McMillan, Stuart (West Scotland) (SNP)
Milne, Nanette (North East Scotland) (Con)
Mitchell, Margaret (Central Scotland) (Con)
Neil, Alex (Airdrie and Shotts) (SNP)
Paterson, Gill (Clydebank and Milngavie) (SNP)
Rennie, Willie (Mid Scotland and Fife) (LD)
Robertson, Dennis (Aberdeenshire West) (SNP)
Robison, Shona (Dundee City East) (SNP)
Russell, Michael (Argyll and Bute) (SNP)
Salmond, Alex (Aberdeenshire East) (SNP)
Scanlon, Mary (Highlands and Islands) (Con)
Scott, John (Ayr) (Con)
Smith, Liz (Mid Scotland and Fife) (Con)
Stevenson, Stewart (Barrffshire and Buchan Coast) (SNP)
Stewart, Kevin (Aberdeen Central) (SNP)
Sturgeon, Nicola (Glasgow Southside) (SNP)
Swinney, John (Perthshire North) (SNP)
Thompson, Dave (Skye, Lochaber and Badenoch) (SNP)
Torrance, David (Kirkcaldy) (SNP)
Urquhart, Jean (Highlands and Islands) (SNP)
Watt, Maureen (Aberdeen South and North Kincardine) (SNP)
Wheelhouse, Paul (South Scotland) (SNP)
White, Sandra (Glasgow Kelvin) (SNP)
Wilson, John (Central Scotland) (SNP)
Yousaf, Humza (Glasgow) (SNP)

Abstentions

Baillie, Jackie (Dumbarton) (Lab)
Baker, Claire (Mid Scotland and Fife) (Lab)
Baker, Richard (North East Scotland) (Lab)
Beamish, Claudia (South Scotland) (Lab)
Bibby, Neil (West Scotland) (Lab)
Dugdale, Kezia (Lothian) (Lab)
Eadie, Helen (Cowdenbeath) (Lab)
Fee, Mary (West Scotland) (Lab)
Ferguson, Patricia (Glasgow Maryhill and Springburn) (Lab)
Findlay, Neil (Lothian) (Lab)
Grant, Rhoda (Highlands and Islands) (Lab)
Gray, Iain (East Lothian) (Lab)
Griffin, Mark (Central Scotland) (Lab)
Henry, Hugh (Renfrewshire South) (Lab)
Kelly, James (Rutherglen) (Lab)
Lamont, Johann (Glasgow Pollok) (Lab)
Macdonald, Lewis (North East Scotland) (Lab)
Macintosh, Ken (Eastwood) (Lab)
Malik, Hanzala (Glasgow) (Lab)
Marra, Jenny (North East Scotland) (Lab)
Martin, Paul (Glasgow Provan) (Lab)
McCulloch, Margaret (Central Scotland) (Lab)
McDougall, Margaret (West Scotland) (Lab)
McNeil, Duncan (Greenock and Inverclyde) (Lab)
McTaggart, Anne (Glasgow) (Lab)
Park, John (Mid Scotland and Fife) (Lab)
Pearson, Graeme (South Scotland) (Lab)
Simpson, Dr Richard (Mid Scotland and Fife) (Lab)
Smith, Drew (Glasgow) (Lab)
Smith, Elaine (Coatbridge and Chryston) (Lab)
Stewart, David (Highlands and Islands) (Lab)

The Presiding Officer: The result of the division is: For 86, Against 0, Abstentions 31.

Motion agreed to,

That the Parliament, for the purposes of any Act of the Scottish Parliament resulting from the Alcohol (Minimum Pricing) (Scotland) Bill, agrees to any expenditure of a kind referred to in paragraph 3(b) of Rule 9.12 of the Parliament’s Standing Orders arising in consequence of the Act.
ALCOHOL (MINIMUM PRICING) (SCOTLAND) BILL
RESPONSE TO HEALTH AND SPORT COMMITTEE STAGE 1 REPORT

I am grateful to the Committee for its careful and robust scrutiny of the Alcohol (Minimum Pricing) (Scotland) Bill and the considered conclusions in its Stage 1 Report.

I undertook at the Stage 1 debate to look carefully and sympathetically at all the comments and recommendations in the Report, including those highlighted by the Finance and Subordinate Legislation Committees, and am now reporting formally with a view. Our position is set out in Annex A.

I trust you find this information helpful.
ALCOHOL (MINIMUM PRICING) (SCOTLAND) BILL: 
RESPONSE TO HEALTH AND SPORT COMMITTEE STAGE 1 REPORT

162. The Committee recommends that evaluation of the Bill include an analysis of the degree of impact on young people’s consumption habits including pre-loading and binge drinking.

225. The Committee draws attention to its recommendation at paragraph 245 addressing evaluation and which includes unintended consequences.

245. The Committee considers that evaluation of the Bill is essential and recommends that this evaluation should include inter alia—

- study of the response of hazardous and of harmful drinkers, including the use of a control group in the north east of England (in addition to the study of severe drinkers to be carried out by Queen Margaret University);
- looking at the impact on low-income groups;
- scrutiny of the industry response to the spirit as well as the letter of the law;
- review of any substitution effect covering not just other kinds of alcohol but also drug use;
- assessment of the funding of brief intervention and family support services;
- analysis of the degree of impact on young people’s consumption habits including pre-loading and binge drinking; and
- examination of any unintended consequences, including cross-border trade, illicit sales, the black and grey economy, and internet purchases.

246. The Committee notes the requests made by some witnesses for better access to industry data to inform the policy evaluation, and, within the parameters of commercially sensitive information and data protection etc, hopes that the Scottish Government can explore all avenues to secure this information; and that manufacturers and retailers, in the interests of encouraging a better understanding of the impact of the Bill, will, in so far as they can, assist with the process.

288. The Committee endorses the view of the Finance Committee that it is crucial that the impact of the measure be evaluated, including the extent to which savings may be made in the areas of health, care and justice.

292. The Committee notes the range of views from local authorities on the potential impact of minimum pricing and concurs with the Finance Committee suggestion that this likely reflects the varying impact that the policy may have on individual services.
299. The Committee endorses the Finance Committee’s recommendation that the impact on people on low incomes be part of the evaluation of the legislation and welcomes the Cabinet Secretary’s assurance that this will be factored in.

308. The Committee endorses the view of the Finance Committee that the Scottish Government should continue the dialogue with organisations representative of business to monitor the impact of minimum pricing.

309. The Committee shares the Finance Committee’s concern at—the lack of evidence presented to support the SWA’s assertion at the impact of the policy on whisky exports.

310. The Committee endorses the recommendation of the Finance Committee that the Scottish Government undertake regular reporting of whisky export volumes and value.

319. The Committee notes the lack of clarity on the not insignificant matter—should there be any impact on exchequer receipts—of the economic impact of the policy and who pays. The Committee requests that an analysis be prepared by the Scottish Government when the minimum price is announced prior to Stage 3 and it recommends that the economic impact of the measure feature in the MESAS evaluation programme.

Response:

These comments/recommendations all relate in one way or another to the need for robust evaluation of the impact of minimum pricing. For this reason I would propose to deal with them together.

Overview

As indicated during the Stage 1 debate, the Scottish Government has put in place an internationally peer-reviewed, multi-component programme to evaluate the impact of our alcohol strategy, Monitoring and Evaluation of Scotland’s Alcohol Strategy (MESAS). The portfolio within MESAS includes studies to assess the impact of our minimum pricing proposals on individuals, on communities, on business and on Scotland as a whole.

This work, which is being co-ordinated and led by NHS Health Scotland, will ensure that the impact of minimum pricing on consumption and harm is closely monitored over time and any differential impacts on or between different groups of the population or unintended consequences are surfaced and fully understood.

This will include determining if there are any changes in drinking patterns or consumption and whether such changes differ by age, deprivation and gender. It will also look at whether there are any possible displacement/substitution effects; what additional work is needed to assess the impact on the alcohol industry; and how brief interventions have been delivered and whether greater investment in specialist services has led to increased treatment and care service capacity. A full evaluation of the Licensing (Scotland) Act 2005 is also ongoing. MESAS will, therefore, examine all the areas highlighted.

A further study primarily funded by the Scottish Government and led by Queen Margaret University is already in place to determine the impact of minimum pricing on heavy drinkers in contact with specialist services. It will use a longitudinal design to determine if minimum pricing results in changes in consumption, type of beverage, price paid or substitution to
industrial/illicitly produced alcohol or drugs in these drinkers, and whether any changes are differentially patterned, for example by deprivation. A Newcastle study arm will help enable the researchers to determine if any observed change in behaviours in Scotland is attributable to minimum pricing.

Reaction to specific points raised:-

- **Industry data (para 246):** There is limited data available to the Scottish Government and we would welcome more detailed information from the industry where they are able to provide this and will continue to have dialogue with them over this.


- **Economic impact (para 319):** In 2010, a MESAS scoping study concluded that in the absence of minimum pricing a full study of the economic impact of alcohol policy at that time was not feasible or warranted. We will revisit that decision in the coming months as we move towards implementation.

187. **The Committee notes the assurance of the Cabinet Secretary that the level at which the minimum price is to be set will be announced prior to Stage 3.**

189. **The Committee notes the options for a proposed mechanism for adjusting the level at which the price is set and the frequency of conducting that adjustment.**

190. **The Committee welcomes the Cabinet Secretary’s statement of being open to views regarding what that mechanism should be and the frequency of review.**

191. **The Committee notes the lack of consensus among stakeholders concerning both the nature and frequency of the mechanism by which a minimum price could be adjusted and further notes the Cabinet Secretary’s view that any mechanism must not only deliver the desired health benefits on an on-going basis but also meet the requirement of proportionality under EU law.**

192. **The Committee recommends that the Scottish Government states its preferred option and sets out the rationale for that decision by the end of Stage 2.**

Response:

As indicated during my oral evidence session, I can confirm that we will announce the minimum price prior to Stage 3 of the bill process and also give an indication of the approach we would propose to future price adjustments.
249. The Committee notes the view of some members that a sunset clause should be added into the Bill in order to provide a specified timeframe for the legislation’s review and, therefore, to allow by order either its continuation should it prove a policy success, or its removal from the statute book if its impact is shown to be otherwise. The Committee will consider the issue as it arises at Stage 2.

250. The Committee welcomes the constructive and consensual tone taken by the Cabinet Secretary in her evidence to the Committee, in particular with regard to her statement of remaining open to persuasion regarding the case for a sunset clause.

Response:

As I indicated during the Stage 1 debate, I have given careful consideration to the question of a review/sunset clause provision. I have come to view that it is right and proper for the Parliament to have the opportunity to review the impact of minimum pricing after it has been in place for 5 years. I would be minded, therefore, to support any Stage 2 amendment in this respect.

277. The Committee notes that the Bill could comply with EU law but considers that, without yet knowing the level at which the minimum price is to be set, it is not possible to arrive at a view as to whether the policy is likely to meet the criteria set out by article 36.

278. The Committee also notes that the Cabinet Secretary did not rule out the Scottish Government itself notifying the Bill and its policy intentions to the EC although she underlined the view that it was under no obligation to do so.

Response:

As I made clear in my letter of 8 March to the Committee, we remain firmly of the view that how we propose to implement minimum pricing is capable of complying with EU law. We know that we need to be able to balance the scale of market intervention with the health benefits which will flow, but we have always known we needed to be able to demonstrate this kind of proportionality, and are confident we will be able to do so.

As regards notification under the Technical Standards Directive to the EU, we remain of the view that the Bill itself does not require to be notified. However, after careful consideration we would propose to notify the order setting the minimum price per unit of alcohol. Notification of the Order will involve submitting a full legal analysis of the effect of the Bill and the Order.
I thank the Committee for its considered report on the Alcohol (Minimum Pricing) (Scotland) Bill and I am responding to the points raised at paragraphs 33 and 35 of the report.

33. In order to ensure the robustness of the evidence used to determine the MPU, the Committee calls on the Scottish Government to keep the Parliament informed of any developments with regard to the review of the Sheffield model used to set the MPU during the passage of the Bill. In particular, it welcomes the Scottish Government’s commitment to provide the Parliament with an indication of what the initial MPU is expected to be before the Bill completes its passage through the Parliament. It also welcomes the Scottish Government's commitment to provide details of the basis on which variations to the MPU will be made and how regularly it is anticipated these variations will be made.

Response:

On keeping the Parliament informed of developments with regard to the review of the Sheffield model, the Health & Sport Committee was provided with an advance copy of the updated results of the modelling prior to the appearance before them of the Cabinet Secretary for Health, Wellbeing and Cities Strategy on 31 January. The report was published on 31 January and can be found at the following link http://www.scotland.gov.uk/Topics/Health/health/Alcohol/resources (second link in recent key publications section).

As regards the setting and varying of the minimum price per unit before the end of the Bill's passage through Parliament, this was addressed in the Cabinet Secretary's response to the Health & Sport Committee's report of 4 April 2012 on page 4. An extract is reproduced below for ease of reference and the full report can be found at the following link http://www.scottish.parliament.uk/parliamentarybusiness/CurrentCommittees/29829.aspx :

“187. The Committee notes the assurance of the Cabinet Secretary that the level at which the minimum price is to be set will be announced prior to Stage 3.

189. The Committee notes the options for a proposed mechanism for adjusting the level at which the price is set and the frequency of conducting that adjustment.

192. The Committee recommends that the Scottish Government states its preferred option and sets out the rationale for that decision by the end of Stage 2.
Response:

As indicated during my oral evidence session, I can confirm that we will announce the minimum price prior to Stage 3 of the bill process and also give an indication of the approach we would propose to future price adjustments.”

35. Finally, in line with its observation in paragraph 28 that it is not unprecedented for additional accompanying documentation to be required when certain Scottish statutory instruments are brought forward, the Committee recommends that the Scottish Government bring forward an amendment at Stage 2 which places an obligation on the Scottish Government to provide detailed accompanying documentation providing detail of the modelling carried out and the evidence used to determine the minimum price when bringing forward an instrument to set or vary the MPU.”

Response:

In setting and varying the minimum price per unit of alcohol, we are required to ensure it remains proportionate under EU law. Proportionality depends on the level of public health benefits justifying the intervention in the market. In order to demonstrate this, we agree with the Committee that we need to provide detailed accompanying documentation over and above the standard documentation required for statutory instruments. We intend to provide a Business and Regulatory Impact Assessment to accompany the minimum price per unit, as was provided when a minimum price of 45p per unit was proposed previously. We do not, however, consider it necessary to bring forward an amendment at Stage 2 placing an obligation on the Scottish Government to do this. This is an affirmative order and so we recognise the need to provide sufficient evidence to Parliament to demonstrate proportionality.

I hope you find this information helpful.

ANDREW BRUCE
Head of Tobacco, Alcohol and Diet Team
Alcohol (Minimum Pricing) (Scotland) Bill

Marshalled List of Amendments for Stage 2

The Bill will be considered in the following order—

Sections 1 to 4  Long Title

Amendments marked * are new (including manuscript amendments) or have been altered.

Section 1

Dr Richard Simpson

3 In section 1, page 1, line 10, at end insert—

<(2A) Sub-paragraph (2B) applies where—

(a) alcohol is contained in a bottle or other container,
(b) the bottle or other container is marked or labelled in accordance with relevant labelling provisions, and
(c) the information provided by the mark or label includes a statement of how many units the bottle or container contains (whether by virtue of the relevant labelling provisions requiring the inclusion of such a statement or otherwise).

(2B) The minimum price of alcohol is to be calculated by multiplying the minimum price per unit by the number of units stated on the bottle or other container.

(3) In any other case,>

Dr Richard Simpson

4 In section 1, page 1, line 19, leave out <sub-paragraph (3)> and insert <sub-paragraphs (2B) and (3)>

Dr Richard Simpson

5 In section 1, page 1, line 27, leave out <sub-paragraph (5)> and insert <this paragraph>

Dr Richard Simpson

6 In section 1, page 1, line 27, at end insert—

<(  ) In this paragraph, “unit” means 10 millilitres of pure alcohol.”.>

Dr Richard Simpson

7 In section 1, page 2, line 5, at end insert—

<(2A) Sub-paragraph (2B) applies where—


(a) alcohol is contained in a bottle or other container,
(b) the bottle or other container is marked or labelled in accordance with relevant labelling provisions, and
(c) the information provided by the mark or label includes a statement of how many units the bottle or container contains (whether by virtue of the relevant labelling provisions requiring the inclusion of such a statement or otherwise).

(2B) The minimum price of alcohol is to be calculated by multiplying the minimum price per unit by the number of units stated on the bottle or other container.

(3) In any other case,

Dr Richard Simpson
8 In section 1, page 2, line 14, leave out <sub-paragraph (3)> and insert <sub-paragraphs (2B) and (3)>

Dr Richard Simpson
9 In section 1, page 2, line 22, leave out <sub-paragraph (5)> and insert <this paragraph>

Dr Richard Simpson
10 In section 1, page 2, line 22, at end insert—

<(  ) In this paragraph, “unit” means 10 millilitres of pure alcohol.”.>

After section 1

Dr Richard Simpson
11 After section 1, insert—

<Scheme for recovery of sums in relation to certain licensed premises

(1) The Scottish Ministers must by order establish a scheme for the recovery of the sum mentioned in subsection (2) from owners of licensed premises of such type or size as may be specified in the order (“relevant licensed premises”).

(2) The sum is whichever of the following is higher—

(a) an estimate of the total amount of increased profits (if any) that owners of relevant licensed premises have made as a result of the operation of the minimum pricing provision,

(b) an estimate of the total amount of increased profits (if any) that such owners would have made but for the taking by them of steps to counterbalance the effect on their businesses of the operation of the minimum pricing provision.

(3) The estimates mentioned in subsection (2) are to be based on such research and modelling as the Scottish Ministers consider appropriate.

(4) Amounts payable under the scheme are to be paid to the local authority within whose area the relevant licensed premises to which the amount payable relates are located.

(5) An order under subsection (1) must include provision about—

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(a) the period (or periods) to which estimates under subsection (2) are to relate,
(b) how the amount payable in respect of each relevant licensed premises is to be determined,
(c) when and how amounts payable under the scheme are to be paid,
(d) the penalties for failure to pay amounts payable under the scheme, and
(e) how long the scheme is to exist.

(6) An order under subsection (1) may include such other provision in relation to the scheme as the Scottish Ministers consider appropriate.

(7) Before making an order under subsection (1) the Scottish Ministers must consult—
(a) such persons as appear to them representative of the interests of holders of premises licences granted under the 2005 Act, and
(b) such other persons (if any) as they consider appropriate.

(8) An order under subsection (1) is subject to the affirmative procedure.

(9) In this section—
“the 2005 Act” means the Licensing (Scotland) Act 2005,
licensed premises” means licensed premises in respect of which a premises licence granted under the 2005 Act has effect,
“the minimum pricing provision” means paragraph 6A of schedule 3 to the 2005 Act.

Jackson Carlaw  
1 After section 1, insert—

<Duration of minimum pricing provisions>
(1) The minimum pricing provisions expire at the end of the 6 year period, unless an order is made under subsection (2).
(2) The Scottish Ministers may by order, after the end of the 5 year period but before the end of the 6 year period, provide that the minimum pricing provisions are to continue in effect despite subsection (1).
(3) The Scottish Ministers may by order make such provision (including provision modifying any enactment) as may be necessary or expedient in consequence of the expiry of the minimum pricing provisions by virtue of subsection (1).
(4) An order under subsection (2) or (3) is subject to the affirmative procedure.
(5) In this section—
“the 5 year period” means the period of 5 years beginning with the day on which section 1 comes fully into force,
“the 6 year period” means the period of 6 years beginning with that day,
“the minimum pricing provisions” means paragraph 6A of schedule 3 to the Licensing (Scotland) Act 2005 and paragraph 5A of schedule 4 to that Act.

Nicola Sturgeon  
2 After section 1, insert—
<Report on operation and effect of minimum pricing provisions>

1. The Scottish Ministers must, as soon as practicable after the end of the 5 year period, lay before the Scottish Parliament a report on the operation and effect of the minimum pricing provisions during that period.

2. The report must, in particular, contain information about the effect that the operation of the minimum pricing provisions has had on—
   (a) the licensing objectives specified in section 4 of the Licensing (Scotland) Act 2005 ("the 2005 Act"), and
   (b) the businesses of—
      (i) holders of premises licenses granted under the 2005 Act, and
      (ii) producers of alcohol.

3. In preparing the report, the Scottish Ministers must consult—
   (a) such persons as appear to them to be representative of the interests of—
      (i) holders of premises licenses granted under the 2005 Act,
      (ii) producers of alcohol,
   (b) such persons as they consider appropriate having functions in relation to—
      (i) health,
      (ii) prevention of crime,
      (iii) education,
      (iv) social work,
      (v) children and young people, and
   (c) such other persons (if any) as they consider appropriate.

4. The Scottish Ministers must, as soon as practicable after the report has been laid before the Parliament, publish the report in such manner as they consider appropriate.

5. In this section, "the 5 year period" and "the minimum pricing provisions" have the meanings given in section (Duration of minimum pricing provisions)(5).

Dr Richard Simpson

12 After section 1, insert—

<Evaluation of operation and effect of minimum pricing provisions and provision of statistical information>

1. The Scottish Ministers must lay before the Scottish Parliament—
   (a) within 3 months of the day on which the Bill for this Act receives Royal Assent, a report on the arrangements it proposes to make for—
      (i) the collection of the information mentioned in subsection (7), and
      (ii) evaluation of the operation and effect of the minimum pricing provisions ("the evaluation"),
   (b) as soon as practicable after the end of the 30 month period, an interim report on the evaluation, and
(c) as soon as practicable after the end of the 60 month period, a final report on the evaluation.

(2) The evaluation must examine the operation and effect of the minimum pricing provisions in relation to the following persons and matters—

(a) persons whose consumption of alcohol is considered to be—
   (i) hazardous,
   (ii) harmful,

(b) persons with low incomes,

(c) persons aged 18 to 24 (in particular the drinking habits of such persons, including the extent to which such persons consume excessive amounts of alcohol over short periods of time and consume alcoholic drinks on premises other than licensed premises prior to visiting licensed premises),

(d) the response of retailers and producers of alcohol (including the extent to which steps have been taken to try to counterbalance any reduction in trade caused by the coming into force of the minimum pricing provisions),

(e) switching from consumption of alcoholic drinks the price of which has increased as a result of the coming into force of the minimum pricing provisions to consumption of other alcoholic drinks or other substances,

(f) such other matters as the Scottish Ministers consider appropriate (for example, the buying of alcohol from other parts of the United Kingdom (including via the internet) and illegal sales of alcohol).

(3) The evaluation must, so far as is possible—

(a) include comparison of the situation in Scotland in relation to the persons and matters mentioned in subsection (2) with the situation in relation to such persons and matters in at least one other area within the United Kingdom, and

(b) distinguish between trends in relation to the persons and matters mentioned in subsection (2) that began prior to the coming into force of the minimum pricing provisions and the effects of those provisions.

(4) The Scottish Ministers must not finalise arrangements for the collection of the information mentioned in subsection (7) or the evaluation until any committee of the Scottish Parliament that indicates that it intends to examine the proposed arrangements has had a reasonable opportunity to do so.

(5) The Scottish Ministers must lay before the Scottish Parliament—

(a) a report containing the information mentioned in subsection (7) in relation to the 12 month period beginning with the month in which the start day falls, and

(b) a report containing that information in relation to each of the 4 subsequent periods of 12 months.

(6) A report under subsection (5) is to be laid before the Parliament as soon as practicable after the end of the 12 month period to which it relates.

(7) The information is information on—

(a) the level of consumption of alcohol in Scotland,

(b) the number of attendances at hospital accident and emergency departments that are associated with the consumption of alcohol,
(c) the number of admissions to hospital where the main diagnosis is alcohol-related,
(d) the number of crimes in which the consumption of alcohol is in any way involved,
and
(e) the number of deaths caused by alcohol.

(8) In this section—

“the 30 month period” means the period of 30 months beginning with the start day,
“the 60 month period” means the period of 60 months beginning with the start day,
“the minimum pricing provisions” means paragraph 6A of schedule 3 to the Licensing (Scotland) Act 2005 and paragraph 5A of schedule 4 to that Act,
“the start day” means the day on which section 1 comes fully into force.
Groupings of Amendments for Stage 2

This document provides procedural information which will assist in preparing for and following proceedings on the above Bill. In this case, the information provided consists solely of the list of groupings (that is, the order in which the amendments will be debated). The text of the amendments set out in the order in which they will be debated is not attached on this occasion as the debating order is the same as the order in which the amendments appear in the Marshalled List.

Groupings of amendments

**Calculation of minimum price**
3, 4, 5, 6, 7, 8, 9, 10

**Recovery of “windfall” profits from retailers**
11

**Evaluation and duration of minimum pricing provisions**
1, 2, 12
Present:

Jackson Carlaw
Jim Eadie
Fiona McLeod
Gil Paterson
Drew Smith

Bob Doris (Deputy Convener)
Richard Lyle
Duncan McNeil (Convener)
Dr Richard Simpson

Alcohol (Minimum Pricing) (Scotland) Bill: The Committee considered the Bill at Stage 2.

Amendment 1 was agreed to (without division).

Amendment 2 was agreed to (by division: For 6, Against 0, Abstentions 3).

The following amendments were disagreed to (by division)—

3 (For 3, Against 5, Abstention 1).
11 (For 3, Against 6, Abstentions 0).
12 (For 3, Against 5, Abstentions 1).

The following amendments were not moved: 4, 5, 6, 7, 8, 9 and 10.

Sections 1, 2, 3 and 4 and the long title were agreed to without amendment.

The Committee completed Stage 2 consideration of the Bill.
Scottish Parliament
Health and Sport Committee
Tuesday 1 May 2012

[The Convener opened the meeting at 09:30]

Alcohol (Minimum Pricing) (Scotland) Bill: Stage 2

The Convener (Duncan McNeil): Good morning and welcome to the 14th meeting of the Health and Sport Committee in 2012. I remind everyone present to turn off their mobile phones and BlackBerrys as they can interfere with the sound system.

Agenda item 1 is stage 2 consideration of the Alcohol (Minimum Pricing) (Scotland) Bill. I welcome to the meeting Nicola Sturgeon, the Cabinet Secretary for Health, Wellbeing and Cities Strategy, and her Scottish Government colleagues: Marjorie Marshall, economic adviser, public health; Donald Henderson, head of public health division; Edythe Murie, principal legal officer, health and community care; and Matthew Lynch, assistant Scottish parliamentary counsel.

We move to the first group of amendments. Amendment—[ Interruption. ] I apologise—that was a good start. Much of what I am about to say was covered in our pre-meeting briefing, but apparently I should also put it on record.

For stage 2 proceedings, members should have the bill, the marshalled list and the groupings. Our task is to consider all the amendments and agree to each provision in the bill. I will call the member with the lead amendment in each group to open the debate on the group by moving the lead amendment and speaking to all the amendments in the group. I will then call any members who have lodged amendments in the group to speak to all the amendments in it and, after that, I will call any other members who wish to speak on the group, taking the cabinet secretary last if she has not lodged an amendment. Finally, I will invite the member who opened the debate on the group to wind up and to indicate whether they wish to press or withdraw the lead amendment.

Any member present may object to the withdrawal of an amendment. In the event of such an objection, we will proceed straight to the question on the amendment. If the member who lodged the amendment does not move it, any other member present may do so.

Finally, I remind the officials accompanying the cabinet secretary that they may not speak during the proceedings.

Section 1—Minimum price of alcohol

The Convener: The first group of amendments is on calculation of minimum price. Amendment 3, in the name of Richard Simpson, is grouped with amendments 4 to 10.

Dr Richard Simpson (Mid Scotland and Fife) (Lab): Despite the number of amendments in this group, my proposal is relatively simple and is designed to simplify the formula MPU x S x V x 100, set out in new paragraph 6A(3) of schedule 3 to the Licensing (Scotland) Act 2005, as inserted by section 1(2) of the bill. Under that formula, the minimum price per unit is multiplied by the strength of the alcohol and volume in litres times 100. My amendments seek to simplify that by putting in place a formula that focuses on units alone and multiplies the minimum price per unit by the number of units.

It is current Scottish and United Kingdom Government policy that the public should be educated on the number of units that they drink and be made aware of whether their drinking is within safe limits. Interestingly, those limits vary enormously across Europe. I feel that the bill’s more complex approach will not help public education. Moreover, for trading standards to be able to monitor any of this, there will need to be a relatively complex calculation on every container and bottle displayed on every shelf in every shop in Scotland.

In evidence, Professor Timothy Stockwell told us that, with its 5,500 products and monopoly system, Canada was finding it difficult to manage minimum unit pricing. I acknowledge that, in that country, minimum unit pricing is not set at one level but varies and that, in that respect, the system proposed for Scotland is simpler, but it is not as clear as it should be.

Although the bill refers to units, it contains no definition of what a unit constitutes. That anomaly would be addressed by including in the bill the standard definition of a unit—used by, among others, the chief medical officer—as 10ml of pure alcohol. That would set an exact standard for all information about units on a label and will be essential if we are to prevent retailers or manufacturers from introducing their own idea of a unit, which might differ from the standard unit and would simply confuse consumers.

By the end of 2012, 81 per cent of bottles or containers containing alcohol will include
information on the number of units, under a voluntary measure introduced by the alcohol industry. I have suggested that we should encourage the inclusion of information on bottle labels about the units of alcohol to give consumers more knowledge about the number of units in what they drink. If we change the formula in the bill to the one suggested in amendment 3, that would encourage people to take note of the number of units in the drink that they are consuming. That would sit well with the aims of health organisations and the Scottish Government’s current approach. Moreover, as the cabinet secretary knows, considerable research shows that consumers are unaware of the amount of alcohol in a product. Setting out the number of units of alcohol on the label will address that lack of knowledge.

In conclusion, the amendments seek to set out the definition of a unit and a simpler formula. They should be agreed to, as they would deliver minimum unit pricing in a straightforward manner that would help not only consumers but regulatory enforcers.

I move amendment 3.

Jim Eadie (Edinburgh Southern) (SNP): I contend that these amendments would have the opposite effect to that stated by Richard Simpson. He said that their purpose was to simplify the proposal in the bill; however, given that they would result in the bill having more than one calculation for minimum price, they might well be a recipe for confusion for the public and retailers and have the unintended consequence of increasing the burden of regulation, particularly on small businesses. Any regulatory process should be clear and consistent. The bill achieves that clarity and consistency and these amendments do not and, for that reason, I oppose them.

The Deputy First Minister and Cabinet Secretary for Health, Wellbeing and Cities Strategy (Nicola Sturgeon): I think that I understand what Dr Simpson is trying to achieve with these amendments; as he said himself, he wants to simplify the process of calculating the minimum price where the number of units of alcohol is marked or labelled. At the outset, I must agree with him that we have a job to do in educating the public further on units of alcohol and the amount of alcohol that they are drinking. Indeed, I think that there is consensus on that point. However, as Jim Eadie suggested, I do not believe that these amendments would achieve the simplification that Dr Simpson wishes to see.

First, there is no statutory requirement to mark or label the number of units in a product. Normally, it is the declared strength of alcohol that is marked or labelled in accordance with the law. That is why the formula in the bill includes strength in the calculation and why there is a power that enables the Scottish ministers to make an order that allows declared strength to be relied upon. For alcohol that does not have its declared strength marked or labelled, the actual strength is to be used in the formula.

Another reason why I do not believe that the amendments would succeed in simplifying the system is exactly the point that Jim Eadie made: the amendments do not delete the existing formula in the bill; they simply add an alternative formula. That means that we would end up with two formulae in the bill—the one that is already prescribed and the one that the amendment would insert. I contend that that would make the basis on which the minimum price is calculated more complicated and more, not less, difficult for retailers and the public to understand.

Although it is important and necessary to include the formula in the bill—I believe that we have come up with the most robust formula possible—to an extent, the issue of calculating the minimum price for any particular product is one of implementation. We have already said, and I repeat today, that we will work with the industry on the implementation of minimum pricing and will help to produce whatever will assist those who sell alcohol to calculate the minimum price and, in so doing, assist those whose job it is to ensure that the minimum pricing provisions are being adhered to.

I consider the formula in the bill to be as robust as it can be and my strong preference is for that method to remain the method in the bill of calculating the minimum price. Therefore, I urge the committee to reject amendments 3 to 10.

Dr Simpson: The cabinet secretary and Jim Eadie have raised an issue that is of interest. Nevertheless, it is important that there be a clear definition of unit, and that is not the case at the moment. There is still potential for units to be different for different manufacturers—that is a possibility and that issue was not addressed sufficiently in the rebuttal.

Moving towards a system that is simple to enforce, as a generality, is another point that was not addressed in the rebuttal. For those reasons, I will press my amendment.

The Convener: The question is, that amendment 3 be agreed to. Are we agreed?

Members: No.

The Convener: There will be a division.

For
McNeil, Duncan (Greenock and Inverclyde) (Lab)
Simpson, Dr Richard (Mid Scotland and Fife) (Lab)
Smith, Drew (Glasgow) (Lab)
Against
Doris, Bob (Glasgow) (SNP)
Eadie, Jim (Edinburgh Southern) (SNP)
Lyle, Richard (Central Scotland) (SNP)
McLeod, Fiona (Strathkelvin and Bearsden) (SNP)
Paterson, Gil (Clydebank and Milngavie) (SNP)

Abstentions
Carlaw, Jackson (West Scotland) (Con)

The Convener:

The result of the division is: For 3, Against 5, Abstentions 1.

Amendment 3 disagreed to.

Amendments 4 to 10 not moved.

Section 1 agreed to.

After section 1

The Convener: Amendment 11, in the name of Richard Simpson, is in a group on its own.

Dr Simpson: As the cabinet secretary knows, the Labour Party remains doubtful of the likelihood of minimum unit pricing delivering the levels of change that we all want to see in Scottish society’s approach to the consumption of alcohol. Amendment 11 seeks to ensure that, as far as possible, the effect is measured and distinguished from existing trends and from any changes that arise from United Kingdom policies and general societal changes, so that the effect of minimum unit pricing is singled out.

We will come back to that in due course, but Labour’s red line on the issue, as was indicated at stage 1, relates to the windfall to the industry that will arise from minimum unit pricing. The University of Sheffield modelling is clear that the windfall is likely to be substantial, with around £140 million accruing to the industry as a whole annually in Scotland from a minimum unit price of 50p, the largest proportion of which will accrue to the supermarkets. Unfortunately, the Government has not asked anyone to examine the likely industry response. Indeed, in evidence to us, the University of Sheffield came close to expressing regret that that important question had not been posed.

We will come back to that in due course, but Labour’s red line on the issue, as was indicated at stage 1, relates to the windfall to the industry that will arise from minimum unit pricing. The University of Sheffield modelling is clear that the windfall is likely to be substantial, with around £140 million accruing to the industry as a whole annually in Scotland from a minimum unit price of 50p, the largest proportion of which will accrue to the supermarkets. Unfortunately, the Government has not asked anyone to examine the likely industry response. Indeed, in evidence to us, the University of Sheffield came close to expressing regret that that important question had not been posed.

09:45

The Institute for Fiscal Studies, in an important report, was clear that one possible outcome is that the industry will redesign its price structures, using the windfall to reduce the price of premium brands or other types of alcohol that are sold above the minimum price. I agree that that is a possible scenario, but I add two further ones. The overwhelming majority of the increase in consumption in the period up to 2005, when consumption began to flatline or reduce, was in relation to wine. There has been a 23 per cent increase in wine consumption and wine prices have risen substantially. From the most recent analysis, we know that minimum unit pricing will have little effect on wine. The first scenario is that that significant culture shift in Scotland might be encouraged further if wine prices above the minimum unit price are reduced using the windfall. The second scenario is a substantial increase in advertising using the windfall, which is a significant possibility.

In passing the Alcohol etc (Scotland) Act 2010, the Parliament decided to amend the then minority Government’s approach to a social responsibility levy, from a polluter-pays approach in which the levy was to be on pubs and clubs to a more general levy on sales. The Government proposes a partial alternative through its public health levy, but that applies only to shops whose rateable value is over a certain amount and which sell tobacco and alcohol.

My amendment 11 does not prescribe exactly how the windfall is to be recouped to the public purse; it sets out only that it should be recouped. Given that budgeted expenditure on alcohol is flattening in cash terms in the next few years—and therefore reducing in real terms—I strongly urge the Government and colleagues on the committee to agree to amendment 11 and to use the funds to further tackle alcohol problems. If the Government does that and comes up with a credible assessment of whether a minimum unit price achieves its modelled objectives, as we said in moving our reasoned amendment at stage 1, it would have our support for the entire bill at stage 3.

I move amendment 11.

Bob Doris (Glasgow) (SNP): I will say a few words about why I cannot support Richard Simpson’s amendment 11.

The first reason is that powers are already available should any Government or Parliament wish to recoup money from supermarkets or whoever.

In the previous session, the Scottish Government proposed a large retailer supplement, with the aim of recouping some of those profits in financially difficult times. That involved not primary legislation, but a statutory instrument. Unfortunately, the measure was opposed by the Labour Party.

In April, the public health supplement was implemented, which will raise £95 million across 240 of the largest stores that sell alcohol and tobacco in Scotland. That amount will be recouped over the next few years. A Labour member of the Local Government and Regeneration Committee, John Pentland, said that he “reluctantly” supported the measure, so that was hardly enthusiastic. The
Government has taken a consistent approach to recouping profits appropriately.

Also, the power to implement a social responsibility levy is still in force should the Government and Parliament choose to use it. That is perhaps a debate for another day.

Therefore, I have given three examples of current legislation, outwith the bill, that could be used should the Government or Parliament choose to recoup potential profits.

The University of Sheffield says that the profits will accrue not only to supermarkets or the off-sales sector, but to the entire sector, so that potentially includes further business for the on-trade.

Because the power to recoup money already exists in legislation should the Parliament decide to do so, and because of the other comments that I have made, I believe that Labour’s approach is riddled with inconsistencies every step of the way. For those reasons, I cannot support Mr Simpson’s amendment 11.

Gil Paterson (Clydebank and Milngavie) (SNP): I will give an example and pose some questions that I hope Richard Simpson will answer when he sums up.

I am interested to know how Richard Simpson would define profit. The normal process is to consider the cost of an item and what it is sold for and to build into that any overheads. A company such as Morrisons has the capacity to run a big campaign and headline it for seven days. If it goes to Tennent’s in Glasgow, just up the road, and buys a container of beer, it might get 25 per cent off the base rate because of the quantity. If it runs out near the end of the promotion, it might go back and get a pallet load in order to keep faith with its customers, in which case it will pay 25 per cent over the base rate because the extra quantity was not in the contract and it is merely a pallet load.

Meanwhile, Joe Bloggs, who runs a corner shop nearby, goes to the wholesaler to buy exactly the same product and he sells it at double the price that Morrisons charged. I wonder how the profit would be measured. Would it be calculated on the price at which the product is sold or would it be the real-world profit—the bit that the retailer is left with? How could we segregate the profit on one or 100 drink lines on the shelves from the profit on 1,000 other lines, and how could we identify the costs in relation to the alcohol? How would we establish the profit if the manufacturer or wholesaler puts the price up and the retailer, because of market forces, absorbs that price rise? How would the proposed measure impact on profit?

I have been in business for a long time—to long, to be honest—and I do not think that the proposal is physically possible or workable. I am not in the business of protecting supermarkets—I would like to do the opposite—but I find the proposal utterly and completely unworkable.

Jackson Carlaw (West Scotland) (Con): I have some sympathy with the principle that underpins Dr Simpson’s amendment 11. I believe that there is widespread public support for a more convincing and determined approach to alcohol and the problems that it creates and, by virtue of that, for the bill. Nonetheless, there is considerable disquiet among members of the public that one consequence of the bill might be a significant windfall profit for retailers.

I sympathise with the points that Gil Paterson made, and I note the points that Bob Doris made, although I have mixed feelings about some of the measures that have already been put in place and how they apply.

In moving his earlier amendment, Dr Simpson acknowledged that it is impossible for us to know how industry will react to the legislation—that was clear from the evidence; nonetheless, he seeks to make an amendment to the bill that anticipates that it will react in a particular way. It might react in that way, or it might not.

As Gil Paterson identified, the proposed measure might be difficult or impossible to implement, and in any event it might fall short of what would subsequently be required in the face of a particular industry response. We should acknowledge that. In addition, everybody anticipates that there will be a declining level of profitability if the bill works.

My preference is that we seek to work positively with industry, which I hope will rise to and meet the challenge, which goes beyond the Scottish Parliament’s bill, by working in partnership to tackle the broader cultural issues to do with alcohol in Scotland. I hope that the industry, in partnership, will be prepared and willing to set an example by assisting in abstinence or rehabilitation programmes that might be of benefit to people who suffer the consequences of alcohol use.

Therefore, although I understand the sentiment behind amendment 11, as we said in the debate at stage 1, the Conservatives’ view is that, for practical reasons, the matter is probably best addressed in the light of what happens and in a voluntary way with industry.

We oppose amendment 11.

Nicola Sturgeon: As we heard, amendment 11 attempts to deal with additional money from which the alcohol industry might benefit due to the
introduction of minimum pricing. Like Jackson Carlaw, I have a degree of sympathy with the sentiment behind the amendment. I certainly agree with what he said about the need to work with the industry to achieve a change in the culture around alcohol, with all that that entails. However, I cannot support amendment 11, because it is technically flawed, unworkable and, as Bob Doris and Gil Paterson said, unnecessary.

The Sheffield modelling estimated that the alcohol industry as a whole would benefit from additional revenue. Additional revenue does not necessarily result in increased profit—that is my first point. A point that Jackson Carlaw made is important in that context. Minimum pricing is designed to reduce consumption of alcohol over time, so we cannot assume that additional revenue will forever be an inevitable consequence of the policy.

Secondly, we do not know exactly where additional revenue that might accrue will end up. It could end up anywhere along the supply chain. People who characterise the additional revenue as a windfall profit for supermarkets are oversimplifying the issue to a great extent. Additional revenue might accrue to the small corner shop. It might accrue to the producer of alcohol as well as to the retailer.

Thirdly, I make a practical point, which Gil Paterson made well. It is not clear to me—even after some study of amendment 11—how owners of licensed premises would be able to isolate additional revenue from minimum pricing, given that there will always be a raft of measures in place to generate revenue for any particular business, and given that there will always be a range of factors that determine the eventual profit of any particular business. It is not clear how people would isolate additional profit that accrued from minimum pricing.

Even if we could get over such hurdles, some of the data that would be required to calculate the additional profit are likely to be considered commercially confidential and might not be disclosed or accessible to Government.

On a technical point, amendment 11 would require sums to be recovered from "owners of licensed premises".

Often, the owner of licensed premises and the person who holds the licence to sell alcohol are not the same person. A tenant of a shop, for example, will be the licence holder and therefore any additional benefit will accrue to the tenant, not the owner of the premises. On that practical point, amendment 11 is technically flawed.

Amendment 11 is also unnecessary. As Bob Doris said, we have implemented the public health supplement, which will raise around £25 million this year to help to address health and social problems. We also have powers in the Alcohol etc (Scotland) Act 2010 to introduce a social responsibility levy on retailers of alcohol. Amendment 11 is therefore not just technically flawed and unworkable but unnecessary, because adequate measures are in place to enable us to work together to address the issue in the way that we see fit.

Amendment 11 is something of a fig-leaf for members who have found themselves on the wrong side of the argument for political rather than health reasons. For all those reasons, I urge the committee to reject amendment 11.

10:00

Dr Simpson: I accept that there may be a problem with the word "owners", which may need to be amended at stage 3 if amendment 11 is agreed to. Apart from that technical point, two major points have been made in respect of the amendment. The first is that there are measures in place could be used. The purpose of amendment 11 is to ensure that those measures are used. It does not say how that should be done; it says that it should be done. The problem is that the Sheffield modelling estimates the additional revenue to be substantial and there is major public disquiet about the fact that that is not being recouped. The amendment requires it to be recouped.

The second issue is how we calculate the sum involved. I accept Gil Paterson's point that calculating it is not that easy, but that is why subsection (3) of my amendment says that the estimates "are to be based on such research and modelling as the Scottish ministers consider appropriate."

The Scottish ministers have accepted the Sheffield modelling, which, as I have been careful to say, talks about profits of £140 million not to supermarkets but to the industry as a whole. It would be up to the Government, in discussions with the industry, to reach a conclusion on what the additional revenue is likely to be.

On the expectation that the additional revenue would reduce over time, that would be the case if the volume of alcohol that is consumed reduces, which is the purpose of the minimum unit price. However, we know that the industry as a whole is already committed to reducing alcohol content by 1 billion units by 2015, so the profitability of that alcohol will increase rather than decrease. To suggest that the revenue will go down is a false element of the rebuttal.

My other concern is about the fact that the public health supplement, which is the only
measure that is being fully implemented at present, applies to alcohol and tobacco. I shall provide an illustration. Our big problem with tobacco at the moment is the huge variation in its consumption, which ranges from 43 per cent among the most deprived members of our community to 10 per cent among the least deprived.

In a supermarket in an area in which there is almost no deprivation—which does occur—the sales of tobacco are likely to be small. The effect of the public health supplement, along with the display ban and policies that may be introduced on packaging, may be that supermarkets stop selling tobacco in areas of lower deprivation, which would mean that the public health supplement would apply only in areas of greater deprivation. As an alcohol measure, the levy is substantially flawed.

However, I reiterate that we have not stated in amendment 11 precisely which measures should be used—whether it should be some form of the public health supplement, the social responsibility levy or other measures. That would be up to the Government. The amount involved would be a matter for negotiation between the Government and the industry. Failure to take action to recoup the windfall more substantially than has been proposed until now is a failure that the public will not fully understand.

The Convener: The question is, that amendment 11 be agreed to. Are we agreed?

Members: No.

The Convener: There will be a division.

For
McNeil, Duncan (Greenock and Inverclyde) (Lab)
Simpson, Dr Richard (Mid Scotland and Fife) (Lab)
Smith, Drew (Glasgow) (Lab)

Against
Carlaw, Jackson (West Scotland) (Con)
Doris, Bob (Glasgow) (SNP)
Eadie, Jim (Edinburgh Southern) (SNP)
Lyle, Richard (Central Scotland) (SNP)
McLeod, Fiona (Strathkelvin and Bearsden) (SNP)
Paterson, Gil (Clydebank and Milngavie) (SNP)

The Convener: The result of the division is: For 3, Against 6, Abstentions 0.

Amendment 11 disagreed to.

The Convener: Amendment 1, in the name of Jackson Carlaw, is grouped with amendments 2 and 12.

Jackson Carlaw: To aficionados of the minimum pricing of alcohol, amendment 1 will look startlingly familiar, as it bears a close resemblance to an amendment that was moved by the cabinet secretary in respect of previous legislation. It is important that I clarify why I am moving the amendment and the way in which it underpins a change, in heart and policy terms, in the approach of the Conservatives to the legislation.

When the minimum pricing of alcohol was first promoted by the Cabinet Secretary for Justice at the beginning of the previous session of Parliament—when responsibility for alcohol measures rested with him—I was careful to say in my speech in that debate that I did not think that the measure should be ruled out but that it should be left to be considered at an appropriate time. My view and that of the Conservatives was that a considerable amount of legislation had already been passed and was still to come into effect. There was considerable concentration on the age at which young people should be allowed to acquire alcohol. At that stage, on balance, as we moved towards the culmination of that legislation, we were still unpersuaded by the evidence that underpinned the proposal.

A degree of scepticism has remained as the current bill has progressed. However, I do not think that the policy now is an act of faith—as it was then—because it is now underpinned by some empirical evidence from Canada, which has moved the debate forward even though that evidence does not involve exactly the measure that is being proposed.

I am also conscious that there has been a national election, during which the proposal, which was a cornerstone of the Scottish National Party manifesto, was widely supported by the public. Indeed, having explored the matter, it is clear to me that there is widespread support for the measure among clinicians, those working in accident and emergency departments and people in a variety of fields. Everybody who has an interest in tackling the problems of alcohol in Scotland will wish the measure to succeed.

Various claims are made for the measure. Some are beyond the likelihood of being translated into reality; others are more modest. As we have heard this morning there are people who are deeply sceptical, and there are people in the wider community who are concerned about the potential effects of the legislation. I am therefore moving an amendment that I hope will not ultimately change the direction of the policy but which will require the Parliament to examine again the measure that we are passing in the light of the experience of its effect, in order that we can be assured of the benefits that have accrued from it and can thereafter renew it on the basis of a proven track record of success. As was stated during stage 1, the legislation should be based on evidence, and in the absence of such evidence of success, evidence to the contrary would be the basis on which policy would be formed, and there would be no place for the measure.
I believe that my proposal will reassure those people who retain a degree of scepticism, as well as those who will be looking to Scotland’s implementation of what is a bold measure in order to determine their practice in the future, that, in embarking on the implementation of the legislation, we are confident that it will make a contribution to the reduction of the consumption of alcohol and are determined to ensure that Parliament will reaffirm its commitment to it in the light of the experience.

I move amendment 1.

The Convener: I invite the cabinet secretary to speak to amendment 2 and the other amendments in the group.

Nicola Sturgeon: Convener, is it appropriate for me to speak to amendments 1 and 2 now and to respond to Richard Simpson on amendment 12 later in the debate, or do you want me to do that now?

The Convener: It appears that you can, if you wish.

Nicola Sturgeon: I said at stage 1 that I had given the matter of a sunset clause further consideration, and I confirm that I think that it is right for the Parliament to have the opportunity to review the policy after five years, so I support amendment 1.

As Jackson Carlaw said, the proposed insertion in the bill of a sunset clause is a response to the concerns of some members that minimum pricing has not been tried elsewhere, which is a perfectly reasonable and legitimate position to take. Amendment 1 will mean that minimum pricing will cease to have effect six years after it comes into force, unless the Scottish ministers and the Parliament agree that it should continue.

Given the robust nature of the modelling and the evidence of the link between price and consumption and harm, as well as the evidence in support of a minimum pricing measure itself, I am confident that the evidence will be that minimum pricing in Scotland is effective and efficient.

Pricing interventions are supported by evidence. Our proposal is supported by robust modelling and a wide range of evidence. I think that it is likely that we will start to see benefits in the first year of the policy, but they will become more evident over time. We therefore support the inclusion of a sunset clause to reassure those who remain unconvinced. Quite simply, if we are wrong, minimum pricing will end. If we are right, as I believe we will be, it can continue.

Amendment 2, which is in my name, is complementary to the sunset clause amendment, as it will require the Scottish ministers to evaluate the effect of minimum pricing five years after it comes into force and to report on that to Parliament. That ought to provide sufficient time for the impact of the policy to be demonstrated.

The committee will know that the Sheffield modelling estimated the likely impact of minimum pricing after one year and after 10 years, but my judgment is that 10 years is too long a timeframe for us to wait before reporting to Parliament, which is why I think that five years is the appropriate period.

The report must include information about the effect of minimum pricing on the licensing objectives of protecting and improving public health and reducing crime and disorder; the effect on premises licence holders such as those in the pub trade, the retail sector and the wider licensed trade; and the impact on alcohol producers.

In preparing the report, ministers will be required to consult persons who have functions that relate to health, crime prevention, children and young people, education and social work, and those who represent premises licence holders and alcohol producers.

I think that what is proposed represents a fair and reasonable way to introduce a new policy and I hope that it will overcome what appears to be a stumbling block for some members, which is that such a measure has not been tried elsewhere, so we cannot be certain of its effects. My suggestion is quite simple. We should let the policy run for six years and, after five years, ministers should come back with evidence of the impact that it has had. At that point, the Parliament can take a decision on whether it should continue.

In the interests of time, I will go on to deal with amendment 12, although I am conscious that Richard Simpson has not yet spoken to it. Amendment 12 seeks to set out an evaluation package on the operation and effect of minimum pricing. As I hope will be clear from my comments on amendment 2, I absolutely agree that such evaluation is necessary.

However, I do not support amendment 12, because I do not believe that it is necessary. A comprehensive evaluation of the operation and effect of minimum pricing is already provided for in our monitoring and evaluating Scotland’s alcohol strategy—MESAS—programme. That work, which is led by NHS Health Scotland, will ensure that the impact of minimum pricing on consumption and harm is closely monitored over time and that any differential impacts on or between different groups of the population or, indeed, any unintended consequences are identified and explored. That will include determining whether there have been any changes in drinking patterns or consumption and whether such changes differ according to age, deprivation, gender or any other relevant factors.
The MESAS portfolio includes studies to assess the impact of our minimum pricing proposals on individuals, communities and the country as a whole. We are currently working with Health Scotland and academic partners to consider what further research is required, and I will be happy to keep members updated as those discussions progress.

A study that is primarily funded by the Government and led by Queen Margaret University is already in place to determine the impact of minimum pricing on heavy drinkers. It will also look at whether there are any possible displacement or substitution effects. It will use a longitudinal design to determine whether minimum pricing results in changes in consumption, type of beverage or price paid, or in the substitution of industrial or illicitly produced alcohol or drugs by those drinkers, and whether any changes are differentially patterned—for example, by deprivation. A Newcastle study arm will enable the researchers to determine whether any observed change in behaviours in Scotland is particularly attributable to minimum pricing.

The report that amendment 2 proposes must include information about the effect of minimum pricing on the various issues that I have covered. For all those reasons, I urge the committee to accept amendments 1 and 2, and I ask Dr Simpson, in light of my comments, not to move amendment 12.

Dr Simpson: I welcome Jackson Carlaw’s reiteration of the sunset clause, which I will support.

The cabinet secretary’s amendment 2 and my amendment 12 are trying to achieve, in slightly different ways, a similar end. It has been accepted that the policy is untested and untried. The only practical application of a minimum rather than a general pricing policy has taken place in Canada. The differences that exist there, including the national monopoly and the huge variety of different minimum unit prices—which vary not only between but within states and between different types of alcohol—make comparisons with a single universally applicable minimum unit price doubtful, to say the least.

It is therefore imperative, as I think we all agree, that there is a robust examination of the possible effects—or lack of effects—of minimum unit pricing. The detail in my amendment reflects the need for a substantial body of high-quality data and research to be produced. There must be a serious attempt to tease out the possible effects of minimum unit pricing from those of other variables.

Despite attempts by some to obscure the facts, the trend in alcohol-related deaths in Scotland has been downwards over the past five years, with an average drop in deaths per annum that exceeds the drop that was predicted by Sheffield in year 1.

We must take into account the flattening of—or even reduction in—consumption, which may be accelerating if the effect of discounting that the Sheffield researchers reported to the committee as occurring in the first two months after introduction is borne out over time. It is a matter of regret that an amendment in my name to tighten the discount ban further has been ruled out of consideration by the narrowness of the bill. The discount ban appears to be quite effective, and the bill could have been further strengthened in that regard.

The statistics on alcohol-related admissions show a massive increase over the past few years, but that statistical analysis has been savaged in the *British Medical Journal* as yet another example of game playing. We need to be clear about the validity of the data that is to be collected.

The research must cover all areas of concern. I accept the cabinet secretary’s point that the Queen Margaret University proposal, which has been accepted, now includes a control group; that is very welcome. However, it deals with very seriously harmed drinkers, who consume 197 units per week. Those are not typical Scottish drinkers who are at risk, but drinkers who are already suffering very serious harm. To prove that the policy is effective, it will not be sufficient simply to demonstrate that it has an effect on that group of seriously harmed drinkers.

I have said repeatedly on the record that I expect that minimum unit pricing will have some effect on some of that group. However, it does not address—and I am not convinced the MESAS programme yet addresses—the cohort of harmful drinkers with an average consumption of 57 units per week that the Sheffield model reflects.

The Sheffield study predicts that, with a minimum unit price of 40p, there will be a reduction in drinking among that group of only five units per week. We need to understand whether that is significant or not. It will be statistically significant, but will it be clinically significant? Will it shift the culture of drinking in Scotland?

Even more important than the position of those harmful drinkers who are already teetering on the brink of alcohol dependency is that of the hazardous drinkers—males in that category consume regularly in excess of 35 units a week—and, in particular hazardous binge drinkers. Those are mainly younger drinkers aged 18 to 24, about whom the public have the greatest concerns: the most visible on our streets, they present the quite unacceptable face of the night economy. Some of them will undoubtedly progress to states of alcohol dependency.
Then there is the policy’s unintended effect on low-income drinkers. I have repeatedly said that the evidence is that the consumption of cheap alcohol, after discounting is removed, is substantially greater in the lowest 30 per cent of the community by income. After we take out the seriously harmful drinkers and the non-drinkers, low-income moderate drinkers in that group could be significantly affected as an unintended consequence of the policy. There must therefore be very clear research in that area.

All those elements must be researched in control groups, if possible, using areas in the United Kingdom Government’s jurisdiction where minimum unit pricing is not happening. They need to be studied carefully so that a rational conclusion as to the effectiveness or otherwise of what is a novel policy can be rigorously tested.

However, if the cabinet secretary is willing not to move her amendment 2, I am willing not to move my amendment 12, so that we can sit down and work out a rational and agreed approach to ensure that the public will be satisfied that minimum unit pricing is an effective policy that we can be proud of selling to other countries. Without that clarity, I am really concerned that we are supporting a novel policy that does not do what it says on the tin. As the cabinet secretary knows, despite her painting policy that does not do what it says on the tin. As a result of the committee’s scrutiny of the new section that amendment 12 would insert are far too short to allow us to see real, practicable effects. I also understand that all the information that Dr Simpson seeks under subsection (7) is already available and is usually published by the Government annually.

There has been talk of wanting to reach rational conclusions, but I think that the bill is clearly a rational conclusion from the evidence that we saw in the Sheffield study and in Canada. For the Official Report, at this point I want to knock on the head a suggestion by Dr Simpson. He continually refers to the evidence from Canada as if it would not apply in Scotland because there is a national monopoly in Canada, but it is important that we all remember that Dr Stockwell made it absolutely clear to us that although there used to be a national monopoly in Canada, there no longer is. I understand that less than 50 per cent of alcohol retail outlets there are controlled by the national monopoly.

Again, I refer the committee back to the 2006 smoking ban, which was introduced on the back of evidence-based legislation that has proven its worth. I believe that this evidence-based bill will do the same again.

Drew Smith (Glasgow) (Lab): My concern about the bill relates to the windfall, on which we have not yet reached agreement. That said, I think that we are close to agreement on the issue of evaluation. As a result of the committee’s scrutiny of the bill, there has been major movement on the matter; indeed, we have heard very good evidence on the need for robust and comprehensive evaluation of the proposals in the bill. Therefore, I think that at this stage it would be reasonable to ask whether amendments 2 and 12 might be reconsidered at stage 3 to allow us to reach an agreement on evaluation. I make that suggestion simply because the provisions in Dr Simpson’s amendment 12, which I support, and the response of the industry should form a key part of the evaluation.

I do not wish to take up any more time, convener, except to say that, given that we are so close to agreement, it would be a shame if we were unable to reach it today.

Nicola Sturgeon: Having listened carefully to the debate, I think that there is an opportunity to try to bridge the gap between us on evaluation; indeed, I do not think that there is any gap
between us in what we are trying to achieve. After all, it is not in the interests of those of us who propose minimum pricing not to get over time a full understanding of the policy’s impact and ensure that it is meeting our objectives.

I am minded to move amendment 2. Given that, as I expect, the proposed sunset clause will be agreed to, I think it important to include in the bill arrangements for reporting. However, I am happy to have further discussions ahead of stage 3 on whether there are amendments on which Dr Simpson and I can agree and which incorporate into the bill some of what he is trying to achieve in amendment 12. That is a genuine and sincere offer to him. If we can reach agreement in that respect, we will be able to lodge stage 3 amendments that build on the provisions that amendment 2 seeks to place in the bill.

**The Convener:** Do you wish to sum up, Mr Carlaw?

**Jackson Carlaw:** I have nothing further to add, convener.

Amendment 1 agreed to.

Amendment 2 moved—[Nicola Sturgeon].

**The Convener:** The question is, that amendment 2 be agreed to. Are we agreed?

**Members:** No.

**The Convener:** There will be a division.

**For**
Carlaw, Jackson (West Scotland) (Con)
Doris, Bob (Glasgow) (SNP)
Eadie, Jim (Edinburgh Southern) (SNP)
Lyle, Richard (Central Scotland) (SNP)
McLeod, Fiona (Strathkelvin and Bearsden) (SNP)
Paterson, Gil (Clydebank and Milingavie) (SNP)

**Abstentions**
McNeil, Duncan (Greenock and Inverclyde) (Lab)
Simpson, Dr Richard (Mid Scotland and Fife) (Lab)
Smith, Drew (Glasgow) (Lab)

**The Convener:** The result of the division is: For 6, Against 0, Abstentions 3.

Amendment 2 agreed to.

Amendment 12 moved—[Richard Simpson].

**The Convener:** The question is, that amendment 12 be agreed to. Are we agreed?

**Members:** No.

**The Convener:** There will be a division.

**For**
McNeil, Duncan (Greenock and Inverclyde) (Lab)
Simpson, Dr Richard (Mid Scotland and Fife) (Lab)
Smith, Drew (Glasgow) (Lab)
Amendments to the Bill since the previous version are indicated by sidelining in the right margin. Wherever possible, provisions that were in the Bill as introduced retain the original numbering.

Alcohol (Minimum Pricing) (Scotland) Bill

[AS AMENDED AT STAGE 2]

An Act of the Scottish Parliament to make provision about the price at which alcohol may be sold from licensed premises; and for connected purposes.

Minimum price of alcohol

1 Minimum price of alcohol

5 (1) The Licensing (Scotland) Act 2005 is amended as follows.

(2) In schedule 3 (premises licences: mandatory conditions), before paragraph 6B insert—

“6A(1) Alcohol must not be sold on the premises at a price below its minimum price.

(2) Where alcohol is supplied together with other products or services for a single price, sub-paragraph (1) applies as if the alcohol were supplied on its own for that price.

10 (3) The minimum price of alcohol is to be calculated according to the following formula—

\[
\text{MPU} \times S \times V \times 100
\]

where—

15 MPU is the minimum price per unit,

S is the strength of the alcohol, and

V is the volume of the alcohol in litres.

(4) The Scottish Ministers are to specify by order the minimum price per unit for the purposes of sub-paragraph (3).

20 (5) For the purposes of sub-paragraph (3), where—

(a) the alcohol is contained in a bottle or other container, and

(b) the bottle or other container is marked or labelled in accordance with relevant labelling provisions,

the strength is taken to be the alcoholic strength by volume as indicated by the mark or label.

25 (6) The Scottish Ministers are to specify by order the enactments which are relevant labelling provisions for the purposes of sub-paragraph (5).”.

SP Bill 4A

Session 4 (2012)
(3) In schedule 4 (occasional licences: mandatory conditions), before paragraph 5B insert—

"5A(1) Alcohol must not be sold on the premises at a price below its minimum price.

(2) Where alcohol is supplied together with other products or services for a single price, sub-paragraph (1) applies as if the alcohol were supplied on its own for that price.

(3) The minimum price of alcohol is to be calculated according to the following formula—

$$MPU \times S \times V \times 100$$

where—

- MPU is the minimum price per unit,
- $S$ is the strength of the alcohol, and
- $V$ is the volume of the alcohol in litres.

(4) The Scottish Ministers are to specify by order the minimum price per unit for the purposes of sub-paragraph (3).

(5) For the purposes of sub-paragraph (3), where—

- (a) the alcohol is contained in a bottle or other container, and
- (b) the bottle or other container is marked or labelled in accordance with relevant labelling provisions,

the strength is taken to be the alcoholic strength by volume as indicated by the mark or label.

(6) The Scottish Ministers are to specify by order the enactments which are relevant labelling provisions for the purposes of sub-paragraph (5).”.

(4) In section 146—

(a) in subsection (4)(a), for “or 150(2)” substitute “, 150(2), paragraph 6A(4) of schedule 3, or paragraph 5A(4) of schedule 4”,

(b) in subsection (5)(a), for “or 123(6)” substitute “, 123(6), paragraph 6A(4) of schedule 3, or paragraph 5A(4) of schedule 4”.

1A Duration of minimum pricing provisions

(1) The minimum pricing provisions expire at the end of the 6 year period, unless an order is made under subsection (2).

(2) The Scottish Ministers may by order, after the end of the 5 year period but before the end of the 6 year period, provide that the minimum pricing provisions are to continue in effect despite subsection (1).

(3) The Scottish Ministers may by order make such provision (including provision modifying any enactment) as may be necessary or expedient in consequence of the expiry of the minimum pricing provisions by virtue of subsection (1).

(4) An order under subsection (2) or (3) is subject to the affirmative procedure.

(5) In this section—

“the 5 year period” means the period of 5 years beginning with the day on which section 1 comes fully into force,
“the 6 year period” means the period of 6 years beginning with that day,
“the minimum pricing provisions” means paragraph 6A of schedule 3 to the
Licensing (Scotland) Act 2005 and paragraph 5A of schedule 4 to that Act.

1B Report on operation and effect of minimum pricing provisions

(1) The Scottish Ministers must, as soon as practicable after the end of the 5 year period, lay
before the Scottish Parliament a report on the operation and effect of the minimum
pricing provisions during that period.

(2) The report must, in particular, contain information about the effect that the operation of
the minimum pricing provisions has had on—

(a) the licensing objectives specified in section 4 of the Licensing (Scotland) Act
2005 (“the 2005 Act”), and

(b) the businesses of—

(i) holders of premises licenses granted under the 2005 Act, and

(ii) producers of alcohol.

(3) In preparing the report, the Scottish Ministers must consult—

(a) such persons as appear to them to be representative of the interests of—

(i) holders of premises licenses granted under the 2005 Act,

(ii) producers of alcohol,

(b) such persons as they consider appropriate having functions in relation to—

(i) health,

(ii) prevention of crime,

(iii) education,

(iv) social work,

(v) children and young people, and

(c) such other persons (if any) as they consider appropriate.

(4) The Scottish Ministers must, as soon as practicable after the report has been laid before
the Parliament, publish the report in such manner as they consider appropriate.

(5) In this section, “the 5 year period” and “the minimum pricing provisions” have the
meanings given in section 1A(5).

Miscellaneous repeal

2 Repeal of section 1 of Alcohol etc. (Scotland) Act 2010

Section 1 of the Alcohol etc. (Scotland) Act 2010 is repealed.

General

3 Commencement

(1) This section and section 4 come into force on the day of Royal Assent.
(2) The other provisions of this Act come into force on such day as the Scottish Ministers may by order appoint.

(3) An order under this section may include transitional, transitory or saving provision.

4 **Short title**

The short title of this Act is the Alcohol (Minimum Pricing) (Scotland) Act 2012.
Alcohol (Minimum Pricing) (Scotland) Bill
[AS AMENDED AT STAGE 2]

An Act of the Scottish Parliament to make provision about the price at which alcohol may be sold from licensed premises; and for connected purposes.

Introduced by: Nicola Sturgeon
On: 31 October 2011
Bill type: Executive Bill
ALCOHOL (MINIMUM PRICING) (SCOTLAND) BILL

REVISED EXPLANATORY NOTES

CONTENTS

1. As required under Rule 9.7.8A of the Parliament’s Standing Orders, these revised Explanatory Notes are published to accompany the Alcohol (Minimum Pricing) (Scotland) Bill (introduced in the Scottish Parliament on 31 October 2011) as amended at Stage 2. Text has been added or amended as necessary to update information previously provided and reflect amendments made to the Bill at Stage 2 and these changes are indicated by sidelining in the right margin.

INTRODUCTION

2. These Explanatory Notes have been prepared by the Scottish Government in order to assist the reader of the Bill and to help inform debate on it. They do not form part of the Bill and have not been endorsed by the Parliament.

3. The Notes should be read in conjunction with the Bill. They are not, and are not meant to be, a comprehensive description of the Bill. So where a section or schedule, or a part of a section or schedule, does not seem to require any explanation or comment, none is given.

4. In these Notes “the 2005 Act” means the Licensing (Scotland) Act 2005 (asp 16).

COMMENTS ON SECTIONS

Section 1 – Minimum price of alcohol

5. Section 1(2) inserts new paragraph 6A into schedule 3 to the 2005 Act and introduces a further mandatory condition of premises licences granted under that Act. The condition is that alcohol must not be sold on the premises at a price below its minimum price.

6. Inserted paragraph 6A(2) concerns the application of the condition where alcohol is supplied along with other products or services, for example, where a bottle of beer is packaged with and sold with a branded glass or a bottle of wine is sold with food as part of a “meal deal.” In these circumstances the minimum price would be the minimum price that would apply to the alcohol if sold on its own. That is, the package must be sold at (or above) the minimum price and no account is taken of the elements of the package which are not alcohol.
7. Inserted paragraph 6A(3) sets out the formula by which the minimum price is to be calculated as minimum price per unit (MPU) x strength of the alcohol (S) x volume of the alcohol in litres (V) x 100.

8. By way of example, if the minimum price per unit was set at 50p per unit of alcohol:
   (a) the minimum price for a standard sized (700ml) bottle of spirits at 37.5% ABV would be £13.13 (0.50 x 37.5/100 x 0.7 x 100 = £13.13),
   (b) the minimum price for a 500ml super-strength can of beer at 9% ABV would be £2.25 (0.50 x 9/100 x 0.5 x 100 = £2.25),
   (c) the minimum price for a standard size (750ml) bottle of wine at 12.5% ABV would be £4.69 (0.50 x 12.5/100 x 0.75 x 100 = £4.69),
   (d) the minimum price for a case of 24 440ml cans of beer at 4% ABV would be £21.12 (0.50 x 4/100 x 0.440 x 24 x 100 = £21.12),
   (e) the minimum price for a 2 litre bottle of strong cider at 6% ABV would be £6.00 (0.50 x 6/100 x 2 x 100 = £6.00),
   (f) the minimum price for a 25ml measure of spirits at 37.5% ABV would be 47 pence (0.50 x 37.5/100 x 0.025 x 100 = 47p),
   (g) the minimum price for a 275 ml pre-mixed spirit and mixer at 5% ABV would be 69 pence (0.50 x 5/100 x 0.275 x 100 = 69p). Note that the addition of a mixer does not affect the minimum price,
   (h) the minimum price for a strong pint (568ml) of lager at 5% ABV would be £1.42 (0.50 x 5/100 x 0.568 x 100 = £1.42).

9. Inserted paragraph 6A(4) means that the Scottish Ministers are to specify the minimum price per unit by order. Section 1(4) amends section 146 of the 2005 Act to provide that any such order is subject to the affirmative procedure.

10. Section 1(3) makes identical provision in respect of conditions in occasional licences granted under the 2005 Act.

11. Inserted paragraph 6A(5) and (6) sets out how the strength of alcohol is to be determined when calculating the minimum price of alcohol. “Strength” is defined in section 147(1) of the 2005 Act and is defined by reference to the Alcoholic Liquor Duties Act 1979 (c 4) which states that the alcoholic strength of any liquor is to be determined as a ratio of the volume of alcohol in the liquor to the volume of the liquor and expressed as a percentage. This is referred to as the ABV.

12. Pre-packaged drinks generally have to state on the label the drink’s alcoholic strength by volume. Various labelling regimes make this a requirement. For example, regulation 30 of the Food Labelling Regulations 1996 (SI 1996/1499) requires pre-packaged alcoholic drinks, other

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1 This term is defined in section 29 of the Interpretation and Legislative Reform (Scotland) Act 2010 (ILRA). See also paragraph 5 of schedule 3 to the ILRA.
than EU controlled wine\textsuperscript{2}, that have a strength of more than 1.2% to be marked or labelled with an indication of the drink’s alcoholic strength by volume to no more than one decimal place and expressed as a percentage. This is referred to as the “declared ABV”. Certain positive and negative tolerances are permitted (for example, beers of not more than 5.5% ABV have a tolerance of plus or minus 0.5%) and these are set out in Schedule 5 to the Regulations. These tolerances mean that it is possible for the strength of alcohol to be different to the declared ABV of that product. Where pre-packaged alcohol is required by certain labelling provisions to indicate a declared ABV it is the declared ABV that should be used in calculating the minimum price of the product rather than the actual strength of the product. Inserted paragraph 6A(6) provides that the Scottish Ministers will specify in an order which labelling provisions can be used for this purpose. The order will be subject to negative procedure\textsuperscript{3}.

13. Where different alcohol drinks are mixed, for example in a cocktail, the declared ABV must be used for any alcohol to which relevant labelling provisions apply and the ABV for any other alcohol. The minimum price for each alcoholic component of the drink will need to be calculated and then added together to provide a minimum price for the whole drink. Any non-alcoholic drink added to the alcoholic products does not require to be included in the calculation as a minimum price does not apply to non-alcoholic drinks.

14. Where pre-mixed alcoholic drinks are sold, for example a gin and tonic, the relevant labelling provisions will apply to these and so they will be marked or labelled with the declared ABV and the declared ABV is to be used in order to determine the minimum price of the drink.

**Section 1A – Duration of minimum pricing provisions**

15. This section allows for minimum pricing to run for 6 years from the date it is commenced and allows for the Scottish Ministers to make an order after the end of 5 years to allow minimum pricing to continue to have effect. The Scottish Ministers cannot make an order extending the effect of the minimum pricing provisions until 5 years from when they are fully in force. The order can only provide that the minimum pricing provisions continue to have effect, and cannot provide that the minimum pricing provisions continue to have effect for a limited period. If no such order is made by the end of year 6 minimum pricing will cease to have effect.

16. The minimum pricing provisions are the provisions in section 1 of the Bill that provide that alcohol must not be sold on licensed premises at a price below its minimum price. This definition also applies to section 1B.

17. Subsection (4) sets out that the order that Scottish Ministers can make after the end of 5 years to allow minimum pricing to continue to have effect has to be approved by the Parliament.

**Section 1B - Report on operation and effect of minimum pricing provisions**

18. This section imposes a requirement on the Scottish Ministers to prepare a report on the impact of the minimum pricing provisions. This report is to be prepared as soon as practicable after the minimum pricing provisions have been fully in force for 5 years. The report must be

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\textsuperscript{2} EU controlled wine is defined as wine, grape must, sparkling wine, aerated sparkling wine, liqueur wine, semi-sparkling wine and aerated semi-sparkling wine, Food Labelling Regulations 1996.

\textsuperscript{3} Negative procedure is defined in section 28 of ILRA.
laid before the Scottish Parliament and then published as soon as practicable. In considering the impact of the minimum pricing provisions, the report must include information as to their effect on:

- the licensing objectives as set out in section 4 of the Licensing (Scotland) Act 2005;
- holders of premises licences;
- producers of alcohol.

19. In preparing the report, Ministers must consult persons with functions relating to:
   - health;
   - prevention of crime;
   - education;
   - social work;
   - children and young people.

20. Ministers must also consult:
   - persons representative of the interests of holders of premises licences granted under the 2005 Act;
   - persons representative of the interests of producers of alcohol.

20. In addition, Scottish Ministers may consult any other persons they wish.

Section 2 – Repeal of section 1 of Alcohol etc. (Scotland) Act 2010

21. Section 1 of the Alcohol etc. (Scotland) Act 2010 (the “Alcohol Act”) has no practical effect as it makes provision for the expiry of amendments made by a section that is not contained in the Act. Section 2, therefore, repeals section 1 of the Alcohol Act.
ALCOHOL (MINIMUM PRICING) (SCOTLAND) BILL

SUPPLEMENTARY DELEGATED POWERS MEMORANDUM

Purpose
1. This Memorandum has been prepared by the Scottish Government to assist the Subordinate Legislation Committee in its consideration of the Alcohol (Minimum Pricing) (Scotland) Bill. This Memorandum describes provisions in the Bill conferring power to make subordinate legislation which were either introduced to the Bill or amended at Stage 2. The Memorandum supplements the Delegated Powers Memorandum on the Bill as introduced.

PROVISIONS CONFERRING POWER TO MAKE SUBORDINATE LEGISLATION INTRODUCED OR AMENDED AT STAGE 2

Section 1A(2) – Duration of minimum pricing provisions: power to make an order to continue the minimum pricing provisions

Power conferred on: the Scottish Ministers
Power exercisable by: order made by Scottish statutory instrument
Parliamentary procedure: affirmative procedure

Provision
2. Section 1A(2) of the Bill (as introduced at Stage 2) enables the Scottish Ministers to make an order five years after the minimum pricing provisions have come into force to continue their effect. Otherwise they would expire after six years by virtue of section 1A(1).

Reason for taking power
3. Section 1A(1) of the Bill (as introduced at Stage 2) provides for the minimum pricing provisions in section 1 to fall after a period of six years from the commencement of those provisions.

4. If the Scottish Ministers wish the minimum pricing provisions to continue, this power enables them to make an order providing for their continuation after the end of the six-year period.

Reason for choice of procedure
5. Given the significance of allowing the minimum pricing provisions to continue and the fact that these provisions and the provision for expiry are set out in primary legislation, it is
considered that this power should be subject to the level of parliamentary scrutiny and approval available under the affirmative procedure.

**Section 1A(3) – Duration of minimum pricing provisions: power to make an order to make such provision as may be necessary or expedient**

- **Power conferred on:** the Scottish Ministers
- **Power exercisable by:** order made by Scottish statutory instrument
- **Parliamentary procedure:** affirmative procedure

**Provision**

6. Section 1A(3) of the Bill (as introduced at Stage 2) enables the Scottish Ministers to make an order to make such provision (including provision modifying any enactment) as may be necessary or expedient in consequence of the expiry of the minimum pricing provisions by virtue of section 1A(1).  

**Reason for taking power**

7. If the Scottish Ministers have not made an order under section 1A(2) of the Bill (as introduced at Stage 2) then by virtue of section 1A(1) of the Bill (as introduced at Stage 2), the minimum pricing provisions will expire after a period of six years from the date that those provisions commenced. As a consequence of those provisions expiring, provision may be needed to ensure that the licensing system continues to operate properly in the absence of minimum pricing and enactments that refer or relate to the minimum pricing provisions may require to be modified to keep the statute book in good order.

**Reason for choice of procedure**

8. Given the significance of the expiry of the minimum pricing provisions and the difficulty at this time of anticipating what provisions may be needed in six years’ time, this power confers limited discretion – only in so far as that which may be necessary or expedient – to make provision by order including provision to modify any enactment. In view of the discretion granted and the potential for amendment of primary legislation, it is appropriate that the power should be subject to parliamentary scrutiny (and approval) by the affirmative procedure.
Subordinate Legislation Committee

25th Report, 2012 (Session 4)

Alcohol (Minimum Pricing) (Scotland) Bill as amended at Stage 2

Published by the Scottish Parliament on 16 May 2012
Subordinate Legislation Committee

Remit and membership

Remit:

The remit of the Subordinate Legislation Committee is to consider and report on—

(a) any—

(i) subordinate legislation laid before the Parliament;

(ii) [deleted]

(iii) pension or grants motion as described in Rule 8.11A.1;

and, in particular, to determine whether the attention of the Parliament should be drawn to any of the matters mentioned in Rule 10.3.1;

(b) proposed powers to make subordinate legislation in particular Bills or other proposed legislation;

(c) general questions relating to powers to make subordinate legislation;

(d) whether any proposed delegated powers in particular Bills or other legislation should be expressed as a power to make subordinate legislation;

(e) any failure to lay an instrument in accordance with section 28(2), 30(2) or 31 of the 2010 Act; and

(f) proposed changes to the procedure to which subordinate legislation laid before the Parliament is subject.

(Standing Orders of the Scottish Parliament, Rule 6.11)

Membership:

Chic Brodie
Nigel Don (Convener)
James Dornan (Deputy Convener)
Mike MacKenzie
Michael McMahon
John Pentland
John Scott

Committee Clerking Team:

Clerk to the Committee
Irene Fleming

Assistant Clerk
Rob Littlejohn

Support Manager
Daren Pratt
Alcohol (Minimum Pricing) (Scotland) Bill as amended at Stage 2

The Committee reports to the Parliament as follows—

1. At its meeting on 15 May 2012, the Subordinate Legislation Committee considered the delegated powers provisions in the Alcohol (Minimum Pricing) (Scotland) Bill as amended at Stage 2. The Committee submits this report to the Parliament under Rule 9.7.9 of Standing Orders.

2. The Scottish Government provided the Parliament with a supplementary delegated powers memorandum on the new provisions in the Bill (“the supplementary DPM”)\(^1\). The Committee’s consideration of these powers is set out below.

**New delegated powers**

**Section 1A(2) – power to make an order to continue the minimum pricing provisions**

- **Power conferred on:** the Scottish Ministers
- **Power exercisable by:** order made by SSI
- **Parliamentary procedure:** affirmative

3. New section 1A(1) places a time limit on the effect of the minimum pricing provisions introduced by section 1. Section 1A(1) provides that those provisions will expire six years after they come into force. Section 1A(2) gives the Scottish Ministers the power to override this sunset clause and make the minimum pricing provisions permanent. This power is exercisable only within the year prior to the sunset clause taking effect. It is exercisable by affirmative order.

4. The Committee is content with this power in principle and that it is subject to the affirmative procedure.

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\(^1\) Alcohol (Minimum Pricing) (Scotland) Bill. Supplementary Delegated Powers Memorandum. Available at: [http://www.scottish.parliament.uk/S4_SubordinateLegislationCommittee/Supplementary_delegated_powers_memorandum.pdf](http://www.scottish.parliament.uk/S4_SubordinateLegislationCommittee/Supplementary_delegated_powers_memorandum.pdf)
5. Section 1B requires the Scottish Ministers to lay a report on how the minimum pricing provisions operated and the effect that they had during the first five years of their operation. The report must be laid as soon as practicable after the end of that five-year period. The Bill does not require Ministers to lay the report before they lay a draft order before the Parliament. However, the Committee notes that this report will have an important function in informing the debate on whether to approve any order brought forward by Ministers under section 1A(2). The Committee therefore considers that the report should be laid before an order is brought forward for approval.

6. The Committee therefore considers that Ministers should lay the report on the operation of the minimum pricing provisions before they bring forward a draft order to make the provisions permanent.

Response to the Committee’s Stage 1 report

7. In its stage 1 report, the Committee noted that in order for the Parliament to consider whether an order setting the minimum price per unit was compatible with European Union law further supporting information would need to be provided beyond that normally provided with Scottish statutory instruments. The Scottish Government agrees that this will be required and has undertaken to provide it. However, the Government has not implemented the Committee’s recommendation that the requirement to do so is placed on a statutory footing. This would have ensured that any future administration would be required to adopt a similar approach.

8. The Committee notes the Scottish Government’s acknowledgement that such information is necessary to the proper consideration of such an order and its commitment to provide this when the draft order is laid.
14 May 2012

Dear Duncan

ALCOHOL (MINIMUM PRICING) (SCOTLAND) BILL – SPECIFIC MINIMUM PRICE PER UNIT OF ALCOHOL

I am writing to inform the Committee that I am minded to set the minimum price per unit of alcohol at 50p.

I have come to this decision taking into account relevant factors that have been updated since I last proposed a price per unit of alcohol at 45p in September 2010. These relevant factors include the updated modelling carried out by the University of Sheffield, alcohol sales data, price band data, affordability of alcohol and harm data. In addition, I have taken account of the fact that the earliest the policy is likely to be implemented is April 2013. Taking all of these factors into account, the proposed price that I am announcing today is broadly equivalent to the 45p per unit announced in 2010.

The minimum price per unit would remain at 50p for at least two years following implementation in order to allow the market to react and settle. Thereafter I would propose a policy review would be carried out on a regular basis in order to ensure the minimum price remains proportionate. My intention is that the policy review will be carried out biennially.

I trust you find this information helpful.

NICOLA STURGEON
Alcohol (Minimum Pricing) (Scotland) Bill

Marshalled List of Amendments selected for Stage 3

The Bill will be considered in the following order—

Sections 1 to 4  Long Title

Amendments marked * are new (including manuscript amendments) or have been altered.

Section 1

Dr Richard Simpson

3 In section 1, page 1, line 27, at end insert—

<(  ) In this paragraph, “unit” means 10 millilitres of pure alcohol.”.>

Dr Richard Simpson

4 In section 1, page 2, line 22, at end insert—

<(  ) In this paragraph, “unit” means 10 millilitres of pure alcohol.”.>

After section 1

Dr Richard Simpson

5 After section 1, insert—

<Scheme for recovery of sums in relation to certain licensed premises

(1) The Scottish Ministers must by order establish a scheme for the recovery of the sum mentioned in subsection (3) from relevant persons in relation to licensed premises of such type or size as may be specified in the order (“relevant licensed premises”).

(2) A person is a relevant person if the person is—

(a) the holder of a premises licence in respect of licensed premises, or

(b) a person to whom any profit arising from the operation of licensed premises accrues.

(3) The sum is whichever of the following is higher—

(a) an estimate of the total amount of increased revenue (if any) produced by relevant licensed premises as a result of the operation of the minimum pricing provision,

(b) an estimate of the total amount of increased revenue (if any) that would have been so produced but for the taking of steps by relevant persons to counterbalance the effect on their businesses of the operation of the minimum pricing provision.

(4) The estimates mentioned in subsection (3) are to be based on such research and modelling as the Scottish Ministers consider appropriate.
(5) Amounts payable under the scheme are to be paid to the local authority within whose area the relevant licensed premises to which the amount payable relates are located.

(6) An order under subsection (1) must include provision about—
   (a) the period (or periods) to which estimates under subsection (3) are to relate,
   (b) how the amount payable in respect of each relevant licensed premises is to be determined,
   (c) when and how amounts payable under the scheme are to be paid,
   (d) the penalties for failure to pay amounts payable under the scheme, and
   (e) how long the scheme is to exist.

(7) An order under subsection (1) may include such other provision in relation to the scheme as the Scottish Ministers consider appropriate.

(8) Before making an order under subsection (1) the Scottish Ministers must consult—
   (a) such persons as appear to them representative of the interests of holders of premises licences granted under the 2005 Act, and
   (b) such other persons (if any) as they consider appropriate.

(9) An order under subsection (1) is subject to the affirmative procedure.

(10) In this section—
   “the 2005 Act” means the Licensing (Scotland) Act 2005,
   “licensed premises” means licensed premises in respect of which a premises licence granted under the 2005 Act has effect,
   “the minimum pricing provision” means paragraph 6A of schedule 3 to the 2005 Act.

Section 1B

Dr Richard Simpson

6 In section 1B, page 3, line 7, at end insert—
   <( ) as soon as practicable after—
   (i) 1 January 2015, and
   (ii) each subsequent 1 January until such time as the report mentioned above has been published,

lay before the Scottish Parliament an analysis of any data collected (whether in connection with the preparation of that report or otherwise) that may show the effect (or lack of effect) of the minimum pricing provisions.

Dr Richard Simpson

7 In section 1B, page 3, line 7, at end insert—
as soon as practicable after the Bill for this Act receives Royal Assent, commission research, to be published no later than 30 April 2016, on how producers and retailers of alcohol have responded to the introduction of the minimum pricing provisions (for example, in terms of changes made to the price of alcoholic products, the alcoholic products sold or the advertising of alcoholic products undertaken in Scotland in comparison with the actions of producers and retailers in relation to parts of the United Kingdom where the minimum pricing provisions do not apply).>

Nicola Sturgeon

1 In section 1B, page 3, line 11, after <Act”),> insert—

<(aa) such categories of person as the Scottish Ministers consider appropriate.>

Dr Richard Simpson

1A As an amendment to amendment 1, line 2, leave out <such> and insert <children and young people and such other>

Nicola Sturgeon

2 In section 1B, page 3, line 14, at end insert—

<( ) The categories mentioned in subsection (2)(aa) may be determined by reference to characteristics including—
(a) age,
(b) gender,
(c) social and economic deprivation,
(d) alcohol consumption, and
(e) such other characteristics as the Scottish Ministers consider appropriate.>
Groupings of Amendments for Stage 3

This document provides procedural information which will assist in preparing for and following proceedings on the above Bill. In this case, the information provided consists solely of the list of groupings (that is, the order in which the amendments will be debated). The text of the amendments set out in the order in which they will be debated is not attached on this occasion as the debating order is the same as the order in which the amendments appear in the Marshalled List.

Groupings of amendments

Note: The time limit indicated is that set out in the timetabling motion to be considered by the Parliament before the Stage 3 proceedings begin. If that motion is agreed to, debate on the groups must be concluded by the time indicated, although the amendments in those groups may still be moved formally and disposed of later in the proceedings.

Group 1: Meaning of “unit”
3, 4

Group 2: Recovery of increased revenue
5

Group 3: Evaluation of operation and effect of minimum pricing
6, 7, 1, 1A, 2

Debate to end no later than 1 hour 20 minutes after proceedings begin
EXTRACT FROM THE MINUTES OF PROCEEDINGS

Vol. 2, No. 4 Session 4

Meeting of the Parliament

Thursday 24 May 2012

Note: (DT) signifies a decision taken at Decision Time.

Business Motion: Bruce Crawford, on behalf of the Parliamentary Bureau, moved S4M-03013—that the Parliament agrees that, during Stage 3 of the Alcohol (Minimum Pricing) (Scotland) Bill, debate on groups of amendments shall, subject to Rule 9.8.4A, be brought to a conclusion by the time limit indicated, that time limit being calculated from when the stage begins and excluding any periods when other business is under consideration or when a meeting of the Parliament is suspended (other than a suspension following the first division in the stage being called) or otherwise not in progress:

Groups 1 to 3: 1 hour 20 minutes.

The motion was agreed to.

Alcohol (Minimum Pricing) (Scotland) Bill - Stage 3: The Bill was considered at Stage 3.

The following amendments were agreed to (without division): 1 and 2.

The following amendments were disagreed to (by division)—

3  (For 33, Against 84, Abstentions 0)
5  (For 35, Against 83, Abstentions 1)
7  (For 50, Against 68, Abstentions 0)

Amendment 6 was moved and, with the agreement of the Parliament, withdrawn.

The following amendments were not moved: 4 and 1A.

Alcohol (Minimum Pricing) (Scotland) Bill - Stage 3: The Cabinet for Health, Wellbeing and Cities Strategy (Nicola Sturgeon) moved S4M-02967—that the Parliament agrees that the Alcohol (Minimum Pricing) (Scotland) Bill be passed.

Jackie Baillie moved amendment S4M-02967.1 to motion S4M-02967—

Insert at end—

“but, in so doing, strongly believes that the Scottish Government should bring forward proposals to eliminate the windfall to large retailers arising from the minimum unit price by means of the proposed public health levy or other targeted levy.”
After debate, the amendment was disagreed to ((DT) by division: For 37, Against 82, Abstentions 0).

The motion was then agreed to ((DT) by division: For 86, Against 1, Abstentions 32).
Alcohol (Minimum Pricing) (Scotland) Bill: Stage 3

14:40
The Deputy Presiding Officer (Elaine Smith): The next item of business is stage 3 proceedings on the Alcohol (Minimum Pricing) (Scotland) Bill.

In dealing with the amendments, members should have before them the bill as amended at stage 2, the marshalled list and the groupings—documents SP bill 4A, SP bill 4A-ML and SP bill 4A-G, respectively.

The division bell will sound and proceedings will be suspended for five minutes for the first division of the afternoon. The period of voting for the first division will be 30 seconds. Thereafter, I will allow a voting period of one minute for the first division after a debate.

Members who wish to speak in the debate on any group of amendments should press their request to speak button as soon as possible after I call the group.

Members should refer to the marshalled list of amendments.

Section 1—Minimum price of alcohol

The Deputy Presiding Officer: Group 1 is on the meaning of "unit". Amendment 3, in the name of Richard Simpson, is grouped with amendment 4.

Dr Richard Simpson (Mid Scotland and Fife) (Lab): During stage 2, when I moved a more complex set of amendments to section 1, I believed that it was important to simplify the overall formula. However, I have taken on board Jim Eadie’s criticisms of those amendments, which were that my stage 2 proposals would complicate the bill by introducing two definitions. I welcome the cabinet secretary’s acknowledgement at stage 2 that the central purpose of my amendments was to promote the measure of strength that we all hope that the public will increasingly understand and accept—namely, the unit —and the idea of how safe or, indeed, unsafe it is to consume units. I also accept that, in law, what is required—and what the formula lays out in the bill—is the much more complex measurement of strength by volume.

However, the fact remains that, although the public have some understanding of strength, they need to begin to understand that the bill and its consequences are about minimum unit pricing. Therefore, not to define “unit” seems to me to be remiss. The formula, after all, relates to minimum price per unit.

What exactly constitutes a unit? That should be defined in the bill with clarity, and my simplified amendments achieve that end.

The other argument from the cabinet secretary, which was a rather legalistic one, was that there is no current statutory requirement to display the number of units on a bottle or other container. However, the industry has agreed to introduce such information on a voluntary basis within the next 18 months. Knowing that a bottle of wine is 15 per cent might tell someone that it is strong, but telling them that it is nine or even 10 units indicates how safe consumption is.

It is to help the public that the term “unit” should be defined, and not to do so would be a missed opportunity. I am advised that the industry would welcome a clear definition. After all, we are not passing a bill that talks about “minimum price per 10ml of pure alcohol”; the bill talks about the price per unit. What a unit is should be clearly on the face of the bill, otherwise it is open to manufacturers having their own definition of unit.

I move amendment 3.

The Deputy First Minister and Cabinet Secretary for Health, Wellbeing and Cities Strategy (Nicola Sturgeon): I fully understand what amendments 3 and 4 are trying to achieve. However, my strong view is that the amendments are not required in order to calculate the minimum price of an alcoholic drink. The minimum price is set by reference to the drink’s strength, its volume and the unit price that is set by Scottish Ministers.

The fact that a unit is 10ml of pure alcohol is already factored into the formula in section 1, and it is therefore unnecessary to add a separate definition of the term as amendments 3 and 4 seek to do.

14:45
I agree with Richard Simpson that it is desirable to raise awareness of what a unit of alcohol is, but putting that information in the text of a bill is not the best way to achieve that. An explanation of what is meant by a unit of alcohol will be provided in the explanatory notes and in the material that is prepared around implementation. Those are better places for such an explanation, as legislation should not contain superfluous provisions.

It will be made clear that a unit is 10ml of pure alcohol, and that the method of calculating the number of units in the formula in the bill has been devised on that basis.

Ultimately—and most importantly—public awareness of what the term “unit of alcohol” means is an educational issue. For that reason, it is right that we consider what we can do in that...
regard during the implementation of minimum pricing.

I have said that we will work with the industry on implementation and help to produce whatever will assist those who are selling alcohol to calculate the minimum price of any product. That would also assist those who are ensuring that the minimum pricing provisions are being adhered to. I hope that that process, along with whatever else we are able to do, will help the general public understanding of what a unit is.

I understand and have sympathy with what the amendments seek to achieve. I recognise that there is an educational issue, but simply putting that information in the text of the bill is not the way to address the issue.

For those reasons, I ask members to reject amendments 3 and 4.

Dr Simpson: As I indicated in my opening remarks, I have accepted that the formula is quite clear and that there is no need for the complex set of amendments that I originally proposed at stage 2. However, I maintain that not to define “unit” in the text of a bill that has minimum pricing as its whole context is seriously remiss. There is a possibility that people could define “unit” differently, notwithstanding any guidance that might be subsequently issued by the cabinet secretary. My amendments would put that issue beyond doubt and make it absolutely clear exactly what, in Scots law, a unit of alcohol is. I therefore press amendment 3.

The Deputy Presiding Officer: The question is, that amendment 3 be agreed to. Are we agreed?

Members: No.

The Deputy Presiding Officer: As we are not agreed, there will be a division. As this is the first division at stage 3, I suspend the meeting for five minutes.

14:47

Meeting suspended.

14:52

On resuming—

The Deputy Presiding Officer: We move to the division on amendment 3.

For

Baillie, Jackie (Dumbarton) (Lab)
Baker, Claire (Mid Scotland and Fife) (Lab)
Baker, Richard (North East Scotland) (Lab)
Beamish, Claudia (South Scotland) (Lab)
Bibby, Neil (West Scotland) (Lab)
Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)
Dugdale, Kezia (Lothian) (Lab)
Fee, Mary (West Scotland) (Lab)
Ferguson, Patricia (Glasgow Maryhill and Springburn) (Lab)
Findlay, Neil (Lothian) (Lab)
Grant, Rhoda (Highlands and Islands) (Lab)
Gray, Iain (East Lothian) (Lab)
Griffin, Mark (Central Scotland) (Lab)
Kelly, James (Rutherglen) (Lab)
Lamont, Johann (Glasgow Pollok) (Lab)
Macdonald, Lewis (North East Scotland) (Lab)
Macintosh, Ken (Eastwood) (Lab)
Malik, Hanzala (Glasgow) (Lab)
Marra, Jenny (North East Scotland) (Lab)
Martin, Paul (Glasgow Provan) (Lab)
McCulloch, Margaret (Central Scotland) (Lab)
McDougall, Margaret (West Scotland) (Lab)
McMahon, Michael (Uddingston and Bellshill) (Lab)
McMahon, Siobhan (Central Scotland) (Lab)
McNeil, Duncan (Greenock and Inverclyde) (Lab)
McTaggart, Anne (Glasgow) (Lab)
Murray, Elaine (Dumfriesshire) (Lab)
Park, John (Mid Scotland and Fife) (Lab)
Pearson, Graeme (South Scotland) (Lab)
Pentland, John (Motherwell and Wishaw) (Lab)
Simpson, Dr Richard (Mid Scotland and Fife) (Lab)
Smith, Drew (Glasgow) (Lab)
Stewart, David (Highlands and Islands) (Lab)

Against

Adam, Brian (Aberdeen Donside) (SNP)
Adam, George (Paisley) (SNP)
Adamson, Clare (Central Scotland) (SNP)
Beattie, Colin (Midlothian North and Musselburgh) (SNP)
Biagi, Marco (Edinburgh Central) (SNP)
Brodie, Chic (South Scotland) (SNP)
Brown, Gavin (Lothian) (Con)
Brown, Keith (Clackmannanshire and Dunblane) (SNP)
Burgess, Margaret (Cunninghame South) (SNP)
Campbell, Aileen (Clydesdale) (SNP)
Campbell, Roderick (North East Fife) (SNP)
Carlaw, Jackson (West Scotland) (Con)
Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)
Constance, Angela (Almond Valley) (SNP)
Crawford, Bruce (Stirling) (SNP)
Cunningham, Roseanna (Perthshire South and Kinross-shire) (SNP)
Davidson, Ruth (Glasgow) (Con)
Dey, Graeme (Angus South) (SNP)
Don, Nigel (Angus North and Mearns) (SNP)
Doris, Bob (Glasgow) (SNP)
Dornan, James (Glasgow Cathcart) (SNP)
Eddie, Jim (Edinburgh Southern) (SNP)
Ewing, Annabelle (Mid Scotland and Fife) (SNP)
Fabiani, Linda (East Kilbride) (SNP)
Fergusson, Alex (Galloway and West Dumfries) (Con)
Finnie, John (Highlands and Islands) (SNP)
FitzPatrick, Joe (Dundee City West) (SNP)
Fraser, Murdo (Mid Scotland and Fife) (Con)
Gibson, Kenneth (Cunninghame North) (SNP)
Gibson, Rob (Caithness, Sutherland and Ross) (SNP)
Goldie, Annabel (West Scotland) (Con)
Harvie, Patrick (Glasgow) (Green)
Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
Hume, Jim (South Scotland) (LD)
Hyslop, Fiona (Linlithgow) (SNP)
Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)
Johnstone, Alex (North East Scotland) (Con)
Johnstone, Alison (Lothian) (Green)
Keir, Colin (Edinburgh Western) (SNP)
Kidd, Bill (Glasgow Anniesland) (SNP)
Lamont, John (Edinburgh Western) (SNP)
McDonald, Lewis (North East Scotland) (Lab)
MacAskill, Kenny (Edinburgh Eastern) (SNP)
MacDonald, Angus (Falkirk East) (SNP)
MacDonald, Gordon (Edinburgh Pentlands) (SNP)
Mackay, Derek (Renfrewshire North and West) (SNP)
MacKenzie, Mike (Highlands and Islands) (SNP)
Mason, John (Glasgow Shettleston) (SNP)
Matheson, Michael (Falkirk West) (SNP)
Maxwell, Stewart (West Scotland) (SNP)
McAlpine, Joan (South Scotland) (SNP)
McArthur, Liam (Orkney Islands) (LD)
McDonald, Mark (North East Scotland) (SNP)
McGrigor, Jamie (Highlands and Islands) (Con)
McInnes, Alison (North East Scotland) (LD)
McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)
McLeod, Aileen (South Scotland) (SNP)
McLeod, Fiona (Strathkelvin and Bearsden) (SNP)
McMillan, Stuart (West Scotland) (SNP)
Mline, Nanette (North East Scotland) (Con)
Mitchell, Margaret (Central Scotland) (Con)
Neil, Alex (Airdrie and Shotts) (SNP)
Paterson, Gil (Clydebank and Milngavie) (SNP)
Rennie, Willie (Mid Scotland and Fife) (LD)
Robertson, Denis (Aberdeen West) (SNP)
Robison, Shona (Dundee City East) (SNP)
Russell, Michael (Argyll and Bute) (SNP)
Salmond, Alex (Aberdeen East) (SNP)
Scanlon, Mary (Highlands and Islands) (Con)
Scott, John (Ayr) (Con)
Smith, Liz (Mid Scotland and Fife) (Con)
Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
Stewart, Kevin (Aberdeen Central) (SNP)
Sturgeon, Nicola (Glasgow Southside) (SNP)
Swinney, John (Perthshire North) (SNP)
Thompson, Dave (Skye, Lochaber and Badenoch) (SNP)
Torrance, David (Kirkcaldy) (SNP)
Urquhart, Jean (Highlands and Islands) (SNP)
Watt, Maureen (Aberdeen South and North Kincardine) (SNP)
Wheelhouse, Paul (South Scotland) (SNP)
White, Sandra (Glasgow Kelvin) (SNP)
Wilson, John (Central Scotland) (SNP)
Yousaf, Humza (Glasgow) (SNP)

The Deputy Presiding Officer: The result of the division is: For 33, Against 84, Abstentions 0.

Amendment 3 disagreed to.

Amendment 4 not moved.

After section 1

The Deputy Presiding Officer: Group 2 is on recovery of increased revenues. Amendment 5, in the name of Richard Simpson, is the only amendment in the group.

Dr Simpson: Amendment 5 relates to a scheme for recovery of sums in relation to certain licensed premises—or what has come to be known in debates as the windfall tax.

I make no apology for returning to the issue of the additional revenue that will accrue to the industry—mainly to the off-trade but also to the on-trade. This is not just Labour’s red line.

The supermarkets in particular are predicted to gain around £100 million out of the £124 million raised each year from a minimum unit price of 50p. There are mechanisms in place to claw back the money, and in amendment 5, we have not defined how the Government should do that.

I acknowledge that the retailer public health levy is designed to tax large retailers, but only if they sell tobacco and alcohol. Some major stores do not sell tobacco—they may be joined by others—and they will presumably be exempt, which will give them a commercial advantage. Labour voted for the levy in committee even though it is crude and its impact has not yet been examined in depth.

The social responsibility levy would have the merit of a broader base and covers only alcohol. Which licences it should be applied to could be a matter for local determination—it could be sensitive to the needs of local communities. Other clawback methods might be considered. For example, a separate rating of the licensed area in relation to the off-trade, based on turnover, has been suggested to redress the balance between off-trade and on-trade, given that that approach already applies to the on-trade. The amendment does not specify how to do that—it simply recognises that one of the public’s gravest concerns about minimum unit pricing is that it profits the retailers.

The Institute for Fiscal Studies has said that how the market responds will undoubtedly contribute to the outcome. On the one hand, the price of premium brands will rise to maintain differentials if commoditisation occurs; on the other hand, companies such as Whyte & Mackay, which produce own-brand spirits, may well adapt with its retail partners to create new brands, which, although profitable, are lower in price than the current premium brands.

It is highly likely that competition will continue to be fierce in what is an increasingly profitable market, which will be more profitable if the windfall tax is not put in place. Advertising is likely to increase, along with promotion activities. It is frankly naive to think that retailers will abandon what is an even more lucrative market to subsidise bananas or other staples.

Amendment 5 takes into account the technical flaws in the amendment that I proposed at stage 2.

I turn to the other criticisms made at stage 2, some of which were more helpful than others. Bob Doris’s comment that clawback powers already exist is true. However, amendment 5 would make it clear that, from the day of implementation in April 2013, the Government would claw back the windfall. Industry would have the certainty that it needed to plan, rather than assuming that the windfall would be available to it for some uncertain period. Business needs that certainty.

Gil Paterson questioned the use of the word “profit” and asked how profit would be defined.
agree that that was a difficulty, so I have changed the wording to “increased revenue” and suggested that it be based on modelling after discussion with those affected.

I welcomed Jackson Carlaw’s support at stage 2 for the sentiment in my proposal. I am not opposed to working with the alcohol industry. The World Health Organization is clear that there should be no input from the tobacco industry in discussions, but the alcohol industry is quite different. I would be very sympathetic to the industry discussing how, as part of its corporate community responsibility, it could add value to the use of, for example, the social responsibility levy, perhaps in promoting community safety schemes, as it has done at St Neots in Cambridgeshire, or for youth diversion work. Amendment 5 does not rule out voluntary, locally agreed schemes.

At stage 2, the cabinet secretary summarised some of the points that I have referred to, but added, in effect, that it was all too difficult and that we did not know what would happen. If the amendment is not agreed to in its new form, we will just have to wait and see what the market does. That would be an approach of masterly inactivity, which I am afraid characterises too much of this Government’s complacent attitude.

The Government has failed to recognise the genuine concerns of respected commentators such as Nigel Hawkes, who wrote in the British Medical Journal that windfall revenues were one of the central reasons why he believed that the policy was not worth pursuing. If we must have a minimum unit price, let us use the tax that is being imposed on the community, for that community.

I move amendment 5.

15:00

Gil Paterson (Clydebank and Milngavie) (SNP): In paragraphs (3)(a) and (3)(b) and subsection (4) of the new section that amendment 5 seeks to insert in the bill, the principal word is “estimate”. My question is: who will estimate the profits? Will it be the VAT man, the Inland Revenue or the business owner? If the business owner is to do it, how would he or she manage the process? How would they quantify costs against profit? What kind of quagmire would a business get into if it had to separate on the basis of profit hundreds of lines of drinks, all of different prices, from thousands of other lines? They would need to attach all costs to make the sums work, estimate or not. Items such as delivery, personnel, discounts, quantities, business rates, rents, wages and many other costs would need to be split to come up with the estimate that amendment 5 calls for.

Richard Simpson’s proposed new section defines the perceived profits to be those that exist at the final point of sale, but what would happen if the producer retained the profit but, because of the price increase from the manufacturer, the retailer doubled the price? Would the estimate be based on what was charged by the retailer prior to the producer’s increase? What authority could go to court to challenge an estimate?

Labour’s television language is about supermarkets making big profits, but its amendments would affect all licence holders. Labour has consistently rubbished minimum pricing on the basis that the drinks industry would make huge profits from it, but the drinks industry has threatened court action to stop minimum pricing. I can just see the next meeting of Diageo shareholders, with the chairman announcing that the dastardly Government had tried to push big profits the company’s way, but that the board was magnificent in stopping it.

The profits question that Labour has posed—which is about playing to the gallery—does not add up, nor do Labour’s amendments. No wonder Labour members do not want to say how it would work.

Jackson Carlaw (West Scotland) (Con): I am surprised that we are considering this amendment at stage 3, given the discussion that we had in committee at stage 2. In that discussion, Gil Paterson outlined from a business perspective the technical difficulties that would be encountered in attributing any additional profit that had been raised entirely to minimum unit pricing as opposed to the multitude of other actions that a business could take that might have contributed to an increase in revenue or profit. It was evident that those difficulties were insurmountable. This afternoon, Gil Paterson has again detailed those problems to the chamber.

I understand and sympathise with Dr Simpson’s concern. In promoting and supporting a minimum unit pricing policy, none of us, as Conservatives, is comfortable with the idea that the net effect of the policy would be that retailers would benefit financially. However, to call it a windfall is almost to deny that the policy will be a success because, if the policy is a success, it should reduce alcohol consumption and, therefore, the amount of profit that would otherwise be generated.

Conservatives have said that we would prefer an approach that involved adjustments to duty at a national level, but let me be perfectly candid: never in my life have I heard a Chancellor of the Exchequer, in proposing to increase alcohol duty at Westminster, say that he is doing it because he thinks that it is in the public health interest to do so and because he wants to contribute to a rehabilitation scheme for people who drink too
much. Alcohol duty has always been raised purely in an effort to raise money.

Our preferred route is for the Government to work with industry in the light of what happens, and to seek to generate from it a voluntary contribution towards the rehabilitation of those who have alcohol abuse problems. We do not believe that a legislative approach that would involve the imposition of an additional tax, over and above everything else, is the right way to go. I must say to Dr Simpson that, given that it takes a page and a bit to define his scheme, I rather suspect that it would cost as much money to administer, interpret and implement as it would raise.

Bob Doris (Glasgow) (SNP): It has been said that the idea of a supermarket tax
“is an example of town centre regeneration in reverse”,
and that
“it shows little or no understanding of the interests of Scottish business or workers.”
Those are not my words, but the words of a Mr Andy Kerr, who was the Labour finance spokesperson in the previous parliamentary session, when opposing a £30 million tax brought forward by this Scottish Government on supermarkets.

Mr Kerr also said:

“Labour is not in a position to support this unacceptable policy”.—[Official Report, 2 February 2011; c 32875, 32876-7, 32876]

What has changed? Andy Kerr is no longer here, but one thing that has not changed is Labour’s absolute hypocrisy in relation to the taxing of supermarkets and their profits. In Parliament, the Scottish Government has proposed a Scottish public health supplement. I am content that the £95 million that the largest retailers that sell alcohol and tobacco will need to pay in the next three years represents a balanced approach to ensuring that they make an appropriate financial contribution to society.

Labour is now pointing to the Sheffield study in targeting the concept of windfall profits. Dr Simpson has sought to rubbish the Sheffield study at every turn, but he has spectacularly failed to do so. He now points to one part of it that he completely misunderstands. The Sheffield study does not talk about windfall profits but about potential increased revenue. From Dr Simpson’s contribution, we can see that he clearly does not understand the difference.

Let us look at the potential increased revenue from a minimum unit price of 50p. Nowhere is £124 million mentioned, as Dr Simpson suggests. The figure is £98 million, but that is for both the on-trade and the off-trade. The supermarkets could get a share of £69 million but that figure will be reduced because of the small amount of off-sales and the small proprietors out there in the economy who will take additional revenue. It is additional revenue, not profit.

I far prefer what Jackson Carlaw and Gil Paterson said. We must take a balanced view and approach to taxing supermarkets appropriately. The Government will seek to do that, and we will take no lessons from Labour, which is why members should reject Dr Simpson’s opportunistic and, frankly, deeply flawed amendment.

Willie Rennie (Mid Scotland and Fife) (LD): I have sympathy for what Richard Simpson is trying to do. I can understand the concern that, by the end of this process, all that we will do is increase supermarkets’ profits. However, as other members have done, I point to the practicalities of the scheme in his amendment, which would be enormously expensive to implement and difficult to calculate, so we will not support it.

The intention behind the amendment is right. The House of Commons Health Committee identified that we should proceed by using a combination of price and duty to deal with the issue of consumption that leads to harm. Now that the UK Government is considering minimum pricing, perhaps it will consider going with that combination of duty and minimum price. That would help us to achieve the ambitions that Richard Simpson has set out.

In the meantime, we cannot just wait for that to happen; we have to get on with it. We have been debating the issue for a number of years. I do not want to wait for something perfect to come along before proceeding with the bill, and I am disappointed that Richard Simpson has taken that view today.

We need to reflect on the fact that it will not just be the supermarkets and off-licences that will benefit from the measure. There is a whole supply chain—a whole industry—that could benefit from increased profits. There is a difference between revenue and profit. We might end up with the more expensive brands having narrower margins for the supermarkets, so there might be a proportional increase in profit. As I said, we cannot support the amendment.

On Jackson Carlaw’s point, I note that the bill’s intention is to suppress consumption, and if consumption is suppressed, we suppress revenue and profit. Let us make the policy a success.

Nicola Sturgeon: Richard Simpson quoted expert opinion in moving amendment 5, and I am sure that it was eminent expert opinion. I just think that it is such a shame that Richard Simpson and his Labour colleagues continue to ignore all the
other expert opinion in the debate: the doctors, nurses, police officers, children’s charities—all the people who work every day with the consequences of alcohol misuse. It is time that Richard Simpson and his colleagues started listening to that expert opinion.

We should call a spade a spade: amendment 5 is nothing more than a fig leaf. All Labour’s other reasons for opposing the bill have fallen away or been demolished, so this has become its last line of defence. It is a rather strange last line of defence, though. The same arguments about so-called increased profits—I will come back to why that term is misleading in a second—that Richard Simpson uses to oppose minimum pricing applied to the ban on quantity discounts as well, and yet Labour enthusiastically supported quantity discounts; in fact, it said that we did not go far enough. There is absolutely no consistency in Labour’s position.

Dr Simpson: That is a misrepresentation of the discounting issue. Richer people take up opportunities to purchase discounted alcohol to a far greater extent than those who are poorer. The discounting ban had a principle behind it that we could support, which was that nobody in our society should be encouraged to buy a greater quantity of alcohol by paying less for more. In addition, because that policy affects the rich more than the poor, it fulfils some of Labour’s values, with which the Scottish National Party does not seem to agree.

Nicola Sturgeon: We were talking about increased revenue.

The first reason why I oppose amendment 5 is that it is utterly misleading. Bob Doris has already gone into the issue, but Labour talks repeatedly about £124 million of increased profit. Richard Simpson might be interested to know that that sum in the Sheffield report includes the increased revenue from the quantity discount ban that Labour enthusiastically supported. When we strip that out, the figure becomes £98 million, a third of which would go to the on-trade. I am not sure that anybody is suggesting that tilting the balance in favour of the struggling pub trade is a bad thing. Perhaps Labour should reflect on that.

Some of the remaining £69 million will go to small corner shops and smaller retailers. Labour is being completely misleading on the issue, which is the first reason why amendment 5 does not deserve support.

The second reason is that amendment 5 is unworkable. A number of issues make it difficult to calculate increased revenue from minimum pricing. Many alcohol producers are multinationals, and a very small amount of their production is sold in Scotland. Amendment 5 seeks to calculate the change in revenue relating to a very specific policy intervention in the Scottish market. Increased revenue is not the same as increased profit.

The third and final reason for opposing amendment 5 is that it is completely unnecessary. As other members have said, we have the public health supplement, which has already raised £25 million this year to help to address health and social problems—a public health supplement that was in the budget that those on the Labour benches voted against. Of course, we have powers in the Alcohol etc (Scotland) Act 2010 to introduce a social responsibility levy, should we consider at any point in future that that is a necessary step to take.

I ask all members to vote against amendment 5 because to do anything else would simply be to collude with Labour to provide a fig leaf for its embarrassment over its ineptitude on this policy.

Dr Simpson: We have been consistent on this issue from the outset of the debate—

Members: Oh!

Dr Simpson: We have been totally consistent about the windfall issue.

In its briefing for the debate, Children 1st expressed considerable disappointment that the social responsibility levy, which nobody said at the time was too difficult to collect—no one raised that in debate—is not being collected. It is not being collected because this Government has decided at this point in time not to collect it.

Whether the figure is £124 million, or whether it is more or less than that, we are talking about a model. We have said from the outset that that model may or may not prove to be accurate. In answer to Gil Paterson, that is why amendment 5 says:

“The estimates mentioned in subsection (3) are to be based on such research and modelling as the Scottish Ministers consider appropriate.”

15:15

One big flaw in this whole operation is that the Treasury intake will reduce, while the supermarkets’ and off-trade’s intake will increase. The producers are unlikely to get additional money.

If members do not want to listen to me, what about the Institute for Fiscal Studies? It has said:

“the policy would probably transfer large sums from drinkers to alcohol retailers and manufacturers. We suggested it would be preferable to move towards a more equal taxation of different drinks on the basis of their alcohol content, helping introduce a floor price through the tax system but allowing the revenues to flow to the Exchequer instead.”
From the tone of the debate, it seems that the Parliament is going to decide to hand a substantial quantity of money to retailers. Just because the amount is difficult to assess, that does not mean that we should not attempt to assess it. In the stage 2 debate, an issue was raised about the use of the term “profit”, but the change to the term “increased revenue” would allow differentiation.

It is regrettable that the tone of the debate on amendment 5 has been less about looking at the issue seriously in the way that groups such as Children 1st have asked us to do, and more about making spurious attacks on what is a reasonable amendment. I press amendment 5.

The Deputy Presiding Officer: The question is, that amendment 5 be agreed to. Are we agreed?

Members: No.

The Deputy Presiding Officer: There will be a division.

For
Bailie, Jackie (Dumbarton) (Lab)
Baker, Claire (Mid Scotland and Fife) (Lab)
Baker, Richard (North East Scotland) (Lab)
Beamish, Claudia (South Scotland) (Lab)
Bibby, Neil (West Scotland) (Lab)
Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)
Dugdale, Kezia (Lothian) (Lab)
Fee, Mary (West Scotland) (Lab)
Ferguson, Patricia (Glasgow Maryhill and Springburn) (Lab)
Findlay, Neil (Lothian) (Lab)
Grant, Rhoda (Highlands and Islands) (Lab)
Gray, Iain (East Lothian) (Lab)
Griffin, Mark (Central Scotland) (Lab)
Harvie, Patrick (Glasgow) (Green)
Johnstone, Alison (Lothian) (Green)
Kelly, James (Rutherglen) (Lab)
Lamont, Johann (Glasgow Pollok) (Lab)
Macdonald, Lewis (North East Scotland) (Lab)
Macintosh, Ken (Eastwood) (Lab)
Malik, Hanzala (Glasgow) (Lab)
Marra, Jenny (North East Scotland) (Lab)
Martin, Paul (Glasgow Provan) (Lab)
McCulloch, Margaret (Central Scotland) (Lab)
McDougall, Margaret (West Scotland) (Lab)
McMahon, Michael (Uddingston and Bellshill) (Lab)
McMahon, Siobhan (Central Scotland) (Lab)
McNeil, Duncan (Greenock and Inverclyde) (Lab)
McTaggart, Anne (Glasgow) (Lab)
Murray, Elaine (Dumfriesshire) (Lab)
Park, John (Mid Scotland and Fife) (Lab)
Pearson, Graeme (South Scotland) (Lab)
Pentland, John (Motherwell and Wishaw) (Lab)
Simpson, Dr Richard (Mid Scotland and Fife) (Lab)
Smith, Drew (Glasgow) (Lab)
Stewart, David (Highlands and Islands) (Lab)

Against
Adam, Brian (Aberdeen Donside) (SNP)
Adam, George (Paisley) (SNP)
Adamson, Clare (Central Scotland) (SNP)
Beattie, Colin (Midlothian North and Musselburgh) (SNP)
Biagi, Marco (Edinburgh Central) (SNP)
Brodie, Chic (South Scotland) (SNP)
Brown, Gavin (Lothian) (Con)
Brown, Keith (Clackmannanshire and Dunblane) (SNP)
Burgess, Margaret (Cunninghame South) (SNP)
Campbell, Alieen (Clydesdale) (SNP)
Campbell, Roderick (North East Fife) (SNP)
Carlaw, Jackson (West Scotland) (Con)
Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)
Constance, Angela (Almond Valley) (SNP)
Crawford, Bruce (Stirling) (SNP)
Cunningham, Roseanna (Perthshire South and Kinross-shire) (SNP)
Davidson, Ruth (Glasgow) (Con)
Dey, Graeme (Angus South) (SNP)
Don, Nigel (Angus North and Mearns) (SNP)
Doris, Bob (Glasgow) (SNP)
Dornan, James (Glasgow Cathcart) (SNP)
Eadie, Jim (Edinburgh Southern) (SNP)
Ewing, Annabelle (Mid Scotland and Fife) (SNP)
Fabian, Linda (East Kilbride) (SNP)
Fergusson, Alex (Galloway and West Dumfries) (Con)
Finnie, John (Highlands and Islands) (SNP)
Fitzpatrick, Joe (Dundee City West) (SNP)
Fraser, Murdo (Mid Scotland and Fife) (Con)
Gibson, Kenneth (Cunninghame North) (SNP)
Gibson, Rob (Caithness, Sutherland and Ross) (SNP)
Goldie, Annabel (West Scotland) (Con)
Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
Hume, Jim (South Scotland) (LD)
Hyslop, Fiona (Linlithgow) (SNP)
Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)
Johnstone, Alex (North East Scotland) (Con)
Keir, Colin (Edinburgh Western) (SNP)
 Kidd, Bill (Glasgow Anniesland) (SNP)
Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)
Lochhead, Richard (Moray) (SNP)
Lyle, Richard (Central Scotland) (SNP)
MacAskill, Kenny (Edinburgh Eastern) (SNP)
MacDonald, Angus (Falkirk East) (SNP)
MacDonald, Gordon (Edinburgh Pentlands) (SNP)
Mackay, Derek (Renfrewshire North and West) (SNP)
MacKenzie, Mike (Highlands and Islands) (SNP)
Mason, John (Glasgow Shettleston) (SNP)
Matheson, Michael (Falkirk West) (SNP)
Maxwell, Stewart (West Scotland) (SNP)
McAlpine, Joan (South Scotland) (SNP)
McArthur, Liam (Orkney Islands) (LD)
McDonald, Mark (North East Scotland) (SNP)
McGrigor, Jamie (Highlands and Islands) (Con)
McInnes, Alison (North East Scotland) (LD)
McKelvie, Christine (Hamilton, Larkhall and Stonehouse) (SNP)
McLeod, Alieen (South Scotland) (SNP)
McLeod, Fiona (Strathkelvin and Bearsden) (SNP)
McLetchie, David (Lothian) (Con)
McMillan, Stuart (West Scotland) (SNP)
Milestone, Nanette (North East Scotland) (Con)
Mitchell, Margaret (Central Scotland) (Con)
Neil, Alex (Airdrie and Shotts) (SNP)
Paterson, Gil (Claydebank and Milngavie) (SNP)
Rennie, Willie (Mid Scotland and Fife) (LD)
Roberson, Dennis (Aberdeen West) (SNP)
Robinson, Shona (Dundee City East) (SNP)
Russell, Michael (Argyll and Bute) (SNP)
Salmond, Alex (Aberdeenshire East) (SNP)
Scanlon, Mary (Highlands and Islands) (Con)
Scott, John (Ayr) (Con)
Smith, Liz (Mid Scotland and Fife) (Con)
Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
Stewart, Kevin (Aberdeen Central) (SNP)
Sturgeon, Nicola (Glasgow Southside) (SNP)
Swinney, John (Perthshire North) (SNP)
Thompson, Dave (Skye, Lochaber and Badenoch) (SNP)
Torrance, David (Kirkcaldy) (SNP)
Urquhart, Jean (Highlands and Islands) (SNP)
The Scottish health survey shows a downward trend in hazardous drinking from 28 to 22 per cent. Something is therefore already happening and I suspect that it is the result of the new licensing acts and all the debate that surrounded that and the fact that we have been debating the alcohol issue in the Parliament on and off for the past three years.

Something is happening out there, for whatever reason, whether it is minimum unit pricing, the discount ban, excise and VAT increases— which the coalition Government followed Labour in introducing; 2 per cent above inflation every year—or changes in the excise policy for different drinks, with a reduction in the tax on low-strength beer and a change in the definition of cider. Those elements of the coalition Government’s alcohol policy will also have an effect on what happens to alcohol consumption. There is also the fact that unemployment has risen substantially and that there is therefore considerable income restraint. Those two factors may also affect alcohol consumption.

Before we sell the Government’s alcohol policy, which I still believe is deeply flawed, to the rest of the world, we need to ensure that it is properly evaluated and studied and that its effects are properly understood. I welcome the cabinet secretary’s funding of the Queen Margaret University group that is looking at seriously harmful drinkers. A previous study found that they consumed an average of 197 units a week. Such individuals are known to treatment teams and they form the one group that I have always accepted could benefit from minimum unit pricing, because an increase in the price of their alcohol will help underpin their desire to stop drinking or to achieve controlled drinking.

However, I remain extremely sceptical about the effect of minimum unit pricing on harmful and hazardous drinkers, which is the group that we should wish to affect most, and I am still sceptical about the effect that the policy will have on young adults who binge drink, which is the age group that even the Sheffield team acknowledged the policy would have the least effect on.

I welcome the cabinet secretary’s commitment to the research project. I hope that she will take the opportunity to put on record a commitment to present to the Parliament a comprehensive programme to examine the possible effect—or lack of effect—of minimum unit pricing.

In the meantime, my amendment 6 simply requires data to be published as we go along, with an accompanying analysis of the available statistics. That would involve a revision of the annual Information Services Division alcohol statistics.
My amendment 7 invites the Government to look at the response of the market, which has not been examined so far. We discussed it a bit in the previous amendment. The Sheffield researchers, in their evidence to us, offered to make predictions on how the market would respond. Regrettably, that offer was not taken up by the Government.

I hope that the Sheffield group, or Professor Hastings's unit at the University of Stirling, which has advised the House of Commons committees on alcohol, or any other reputable research unit with a track record in market effects, will be invited to undertake this important research. As I indicated previously, the Institute for Fiscal Studies has suggested that market adaptation could seriously undermine the intended effect of the policy.

As far as amendment 1A is concerned, the Health and Sport Committee report drew particular attention to the issue of protecting children who may be growing up in a household where alcohol is being abused and the detrimental effect that that can have on their care, development and wellbeing.

We understand that around 80,000 children in Scotland are currently affected by their parents' harmful drinking. As I said earlier, Children 1st was disappointed that no specific reference was made in the reporting requirements to assessing the harm caused to children and young people by parental alcohol misuse. Although one of the licensing objectives in section 4 of the Licensing (Scotland) Act 2005 is to protect children from harm, that has tended to be interpreted with a focus on restricting the sale of alcohol to under-18s, rather than on the wider issue of the harm that is caused to children by alcohol misuse among adults. That issue is, however, reflected in the guidance accompanying the act.

The children's charities have called for the specific inclusion of "children and young people", which is what amendment 1A addresses. However, if the cabinet secretary can provide assurances that the age category in amendment 2 would cover an evaluation of whether minimum pricing had reduced the impact of parental alcohol misuse on children and young people, I will not move amendment 1A.

I move amendment 6.

The Deputy Presiding Officer (John Scott): I call Jackson Carlaw.

Jackson Carlaw (West Scotland) (Con): Thank you, Presiding Officer. We will not—

The Deputy Presiding Officer: I beg your pardon—I should have called the cabinet secretary first to speak to amendments 1 and 2 and the other amendments in the group. Forgive me.

Nicola Sturgeon: This group of amendments sets out provisions for the evaluation of minimum pricing. Richard Simpson lodged an amendment at stage 2 that set out the detail of what he wished to see included in an evaluation. As I said at the time, I agreed with the essence of that amendment but did not consider the level of detail proposed to be appropriate for primary legislation. I therefore gave a commitment to have discussions with Richard Simpson regarding evaluation arrangements once minimum pricing had come into force. Those discussions have taken place with my officials and were positive. I am glad to hear Dr Simpson say that he is supportive of amendments 1 and 2.

As I said to the committee, I believe that we already have the basis for a comprehensive evaluation of minimum pricing in our monitoring and evaluation of Scotland's alcohol strategy programme. MESAS is led by NHS Health Scotland and will ensure that the impact of minimum pricing on consumption and harm is closely monitored over time and that any differential impacts on or between groups are properly identified and explored. Those factors are set out in amendments 1 and 2. We are currently working with NHS Health Scotland and academic partners to consider what further research might be required to monitor fully the impact of minimum pricing and the amendments provide the flexibility to allow additional factors to be considered.

Other areas are being covered in the evaluation, but we consider them too detailed to be set out in the amendments. For example, a study primarily funded by the Government and led by Queen Margaret University is already under way to determine the impact of minimum pricing on heavy drinkers who are in contact with specialist services. The study will also consider whether there are any possible displacement or substitution effects. It will use a longitudinal design to determine whether minimum pricing results in changes among those drinkers in consumption, the type of beverage, the price that is paid or substitution with industrial or illicitly produced alcohol or drugs. It will also determine whether any changes are differentially patterned—for example, by deprivation.

A Newcastle study arm will enable the researchers to determine whether any observed change in behaviours in Scotland is attributable to minimum pricing and will help us to identify the impact more generally. The evaluation will seek, where possible, to compare trends in Scotland with those in other parts of the UK. Members will appreciate that the extent to which that is possible will depend on the availability of data and whether...
other countries follow our lead in implementing the policy. Comparative analysis of that kind is standard practice. NHS Health Scotland has committed to publishing an annual MESAS report and it will publish a detailed evaluation and research plan before the implementation of minimum pricing. That will help to ensure that the evaluation is both robust and transparent.

Margo MacDonald (Lothian) (Ind): A propos the matter of testing the theories and the policies when they are implemented, why are we comparing ourselves with the rest of the UK when we already know the answer to that, because so many studies have been done? Why are we not comparing ourselves with countries that are like ours and societies that have the same roots, such as Ireland, Norway, Iceland and Finland?

Nicola Sturgeon: I certainly take that point on board and I am happy to feed it into the work that is done on evaluation. When I referred to comparing us with the rest of the UK, I was referring not to doing that now but to looking at comparing the effects of minimum pricing and its impact on alcohol consumption in Scotland with what might be happening in other parts of the UK at different times. However, I am more than happy to factor that in.

Margo MacDonald: With all due respect, I think that it will be difficult to separate the effects of the policy from the effects of the recession.

Nicola Sturgeon: Again, I accept that point, but if Margo MacDonald was listening to what I said about the detail of the evaluation, as I am sure she was, she will know that that is exactly what it is intended to do—to try, as best we can, to look at the specific impact of minimum unit pricing. The reason why we will have a range of studies and methods of evaluation is to try to capture that as effectively as possible.

In my view, Richard Simpson’s amendment 1A duplicates what is already covered by section 1B and amendments 1 and 2. Amendment 2 specifically permits the report to cover the effect of minimum pricing on specific age groups such as children and young people, and that is certainly the intention. In addition, section 1B(2)(a) requires the report to the Parliament to include the impact of minimum pricing on the licensing objectives, one of which is protecting children from harm. I therefore consider that the issue is already adequately covered and that amendment 1A is unnecessary.

I turn briefly to amendments 6 and 7. In those amendments, Richard Simpson has returned to some aspects of the amendments that he lodged at stage 2. Amendment 6 sets out a timetable for the laying of reports that contain analysis of data on the impact of minimum pricing. As I said, MESAS provides the basis for a comprehensive study, and we are seeking to build on that. The bill requires the Scottish ministers to evaluate the effect of minimum pricing five years after it comes into force and to report to the Parliament on that. The report must include information on the effect of minimum pricing on the licensing objectives, which include protecting and improving public health and reducing crime and disorder; the effect on premises licence holders, such as the pub trade, the retail sector and the wider licensed trade; and the impact on alcohol producers.

In preparing that report, ministers will also be required to consult people who have functions relating to health, crime prevention, children and young people, education and social work, and those who represent premises licence holders and alcohol producers. In evaluating the policy, we will of course consider any data and statistics that are relevant. I do not consider amendment 6 to be necessary to ensure that that happens.

Amendment 7 seeks to ensure that research is carried out on the response of retailers and producers to the introduction of minimum pricing. I absolutely agree that such research should form part of the overall evaluation, but it is already covered by the generality of section 1B, which states that the report must cover the impact of minimum pricing on “holders of premises licenses granted under the 2005 Act, and ... producers of alcohol”.

I apologise for the length of that explanation, Presiding Officer, but I hope that members will see, first, that the Government, with its amendments, has attempted to respond to points that were made at stage 2 and, secondly, that the other amendments in the group are not necessary as they are covered in the generality.

I urge members to support amendments 1 and 2 and to reject amendments 6, 7 and 1A.

Jackson Carlaw: The Scottish Conservatives support amendments 1 and 2, and we are persuaded by the cabinet secretary’s arguments and will not support amendment 1A if Dr Simpson moves it.

Amendments 6 and 7, however, have caused us to ponder in more detail. In supporting the legislation, the Scottish Conservatives want it to succeed. The whole purpose of supporting minimum unit pricing is to tackle Scotland’s relationship with alcohol, although we are sceptical that everything that has been claimed for the
measure can be achieved and we are grateful for the support of the cabinet secretary and the Labour Party for the sunset clause that we proposed at stage 2.

We also know that the cabinet secretary will allow the legislation to be the subject of a voluntary notification to the European Commission. In part, my problem with amendments 6 and 7 is that, given that we cannot know the timetable of that notification or the subsequent timetable if the legislation is challenged by the industry in the courts, the setting of dates in the amendments is inappropriate. It presumes that the legislation will have been implemented and in effect for a period of time, but that might not be so. Had the amendments used terminology such as “three years after”, it would have been easier for us to support them. That causes me to rule out support for amendment 6.

We have decided that we will support amendment 7, notwithstanding that reservation. When we discussed earlier an amendment that was lodged by Dr Simpson, we talked about the need for a voluntary partnership with industry in view of the contribution that could come from it to help to support and fund rehabilitation programmes. If the challenge to monitor the bill’s effect on producers and retailers is included in the bill, that will send a shot across the bows of producers and retailers that we will deliberately focus on their response and they should therefore take that into account. For that reason, we will support amendment 7.

Dr Simpson: I thank the cabinet secretary and Jackson Carlaw for their contributions, which have been very helpful.

The first of the two most welcome things that I have heard today is that there will be an annual report by MESAS on the statistics and the analysis. In effect, that is what is suggested in amendment 6. With that proviso and the hope that the cabinet secretary will ensure that that is laid before either the Parliament or the Health and Sport Committee, I am happy to seek to withdraw amendment 6.

Jackson’s Carlaw’s points on amendment 7 are well taken. It is important to include it in the bill. We are not including stuff about windfall profits in the bill, but including that amendment will at least indicate that there will be an examination—I hope that it will be a strenuous one—of the industry’s response. That is important. Part of the reason why we are in the situation that we are in with the growth in alcohol problems over the past 15 or 20 years is the shift in the purchasing of alcohol from on-trade purchasing to off-trade purchasing. However, we have all agreed in the debates over the past four years that there have been unacceptable practices in using alcohol like any other commodity. That term, which is used in the WHO analysis, is critical. Retailers need to treat alcohol unlike any other commodity.

Agreeing to amendment 7 will send the message to the industry that it will be under scrutiny by the Parliament. We will want to ensure that any surplus revenue that it accrues is used for the greater good and not to line the pockets of the top people or the shareholders. That is critical. If society’s attitude is to change, it is critical that the attitudes of the supermarkets and other retailers also change. Therefore, I will move amendment 7.

In light of the cabinet secretary’s comments and assurances, I am happy not to move amendment 1A.

Amendment 6, by agreement, withdrawn.

Amendment 7 moved—[Dr Simpson].

The Deputy Presiding Officer: The question is, that amendment 7 be agreed to. Are we agreed?

Members: No.

The Deputy Presiding Officer: There will be a division.

For
Bailie, Jackie (Dumbarton) (Lab)
Baker, Claire (Mid Scotland and Fife) (Lab)
Baker, Richard (North East Scotland) (Lab)
Beamish, Claudia (South Scotland) (Lab)
Bibby, Neil (West Scotland) (Lab)
Brown, Gavin (Lothian) (Con)
Carlaw, Jackson (West Scotland) (Con)
Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)
Davidson, Ruth (Glasgow) (Con)
Dugdale, Kezia (Lothian) (Lab)
Fee, Mary (West Scotland) (Lab)
Fergusson, Alex (Galloway and West Dumfries) (Con)
Findlay, Neil (Lothian) (Lab)
Fraser, Murdo (Mid Scotland and Fife) (Con)
Goldie, Annabel (West Scotland) (Con)
Grant, Rhoda (Highlands and Islands) (Lab)
Gray, Iain (East Lothian) (Lab)
Griffin, Mark (Central Scotland) (Lab)
Harvie, Patrick (Glasgow) (Green)
Johnstone, Alex (North East Scotland) (Con)
Johnstone, Alison (Lothian) (Green)
Kelly, James (Rutherglen) (Lab)
Lamont, Johann (Glasgow Pollok) (Lab)
Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)
Macdonald, Lewis (North East Scotland) (Lab)
MacDonald, Margo (Lothian) (Ind)
Macintosh, Ken (Eastwood) (Lab)
Malik, Hanzala (Glasgow) (Lab)
Marra, Jenny (North East Scotland) (Lab)
Martin, Paul (Glasgow Provan) (Lab)
McCulloch, Margaret (Central Scotland) (Lab)
McDougall, Margaret (West Scotland) (Lab)
McGrigor, Jamie (Highlands and Islands) (Con)
McLetchie, David (Lothian) (Con)
McMahon, Michael (Urgdington and Bellshill) (Lab)
McMahon, Siobhan (Central Scotland) (Lab)
McNeil, Duncan (Greenock and Inverclyde) (Lab)
McTaggart, Anne (Glasgow) (Lab)
Milne, Nanette (North East Scotland) (Con)

Against
Bibby, Claire (Mid Scotland and Fife) (Lab)
Baker, Richard (North East Scotland) (Lab)
Beamish, Claudia (South Scotland) (Lab)
Bibby, Neil (West Scotland) (Lab)
Brown, Gavin (Lothian) (Con)
Carlaw, Jackson (West Scotland) (Con)
Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)
Davidson, Ruth (Glasgow) (Con)
Dugdale, Kezia (Lothian) (Lab)
Fee, Mary (West Scotland) (Lab)
Fergusson, Alex (Galloway and West Dumfries) (Con)
Findlay, Neil (Lothian) (Lab)
Fraser, Murdo (Mid Scotland and Fife) (Con)
Goldie, Annabel (West Scotland) (Con)
Grant, Rhoda (Highlands and Islands) (Lab)
Gray, Iain (East Lothian) (Lab)
Griffin, Mark (Central Scotland) (Lab)
Harvie, Patrick (Glasgow) (Green)
Johnstone, Alex (North East Scotland) (Con)
Johnstone, Alison (Lothian) (Green)
Kelly, James (Rutherglen) (Lab)
Lamont, Johann (Glasgow Pollok) (Lab)
Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)
Macdonald, Lewis (North East Scotland) (Lab)
MacDonald, Margo (Lothian) (Ind)
Macintosh, Ken (Eastwood) (Lab)
Malik, Hanzala (Glasgow) (Lab)
Marra, Jenny (North East Scotland) (Lab)
Martin, Paul (Glasgow Provan) (Lab)
Mitchell, Margaret (Central Scotland) (Con)  
Murray, Elaine (Dumfriesshire) (Lab)  
Pearson, Graeme (South Scotland) (Lab)  
Scanlon, Mary (Highlands and Islands) (Con)  
Smith, Drew (Glasgow) (Lab)  
Smith, Elaine (Coatbridge and Chryston) (Lab)  
Smith, Liz (Mid Scotland and Fife) (Con)  
Stewart, David (Highlands and Islands) (Lab)

Against

Adam, Brian (Aberdeen Donside) (SNP)  
Beattie, Colin (Midlothian North and Musselburgh) (SNP)  
Biagi, Marco (Edinburgh Central) (SNP)  
Brown, Keith (Clackmannanshire and Dunblane) (SNP)  
Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)  
Constance, Angela (Almond Valley) (SNP)  
Crawford, Bruce (Stirling) (SNP)  
Cunningham, Roseanna (Perthshire South and Kinross-shire) (SNP)  
Dey, Graeme (Angus South) (SNP)  
Dornan, James (Glasgow Cathcart) (SNP)  
Eadie, Jim (Edinburgh Southern) (SNP)  
Ewing, Annabelle (Mid Scotland and Fife) (SNP)  
Finnie, John (Highlands and Islands) (SNP)  
Gibson, Kenneth (Cunninghame North) (SNP)  
Gibson, Rob (Caithness, Sutherland and Ross) (SNP)  
Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)  
Hume, Jim (South Scotland) (LD)  
Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)  
Kidd, Bill (Glasgow Anniesland) (SNP)  
Lochhead, Jim (Moray) (SNP)  
Lyle, Richard (Central Scotland) (SNP)  
Macaskill, Kenny (Edinburgh Eastern) (SNP)  
MacDonald, Angus (Falkirk East) (SNP)  
MacDonald, Gordon (Edinburgh Pentlands) (SNP)  
MacKenzie, Mike (Highlands and Islands) (SNP)  
Mason, John (Glasgow Shettleston) (SNP)  
Matheson, Michael (Falkirk West) (SNP)  
McAlpine, Joan (South Scotland) (SNP)  
McArthur, Liam (Orkney Islands) (LD)  
McDonald, Mark (North East Scotland) (SNP)  
Mcfarlane, Alison (North East Scotland) (LD)  
McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)  
McLeod, Aileen (Scotland South) (SNP)  
McLeod, Fiona (Strathkelvin and Bearsden) (SNP)  
McMillan, Stuart (West Scotland) (SNP)  
Neil, Alex (Airdrie and Shotts) (SNP)  
Paterson, GJ (Clydebank and Milngavie) (SNP)  
Rennie, Willie (Mid Scotland and Fife) (LD)  
Robertson, Dennis (Aberdeenshire West) (SNP)  
Robison, Shona (Dundee City East) (SNP)  
Russell, Michael (Angry and Bute) (SNP)  
Salmond, Alex (Aberdeenshire East) (SNP)  
Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)  
Stewart, Kevin (Aberdeen Central) (SNP)  
Sturgeon, Nicola (Glasgow Southside) (SNP)  
Thompson, Dave (Skye, Lochaber and Badenoch) (SNP)

The Deputy Presiding Officer: The result of the division is: For 50, Against 68, Abstentions 0.

Amendment 7 disagreed to.
Amendment 1 moved—[Nicola Sturgeon].
Amendment 1A not moved.
Amendment 1 agreed to.
Amendment 2 moved—[Nicola Sturgeon]—and agreed to.

The Deputy Presiding Officer: That ends consideration of amendments.
Alcohol (Minimum Pricing) (Scotland) Bill

The Deputy Presiding Officer (John Scott): The next item of business is a debate on motion S4M-02967, in the name of Nicola Sturgeon, on the Alcohol (Minimum Pricing) (Scotland) Bill. I call on Nicola Sturgeon to speak to and move the motion. The cabinet secretary has a generous 10 minutes.

15:41

The Deputy First Minister and Cabinet Secretary for Health, Wellbeing and Cities Strategy (Nicola Sturgeon): For the purposes of rule 9.11 of the standing orders, I wish to advise the Parliament that Her Majesty, having been informed of the purport of the Alcohol (Minimum Pricing) (Scotland) Bill, has consented to place her prerogative and interests, so far as they are affected by the bill, at the disposal of the Parliament for the purposes of the bill.

I thank the Health and Sport Committee’s members and clerks for their attention and input to the bill. A great deal had already been said about minimum pricing by the time that the Health and Sport Committee in this session of Parliament came to scrutinise the bill, but I appreciate the fact that members came to it with a fresh eye. I thank them for that and for the amount of work that was done on the bill.

I also thank sincerely all my officials and my bill team for all their hard work, advice and support during the passage of the bill. Anyone who has not witnessed the bill process at close quarters cannot really appreciate how much work is done behind the scenes to support the passage of any bill—even a bill as short and focused as this one.

We are today debating and—I hope and expect—passing a bill that will have a significant and historic impact on Scotland’s relationship with alcohol. It has been a long time in the making, but I am delighted that this moment has at last arrived.

The bill will kick-start a change in our alcohol culture by addressing a fundamental part of that culture: the availability of high-strength, low-cost alcohol. During the passage of this bill and the previous bill, the Parliament has come to accept that a pricing intervention is part of the solution; it is not the whole solution, but it is part of the solution. The Liberal Democrats and the Conservatives have reflected on their previous positions and they are now supportive of minimum pricing being that intervention and are, at the very least, prepared to give the policy a chance. I should mention the Greens, who have, of course, supported the policy not only in this session of Parliament but in the previous session.

Who knows, even at this late hour, it may be that those on the Labour benches will allow themselves to see the bigger picture and will finally, at the 11th hour, drop their petty, party-political opposition to the bill and join the rest of us in Parliament in voting for minimum pricing.

I accept and appreciate that there are those who are sceptical about whether the bill will have the impact that I believe it will have, but the sunset clause provides the reassurance that if minimum pricing does not work, it will not continue. On that basis, I think that Parliament should come together at 5 o’clock and pass the bill unanimously. Support for minimum pricing across the whole of the Parliament will send out a very strong signal to Scotland as a whole that we are serious about tackling the levels of alcohol misuse that this country suffers from.

We have seen support for minimum pricing continue to grow. It has support from doctors, nurses, the police, children’s charities, faith groups and significant sections of the alcohol industry, for which I thank them all. I see people in the public gallery who have given the measure their unwavering support, and I put on record my sincere thanks to them for that.

In addition to that coalition of support in Scotland, other countries are beginning to take our lead. Ireland and Northern Ireland are discussing introducing a minimum price, and the United Kingdom Government is now committed to introducing minimum pricing for England and Wales and is consulting on the price.

Scottish Labour is in abject isolation on the policy. Its position has been rendered all the more ridiculous—if that is possible—by the fact that Labour south of the border also agrees with the Scottish Government. We are leading the way in Scotland; others are following and still others are interested in following.

Jackie Baillie (Dumbarton) (Lab): Will the cabinet secretary take an intervention?

Nicola Sturgeon: If Jackie Baillie wants to comment on Diane Abbott’s support for the Scottish Government, I will be delighted to take an intervention.

Jackie Baillie: I thank the cabinet secretary for her generosity. First it was the First Minister, and now the Deputy First Minister is following Diane Abbott. I am delighted that they have the time to follow Labour MPs on Twitter.

Yvette Cooper, the shadow Home Secretary, who speaks for Labour on the issue, said that
“the Government needs to make sure it does not just create a cash windfall for the supermarkets”

and that it supports

“better prevention and treatment of alcohol abuse”.

Surely we can come together at 5 o’clock to agree with that.

Nicola Sturgeon: What Jackie Baillie does not tell members is that, before saying that, Yvette Cooper said that she supported minimum pricing. That is the position of Yvette Cooper and of Labour south of the border. No matter how hard Scottish Labour tries to find the fig leaf to hide its embarrassment, its position is one of isolation and—if it has any sense—complete embarrassment and shame. However, it is not too late for Labour members to redeem themselves at 5 o’clock by joining the consensus in favour of the policy.

Having used five minutes of my generous 10 minutes, I will address issues that have arisen in the debate. Early in the debate, people often posed the question why, if we had powers over excise duty, we would not prefer to use excise duty as the best way to address the issue. In answer to that question, I pose a question: if using excise duty is the better way to proceed, why has the UK Government, which has excise duty powers, also opted for minimum pricing? The answer is that the UK Government has come to the same conclusion as we came to, which is that minimum pricing is a more effective way of targeting the cheap, high-strength alcohol that is causing so much damage in our society.

I say to those who are concerned about the impact of minimum pricing on various groups that, as I said during consideration of amendments this afternoon, we will monitor and evaluate the impact and we will consider the effect on people such as those in low incomes, harmful drinkers and young drinkers.

To those who say that the policy is not legal, I reiterate my view that minimum pricing per unit of alcohol complies with European Union law, provided that it is justified on the basis of public health and social grounds. I am confident that the policy is justified in Scotland.

I take the opportunity to tell Parliament that, following the bill’s passage, we will commence the process of EU notification under the technical standards directive. The draft order that sets the price will be notified as soon as possible, with all the accompanying documents, including the bill—or act, as it will be. That process will happen as quickly as possible, and notification will certainly take place well within one month of the bill’s passage today.

Minimum pricing will make a significant difference, but it is not—and I have never argued that it is—a magic bullet. We should not forget that we have in place many other measures to tackle alcohol misuse. The framework for action sets out more than 40 measures that seek to reduce consumption, to support families and communities, to encourage more positive attitudes and positive choices and to improve treatment and support services.

That broader approach also focuses on education, diversionary activity, support for families and preventive measures, such as alcohol brief interventions. We have made record investment of £196 million to tackle alcohol misuse since 2008. The bulk of the funding is being invested in local prevention, treatment and support services. Along with minimum pricing and other measures, such as the approach to quantity discounts and irresponsible promotion of alcohol, that wider package will help to create the cultural shift that is required if we are to change our relationship with alcohol.

The inescapable fact is that alcohol misuse affects each and every one of us. Whether we drink a lot, a little or not at all, each and every one of us pays £900 every year towards the cost of alcohol misuse. That money could be better spent elsewhere.

Last week I announced that I am minded to set the minimum price at 50p per unit. That was not an easy decision, because there is an important balance to be struck between the benefits to public health and the impact on industry. The decision was made after taking account of relevant factors, which have been updated since I proposed a price per unit of alcohol of 45p in September 2010. Factors included the updated modelling that has been carried out by the University of Sheffield, and data on alcohol sales, price bands, affordability and harm. In addition, I took account of the fact that the earliest the policy is likely to be implemented is April 2013.

Taking all those factors into account, 50p per unit is broadly equivalent to the 45p that was announced in 2010. More important, it is estimated that the minimum unit price will deliver significant benefits. I remind the Parliament of those benefits: 60 fewer deaths in the first year, 1,200 fewer alcohol-related illnesses in the first year and 1,600 fewer hospital admissions in the first year. It is also estimated that there will be around 3,500 fewer crimes per year. Over 10 years, we expect 300 fewer deaths per year and nearly 4,000 fewer illnesses and 6,500 fewer hospital admissions.

I absolutely accept that people ask whether the modelling will translate into reality. However, if we think that benefits on anywhere near the scale of those in the model are within our grasp, we have a
moral duty to go for them. That is what the Government is doing.

Presiding Officer, I suspect that your generosity is running out, so I will come to a close. Tackling alcohol misuse is one of the most important public health challenges that we face in Scotland. The Parliament has the opportunity today to take a significant step towards reducing alcohol-related harm. I sincerely hope that members of all parties will support the bill and create an historic moment for the public health of Scotland’s people.

It gives me great pleasure to move,

That the Parliament agrees that the Alcohol (Minimum Pricing) (Scotland) Bill be passed.

15:53

Jackie Baillie (Dumbarton) (Lab): I, too, welcome the opportunity to participate in the stage 3 debate on minimum pricing, and I too record my thanks to all involved.

Throughout the passage of the bill, Labour has been clear that there is much on which we can agree. We agree on the scale of the problem and the need for cultural and generational change. We agree that a range of measures is required to tackle a complex and multifaceted problem. We agree that there is a relationship between price and consumption. However, we disagree on the best mechanism for achieving our aims. In essence, we do not think that minimum unit pricing is the answer. However, I acknowledge the parliamentary arithmetic, so it is important that we seek to mitigate the unintended consequences of the bill.

There is no doubting the scale of the problem of alcohol abuse, which happens across the board and is not defined by age, gender or income. The cost to our public services is significant, as is the cost to people’s lives.

We should focus on reducing the volume of drinking, but we need to consider how people drink. There is a particular problem with binge drinking in Scotland, which simply is not addressed by price and has not been modelled by the University of Sheffield—I hope that the cabinet secretary will consider the need for such work in future. North and south of the border, the price is the same, yet we drink 25 per cent more than people in England, so there is clearly an underlying problem, which is currently unaffected by price and is perhaps more to do with culture.

Margo MacDonald (Lothian) (Ind): Could the member briefly examine whether that figure of 25 per cent is a mean figure across the country? I doubt that it is. I am sure that there are areas of the country where people drink a lot more than 25 per cent more than people in England do. In my area, they do not drink nearly enough.

Jackie Baillie: I think that the figure varies by income, which I think is the point that the member is making. I am sure that people will look forward to drinking more with Margo MacDonald in future.

Drinking is not just a problem of the poor. I heard a telling comment from an Edinburgh wine merchant who told a middle-class audience that they should all support minimum unit pricing because it would not affect them—“We drink wine, not cider,” he said. However, the greatest growth in the number of people abusing alcohol involves middle-aged, middle-income women. Indeed, the rise in consumption in Scotland since 1994 is wholly explained by wine, while the consumption of beer and spirits has declined in that period.

We have concerns about three main areas: the legality of the measure; its efficacy; and, related to that, the windfall of £125 million, which will go, in the main, to supermarkets. On the issue of legality, I note that the cabinet secretary is offering to notify the price-setting order to the EU, and that is welcome. However, the bill itself should be notified, and not simply as an accompanying document. The cabinet secretary knows that there is a difference. The bill forms an important context. It describes how minimum pricing will be applied and it contains the mechanism for calculating the price of products on the market. I believe that the Tories thought that the cabinet secretary had promised them that she would notify the whole bill, but she is not delivering that in full.

On the issue of efficacy, there is little impact on young people or on binge drinking and there is no impact on caffeinated alcohol products such as Buckfast, which we know causes wired, wide- awake drunks who engage in a disproportionate level of violence on our streets. As I said, of all alcoholic drinks, the consumption of wine is increasing at a considerable pace, yet the minimum unit price will have only a marginal impact.

I acknowledge that, for some people, the minimum unit price will have an impact. Further, at least people are talking about the issue and awareness has been raised in a way that it has not been before. Indeed, the level of consumption has helpfully, although slowly, been on a steady decline since the passing of the Licensing (Scotland) Act 2005, under the previous Administration.

The purpose of our reasoned amendment is to recoup the windfall of £125 million. The University of Sheffield model predicts that a minimum unit price of 50p will generate approximately £125 million each year as revenue for alcohol retailers. We know that supermarkets would be the biggest
beneficiaries of that. The Confederation of British Industry believes that the figure will be in excess of £150 million. However, whatever the figure is, at a time when money is tight and the Scottish National Party is cutting the alcohol treatment budget by 7 per cent—more than £3 million—handing that money to supermarkets is, frankly, astonishing.

I am disappointed that the cabinet secretary has set her face against using—at least for the foreseeable future—the social responsibility levy, a measure that we supported. She could, of course, use the public health levy. Contrary to the SNP’s assertions, Labour supported the public health levy at the Local Government and Regeneration Committee when the order was debated. However, the public health levy takes back only £35 million in one year and applies only to retailers who sell tobacco and alcohol, yet a minimum unit price will generate £125 million each year, which is four times more than the cabinet secretary will claw back.

I know that the cabinet secretary believes that the supermarkets will reduce the price of bananas, which is, frankly, naive. Already I hear proposals to decrease the price of premium drink as a marketing ploy and to stock supermarket own-brand products in preference to others, but not one peep do I hear from the supermarkets about reducing the price of bananas.

This will be a massive leap of faith. Labour believes that there will be significant unintended consequences if the windfall remains with supermarkets, and that they could undermine the very purpose of the bill. That view is supported by the Institute of Fiscal Studies.

Our preference would have been to build on the alcohol duty escalator that was introduced by Alistair Darling and has been continued by the coalition, which brought about rises of 2 per cent above inflation, which this year meant a rise of 7 per cent. We supported a proposal from the alcohol commission that would create a duty floor, added to which would be the price of invoicing—the French have been using such a measure to good effect. We even suggested on a cross-party basis in the chamber that the restructuring of duty to link it to alcohol strength would be preferable; that was later suggested by the Institute for Fiscal Studies.

All those things would have raised the price of alcohol considerably, and would have returned the money to the public purse to be used for public services. Under the SNP’s proposal, not one penny will be spent on education, enforcement or treatment. Instead, the SNP wants to give supermarkets, which make billions of pounds of profit anyway, even more money. The SNP is stuffing the supermarkets’ pockets with gold when budgets across the public sector are being cut and it is cutting the alcohol treatment budget. People in Scotland just do not understand that: it does not make sense.

In closing, I observe that the cabinet secretary’s closing speech at stage 1 was very big on rhetoric but quite short on detail, which is surprising. I expect more of the same as the debate carries on, but I gently suggest that she change her tone—[Interruption.] I think that she should, because in her last speech she said that I was putting a blanket over my head on the issue, in an apparently witty reference to the lack of blankets in our hospitals, although she denied that at the time. That spectacularly backfired, so a bit of caution is required.

Tackling our relationship with alcohol is a serious issue. We have come forward with a serious suggestion to improve the bill and empower public services in tackling alcohol abuse in Scotland. There is time for the cabinet secretary to have a unified chamber, but she is in danger of losing it when she decides to fill the pockets—

The Deputy Presiding Officer: I am afraid that the member is running out of time.

Jackie Baillie:—of large supermarkets at the expense of hard-working public services.

I move amendment S4M-02967.1, to insert at end:

“but, in so doing, strongly believes that the Scottish Government should bring forward proposals to eliminate the windfall to large retailers arising from the minimum unit price by means of the proposed public health levy or other targeted levy.”

16:02

Jackson Carlaw (West Scotland) (Con):

Today is a significant day. Alcohol minimum unit pricing has been the centre of debate in the current session and the previous session of Parliament, almost to the detraction of the wider discussion that the Parliament needs to have about Scotland’s relationship with alcohol. I do not want to detract from what the cabinet secretary said a few moments ago about the bill being one of a raft of measures that are already in place, but it has undoubtedly preoccupied the debate in the chamber.

We Scottish Conservatives have changed our position. In the previous session of Parliament, we felt that the legislation that was implemented by the previous Labour-Liberal Democrat Administration had not had time to prove itself, and that the evidence base was not sufficiently balanced to allow us to support alcohol minimum unit pricing at that time.
In one of my first speeches to Parliament, I said that I personally did not rule out alcohol minimum unit pricing, and in supporting it today, I very much hope that it will work. I fear that the measure cannot achieve all that some have hoped for it as the bill has progressed through committee, but I believe that it will make a contribution. The Parliament must hope in passing the legislation that it succeeds.

I am pleased that, where Scottish Conservatives have led, London Conservatives have chosen to follow. That is a perfect example of Scotland and Scottish Conservatives showing our colleagues in the south the way forward in tackling major policy issues in public health.

We are concerned that some of what has been claimed for the bill may not be achieved, and we respect the views of those who, throughout the progress of the legislation, have argued that it cannot succeed. We understand that there is a degree of scepticism, even while we think that the balance of evidence has now tipped very much in favour of allowing the policy its moment to shine.

That is why we proposed the inclusion of a sunset clause, and we were grateful for the support of other parties in that regard. The cabinet secretary’s point is worth emphasising: for those who are sceptical about the policy, the sunset clause is their opportunity to know that, in the event that the policy demonstrably does not have the effect that is claimed for it, the legislation will fall.

On that basis, there is really no good reason for the Parliament not to unite tonight around the policy, and to give it the authority that would enhance it by having all-party support in the chamber so that the people of Scotland can see that we are all robustly in support of it and behind its every prospect of success.

We are keen that the legal position be established, and we are grateful that the Government will allow the legislation to be the subject of a voluntary notification. I hope that that process will be completed at the earliest possible date, because we want to know that—in proposing pioneering legislation that the rest of the world will be looking at—we did everything we could to establish the legal position in advance. I heard what the cabinet secretary said about legality. We very much hope that that is the case, and that the legislation can be implemented and take effect to the timetable that the cabinet secretary has identified.

Dr Simpson, for whom I have considerable respect, talked about the windfall tax being Labour’s red line. During the committee stages, I understood his reservations about the legislation—[Interruption.] I am sorry, but until stage 2, I never heard the Labour Party say that it would vote for the bill if agreement was reached on that one aspect. In that regard, regrettably—I have no wish for a party-political debate—I have sympathy with the cabinet secretary’s argument that we are divided at this final stage for political reasons.

I have something to say to Jackie Baillie, to Richard Simpson, and to Drew Smith—clearly the front runner for the future leadership of his party. Does he want to have this stain on his character in future years when people come to look at what this Parliament did? They are lost in the detail of Dr Simpson's experience and prejudices, to the extent that Labour has lost sight of the bigger picture. I do not think that Labour members sit behind him comfortable in what they are doing, and even now, I appeal to them to allow the chamber to unite and give the policy the authority that it commands.

The Deputy Presiding Officer: We move to the open debate. Speeches should be of four minutes.

16:06

Bob Doris (Glasgow) (SNP): The arguments against minimum pricing on the basis of potential supermarket profits or increased revenues have been well and truly exposed this afternoon as deeply flawed. I do not take any personal satisfaction from that because, at times, that debate has got in the way of analysing the potential public health benefits of minimum pricing.

In that regard, I make a concession to Jackson Carlaw. He has accused SNP back benchers a number of times of being overtly evangelical in promoting the potential benefits of minimum pricing. Perhaps at times we have been, Mr Carlaw. However, it is vital to state clearly the estimated potential public health benefits that the Sheffield modelling work suggests, and to once more put the details on the public record.

Those benefits include potentially 60 fewer deaths related to alcohol per annum, 1,600 fewer hospital admissions and 3,500 fewer crimes estimated in the first year. In 10 years’ time, the figures could increase to 300 fewer deaths and 6,500 fewer hospital admissions. Whatever the figures are, we have to accept that the health benefits that will be accrued from minimum pricing will be substantial. I accept that they may be a bit less than estimated but, conversely, they could be greater.

If, in 10 years, an additional 250 lives are being saved every year by minimum pricing, and not the 300 that were estimated by the Sheffield study, that would still be a significant achievement. In 10 years’ time, society will not be talking about the distinction between windfall profits, revenue or whatever. The argument will have moved on.
Whether it is in one year’s time or five years’ time, or whenever, the Labour Party will have to take a serious look at itself and ask why it was discussing a flawed argument on supermarket profits, when everyone should have been talking about how we could turn around Scotland’s relationship with alcohol. That is for Labour to answer, which it will have to do sooner rather than later.

**Margo MacDonald:** I wonder if the member would like to answer a question for me. What does he see as the result of this measure? Does he see everyone drinking a little less or everyone changing from cider to wine? How does he see this measure having an effect on the individual?

**Bob Doris:** It is not how I see it; it is what the evidence points to, which is that the most harmful drinkers will be most affected by these measures. That is what the evidence shows, and it is true across all income groups. The measure will have a “significant impact”—those are not my words; they are from the evidence that our committee carefully examined. We came to accept that as the most significant aspect.

Do we have four minutes, Presiding Officer?

**The Deputy Presiding Officer:** Yes.

**Bob Doris:** Oh dear. I will be brief.

The health benefits of minimum pricing differ according to which group we are talking about. It is said that minimum pricing will have slightly less of an impact on younger people in comparison with the rest of the population but, as it will still have a significant as opposed to a negligible impact, it is a measure that is worth taking. In addition, it has been said that minimum pricing will not cut the frequency of binge drinking, but binge drinkers will drink significantly less during such episodes. Therefore, minimum pricing will bring health benefits across the board.

Like Mr Carlaw, I hope that, as a Parliament, we can unite and put party-political considerations behind us and support the bill unanimously. I am delighted to have spoken in this stage 3 debate.

16:10

**Sandra White (Glasgow Kelvin) (SNP):** I am grateful to be able to speak in the debate, given that I am not a member of the Health and Sport Committee.

I want to look at the bill in a slightly different way. The health issues, which are extremely important, have been covered, but I want to focus on two specific issues: overconsumption of alcohol and availability of cheap alcohol, and the problems that they give rise to.

As the constituency member for Glasgow Kelvin, I represent an area that has the greatest concentration in Glasgow—possibly in Scotland—of pubs, clubs, theatres and entertainment venues, which stretch from Byres Road in the west to Sauchiehall Street and the merchant city in the city centre. The area is the hub of Glasgow’s night life, where thriving businesses attract thousands of visitors—tourists and locals alike—at the weekend. They are what makes Glasgow famous and so vibrant.

However, it would be remiss of me not to say that in some—but not all—areas we have problems that are caused by overconsumption of alcohol. Overconsumption causes problems not just for the consumer of alcohol, but for the police, medics and the public in general. The issue must be tackled. Although, as the cabinet secretary said, minimum pricing is not a panacea, we must do something to ensure that we no longer see people lying on pavements or in gutters absolutely drunk. We must do so not just for health reasons, but for the sake of the economy and of the people who visit Glasgow and other parts of Scotland.

The pubs and clubs are not solely responsible for the problem; it is mainly a result of the so-called pre-loading of cheap alcohol that has been bought in supermarkets. In some cases, it is cheaper to buy a litre of alcoholic drink than it is to buy a litre of water. I have spoken to many people in the licensed trade in Glasgow. Paul Waterson of the Scottish Licensed Trade Association says that we need minimum pricing because there is no control over the drinking of people who buy alcohol from supermarkets at knock-down prices. He believes that some people drink for drinking’s sake. Pre-loading of cheap alcohol has become endemic. People who go to licensed premises drink in a controlled environment, but if they drink at home, there is no control. When people go out after getting tanked up on cheap supermarket booze, it is the pubs and the clubs that have to deal with them. We should listen to the SLTA.

The Deputy First Minister mentioned the fact that the pub trade is struggling, and she is absolutely right. Once-thriving pubs, many of which used to be hubs of their communities, are indeed struggling because supermarkets are selling cheap booze. Local pubs that were once social meeting places for many people are closing. I think—I know that the licensed trade does, too—that the balance has shifted too far, so we need to look at restoring the balance.

At one time, people would go out to pubs to enjoy the sociable atmosphere, but with the availability of cheap booze, that is no longer the case. I have some figures that illustrate that. Off-trade sales increased by 52 per cent between 1994 and 2010, whereas the on-trade experienced
a fall in sales of 29 per cent. I am talking about the city centre of Glasgow and other areas that I represent; I am talking about pubs that are hubs in their communities and are social gathering places. It is time we listened to the licensed trade. I hope that we can resurrect some of those local pubs, which do so much for communities.

As I have said, minimum pricing is not a panacea, but it is a start, and we should all fully support it.

16:15

Graeme Pearson (South Scotland) (Lab): I thank Jackie Baillie for covering most of the ground on the thinking behind Labour’s approach to the bill. Equally, I thank Sandra White and Bob Doris, who have outlined many of the problems on which the bill seeks to deliver.

In that context, it is unkind of the cabinet secretary to describe our position as “ridiculous” and embarrassing. As rehearsed at stage 3 and in this debate, it is true to say that Scottish Labour members still have legitimate reservations about the bill. It is not just about the windfall that we have discussed; concerns have also been expressed by the Conservatives about the bill’s compliance with European law, which is why we have asked repeatedly for access to the legal advice that the Government obtained earlier. It has been tricky to nail that down. Nevertheless, the cabinet secretary remains adamant that the measure is legal, so I welcome her voluntary reference to the EU and the impact of the act.

As the bill stands, it will generate a significant windfall. Whether it be £68 million, £98 million or £125 million, most of it will end up benefiting the largest supermarkets. I would like to see that money go to treatment, diversionary activities for young people, policing and the cleaning up of areas that are affected by considerable alcohol consumption and antisocial behaviour. As the cabinet secretary herself said during the stage 1 debate, mechanisms are available that could deal with the windfall so, if the Scottish Government accepts our amendment, we will add our support to the bill.

I am pleased to note that the latest figures on alcohol-related admissions to hospitals show a fall for the second year in a row. However, we recognise that that is only one of many measurements of success in the future, and action still needs to be taken to combat the problems that alcohol causes in our communities.

The cabinet secretary has continually criticised Labour, but we have launched a consultation on a range of measures that are designed to help to tackle the problems that alcohol can and is causing in many of our communities. The cabinet secretary did not seek to engage in that consultation. Was there no merit in our consultation at all? Does the cabinet secretary not think that all, or some of, alcohol arrest referral, banning orders, bottle-tagging, alcohol drug treatment and testing orders, and alcohol fine diversions could play a part in addressing the problems in the future? Surely she does not think that minimum pricing is the magic bullet? More has to be done and we are keen to play a role in that. I trust that the Government will rethink its position.

Before coming into the chamber this afternoon, I had a look at a poll that is being conducted by The Scotsman. Of 15,500 people who have contributed to that poll, 93 have indicated that they do not believe that the provisions of the bill will be effective by themselves. We need to think about what the public is saying to us in that poll.

John Mason (Glasgow Shettleston) (SNP): Will the member take an intervention on that point?

The Presiding Officer (Tricia Marwick): The member has no time. He has precisely 10 seconds left.

Graeme Pearson: I support the amendment in Jackie Baillie’s name.

16:19

Kenneth Gibson (Cunninghame North) (SNP): I have to say that I do not agree with the cabinet secretary because I do not think that Labour’s pitiful opposition to the bill is a fig leaf so much as it is a tea leaf. Last year, caffeine was the smokescreen; now—suddenly—Labour members are all really worried that supermarkets are going to have plenty of money. We have now heard from Mr Pearson that it is really electoralism that is at the heart of the opposition, given his comments on the poll in The Scotsman. I take it that he meant 93 per cent rather than 93 respondents out of 15,000.

Today we have heard from the Labour Party curmudgeonly and desperate speeches that were mainly unenthusiastic, and I doubt that many Labour back benchers are tripping over themselves to press their buttons against the bill tonight. The reality is that there is opposition to this bill because it has been promoted by the Scottish National Party. That is what SNP members believe and, I think, that is what other members in this chamber believe. That really appears to be it.

Richard Simpson and Graeme Pearson will not be very popular with their former colleagues—in the national health service and in the police
respectively—because the people who are on the front line—those who have to deal with Scotland’s alcohol problem—are not only the families of people who misuse alcohol, not only their friends and their workmates, but the police officers who have to face the problem day in and day out and the NHS professionals who have to deal with it. The bill is overwhelmingly supported by groups including the churches, the British Medical Association, the police, and charities here, there and everywhere because it is the right thing to do for the people of Scotland.

As Jackson Carlaw pointed out on the nonsense about supermarkets, if the bill is successful income to supermarkets will decline markedly. We have to look at what the bill is ultimately trying to do. I studied economics at university; a rule of economics is that as price goes up, consumption goes down. Harmful drinkers will have fewer instances of ill health as a result of that drop in consumption. That is what the study says.

My colleague Bob Doris hit the nail on the head: the bill is really about saving lives, saving people from illness, saving families from domestic breakup, and saving people from losing their jobs. That is why we are doing it. I am pleased that when the Labour Party in North Ayrshire controlled the council, which it did up until 3 May—I am glad to say that it is now an SNP council—it had the courage to support the SNP Government on the bill. Perhaps that was because the number of alcohol-related deaths in North Ayrshire—the area that my constituency of Cunninghame North is in—is 91 per cent higher than the Scottish average. The problem is particularly acute there.

The more that people drink, the greater the risk of health and social problems. That impacts directly on healthcare services, on the criminal justice system and on our wider economy. Let us appreciate what we are trying to do. As the cabinet secretary said, the framework for action contains 40 measures in addition to minimum pricing. Minimum pricing has for our party never been the sole way forward—we can do so many other things for the people of Scotland in this area and we are doing them. However, minimum pricing is a keystone—it is fundamental to the bill. Many years from now, it will be like the Smoking, Health and Social Care (Scotland) Act 2005. The Conservatives opposed it at the time, but I believe that they realise on reflection that perhaps they should not have opposed it.

Our passing the bill will make today a great day for the Scottish Parliament. The bill will take Scotland forward socially and it will help to change the culture that so many members have spoken about. I welcome the bill and I am pleased that it will be supported by an overwhelming majority of members of Parliament and of organisations that have to deal with the scourge of alcohol on a day-to-day basis.

16:23

Willie Rennie (Mid Scotland and Fife) (LD): I thank Nicola Sturgeon for pioneering the bill. It is pioneering legislation and she is out there in front, proposing a measure that a lot of people will not like. We talk about the bill in Parliament as if it will be immensely popular. However, if it is going to be effective, a lot of people will not like it. Introducing such legislation takes a certain amount of courage, so I thank Nicola Sturgeon for the effort that she has put in over a number of years, despite opposition from my party, from the Conservatives and from Labour.

I have always believed in minimum pricing. I had to be relatively quiet about that in the past, but I have always been supportive of it—I always was at Westminster. The party in Scotland was finely balanced—it was not absolutely against minimum pricing, but the decision that the party came to was that it did not support it. I had to charm party members and I had to work on them when I became leader. Fortunately, they agreed with me and they now support the bill. I am pleased that we have put our differences with the SNP aside and are now working for the bill.

For me, the evidence is quite clear. The important connections, as referred to by Kenneth Gibson, are the connection between price and consumption, and between consumption and harm. If we look back 30 years, drink is more affordable now by between 45 per cent and 70 per cent. Price has gone up by 22 per cent, but incomes have gone up dramatically more than that—by 97 per cent in that period—so drink is much more affordable.

In the same period, consumption has gone up by 20 to 22 per cent and the number of deaths has doubled. As I have mentioned previously, I used to work in my father’s shop and I cannot see a dramatic difference between the prices of whisky now and the prices that my father used to sell it at. That is simple and straightforward evidence that everybody can see.

I have seen at first hand in Dunfermline the problems in our communities. There is antisocial behaviour and families that are absolutely wrecked by alcohol abuse and the health problems that it causes. People are desperate to get into hospital to get treatment so that they can deal with their alcohol problems. That is clear evidence and a clear result.

We could easily go down the route of just doing the simple things that everybody suggests, such as education and information, but the reality is that the tougher we make the measures, the more
impact they will have. I ask the Labour Party how long we have to wait for the perfect solution before we move ahead? The bill might not be exactly right and it might not have exactly the desired effect according to the predictions, but let us get on with it because the situation is dire.

I referred earlier to public concern. I am a frequent user of Facebook and whenever I put up something about alcohol minimum pricing, the negative reaction is considerable. People out there will be angry about the measure, but if they are not angry, that is because we are not having an effect. For measures to be effective in reducing alcohol abuse, some people will have to feel them. That is why it is important that we move ahead with the bill. We have to be prepared for the backlash that I am sure will come.

I am grateful for the support of the organisations that are represented in the public gallery. Health bodies such as the British Medical Association, the Royal College of Psychiatrists and Alcohol Focus Scotland support the bill, but there are also some surprising supporters, including Tesco, as I have mentioned previously. That is the kind of backing that we will need to get us through the coming period. The battle to deal with the problem has just begun. We need to ensure that we are effective in that so that we deal with the blight of alcohol on our society.

16:27

Richard Lyle (Central Scotland) (SNP): As a member of the Health and Sport Committee, I welcome the opportunity to speak in the debate. Alcohol minimum pricing is the latest step to change the drinking culture in Scotland. It is crucial that minimum pricing be implemented because, without it, our previous steps will prove to be less effective, because alcohol can be sold at rock-bottom prices.

As I have said previously in the chamber, before I was elected to the Parliament, I was not convinced that minimum pricing was the right way to change our drinking culture; I did not agree with the policy. However, after hearing the evidence that the Health and Sport Committee collected, I have changed my view. It is encouraging that all the major parties, apart from Scottish Labour, recognise the need for minimum pricing and are prepared to support the bill at stage 3. That type of cross-party approach will help to eradicate Scotland’s drinking culture. I implore the Labour Party to change its position on the bill and to vote for it at decision time.

The culture needs to be changed. Let us not lose track of why it is important that we pass the bill. Alcohol is connected with more than 60 types of disease as well as to disability and injury, and people in Scotland are drinking hazardously or harmfully. Scotland has one of the highest cirrhosis mortality rates in western Europe and is currently ranked eighth in the world for alcohol consumption per head of population. Alcohol is a contributory factor in a wide range of health and social problems, including accidental injury, violence and mental ill-health. Scotland has one of the highest rates of liver disease in the world and the figure continues to rise at an alarming rate.

Alcohol misuse affects not only the individual drinker, but has far-reaching consequences for friends and family, wider communities and society at large. Misuse of alcohol in Scotland costs £3.5 billion every year in direct and indirect costs. There is a growing consensus among professional bodies including the World Health Organization and the National Institute for Health and Clinical Excellence that minimum pricing could be the most effective means to reduce alcohol consumption.

The University of Sheffield has carried out various studies and has done modelling on minimum unit pricing, and Professor Tim Stockwell from the University of Victoria in Canada has said that introducing a minimum price for alcohol can bring significant health and social benefits that can lead to significant savings in the health service. Research has also indicated that minimum pricing will target high-alcohol products that are sold cheaply. Such products are often consumed by harmful drinkers and are very popular with young drinkers.

It is clear that alcohol consumption is a problem in this country and that something needed to be done to ease the social and economic problems that are caused by it. Studies have shown that the best way of tackling the problem is by introducing a minimum price for alcohol. Alcohol is a serious national health problem that must be tackled because it has a significant impact on the health of our nation.

I say to Scottish Labour that if I can change my mind over this issue, I am sure that others—in particular Labour members—can change their minds, too. Scottish Labour must show leadership. Its do-nothing attitude has isolated the party in the Parliament. Labour members can bluster all they want, but they have got it wrong and they must now see that. I agree with Jackson Carlaw that Scottish Labour should support the bill now.

16:31

Alison Johnstone (Lothian) (Green): I am very pleased that we are introducing minimum pricing of alcohol. The Scottish Greens have supported the bill in this session and we supported the similar bill in the previous session, before my
time here. The bill alone will not achieve the policy aim of changing Scotland’s unhealthy drinking culture, but it is an important contribution, as the cabinet secretary pointed out.

BMA Scotland, Alcohol Focus Scotland and Scottish Health Action on Alcohol Problems stated in their joint briefing for the stage 1 debate:

“Without action on price, any other measures to reduce consumption and harm will be swimming against a very powerful tide. If we want to change ‘culture’ then price is a good place to start.”

The bill is a good place to start, but the narrowness with which it was drafted has not allowed the fullest debate on other possible ways and complementary mechanisms to address our deep-seated issues with alcohol.

It was disappointing that the Government and Labour in the previous session were unable to work constructively together to produce a better bill. Proposals for legislation to deal with caffeinated alcohol have merit and are worthy of proper consideration. I am disappointed that in this session we did not manage to have the SNP and Labour sit down and work together on the windfall to large retailers and other issues. Such legislative opportunities are rare and it is important that we use our windows of opportunity in that regard to the best of our ability.

Throughout the bill process, the Greens have called for measures to tackle the structure of the drinks industry. To change our high-volume drinking culture we need to challenge the high-volume drinks industry. We also need to support community pubs and small-scale producers whose business models rely on quality produce, and we need to tackle the power of big brewers and producers, for whom shifting large volumes is the aim of the game.

This is a difficult issue, but I think that we all recognise that it is not only individuals who are responsible for what they drink, because their choices are made within a wider cultural setting that is heavily influenced by the nature of the drinks industry, its marketing message and the way in which it runs and supplies pubs and clubs.

So, where next? I welcome Dr Richard Simpson’s and Graeme Pearson’s members’ bill consultation, which puts some good proposals up for debate, including limiting the caffeinated alcoholic drinks that I mentioned earlier, improving community involvement in licensing decisions and banning alcoholic drinks advertising in public places. The object of the ban would be to help to “de-normalise”—to use the consultation’s language—alcohol for children.

It is essential that we achieve the culture change that we all seek. I agree with Children 1st that passing the bill will be a huge step forward in beginning that process.

16:34

Fiona McLeod (Strathkelvin and Bearsden) (SNP): I welcome the debate that we have had, I welcome the bill and I welcome the fact that, at 5 o’clock tonight, it will become the law of Scotland. I also welcome the fact that the Liberal Democrats and Tories have finally seen sense and have moved from oppositional to evidence-based politics. However, I am sorry that Labour is still playing politics with Scotland’s health; indeed, Labour members are making statements even today that are not based on any evidence.

It is important that the Parliament remembers why we had to introduce the bill. The figures for alcohol misuse in Scotland are both stark and frightening. Last autumn, Dr Peter Rice from the Royal College of Psychiatrists in Scotland—he is in the gallery—gave a presentation to a group of MSPs. In the past 20 years, the rate of alcohol-related mortality has gone from 15 to 40 per 100,000 of the population, and the incidence of cirrhosis of the liver has climbed from 28 to 72 per 100,000 of the population. At the same time, affordability of alcohol through off-sales has similarly rocketed. Beer has become 135 per cent more affordable and wines and spirits have become 110 per cent more affordable in that period. As we see the correlation between low prices and alcohol-related ill health, so the international research going back over a century proves that raising the price of alcohol leads to consumption falling—and when consumption falls, the incidence of alcohol-related ill health falls.

Professor Tim Stockwell, who has been mentioned, looked back over 20 years of pricing of alcohol in Canadian states and was able to show that a 10 per cent rise in the cost of alcohol led to a 3.4 per cent drop in consumption. Most relevant in that research is how harm reduction increases as price increases. Jackie Baillie and Margo MacDonald both referred to that, and Bob Doris went a long way in defending it. I refer any member who does not believe in the harm-reduction effects of the bill to the work that was done in 2009 by Meier et al. The highlight of that research, for me, is the finding that the groups whose consumption is most responsive to a rise in the price of alcohol are young people and high-risk drinkers. Those are the people in Scotland whom I hope we all want to help and support out of alcohol abuse.

In 2006, Scotland was bold with its ban on smoking in public places. We should again be proud today that Scotland learns from her mistakes and leads the way where others will follow.
16:37

**Jackson Carlaw:** This has been a short but slightly depressing debate in the sense that, even at this late stage, the argument about the bill has continued even though, after all the discussion that we have had about it over a considerable period, the balance of evidence has shifted and, despite the Labour Party's concern about and position on the alleged windfall, there is a clear view across the chamber that alcohol minimum pricing’s time has come and there is support for it from all sides of the chamber.

Willie Rennie’s speech encapsulated—for the first time in all the discussion that we have had—the question of the public’s reaction to the policy when it is implemented. It has been said before that the Conservatives are fond of using Scotland as a guinea pig for new taxes—maybe that is not an argument that I will revisit this afternoon. In essence, however, this is a pioneering policy that we are implementing first in Scotland ahead of anywhere else.

When we were discussing the amendments, I made the point that, although the Conservatives would have liked duty to have been used, the sad truth is that, although duty ultimately raises money for the Inland Revenue and the Exchequer, the public perception of duty is not that it raises money to improve public health, but that it simply raises money for the Government. However, the very point of minimum pricing is that it does not raise money for the Government. Therefore, it cannot be argued—as Willie Rennie put it in discussing the policy’s unpopularity—that the Government is implementing the policy because it wants to raise cash. The integrity that underpins the policy—the fact that the Government is implementing it because it believes that it will have a material effect on public health in Scotland—stands as a virtue.

We would like to see a participative relationship with the industry, and I hope that that will be forthcoming.

I want to return to the arguments of the Labour Party. I suppose that, in some ways, I should be pleased that the auld enemy is going to vote differently on the policy and to stand apart, but I genuinely do not believe that is what Labour members, in their hearts, wish to find themselves doing, and the legislation will not benefit from that happening. They have made the windfall argument their red line, but I have to repeat that I do not recall, even when we discussed our joint scepticism of the legislation in the committee, that they stood up and said, “Look, we might finally be persuaded that this will work, but we’re not going to support it for as long as there will be a windfall, as we see it, for the retail industry.” That was never said until, suddenly, at stage 2, it became the rock on which everything was subsequently to depend.

It is clear that, unfortunately, Labour is not prepared to support a policy that emanates from a Scottish National Party Government unless Labour’s imprimatur is on it and Labour can claim ownership of it in some way. The Parliament could unite behind a public health measure that will advance the public health of Scotland. In the final analysis, of all the reasons to oppose the bill, for Labour to oppose it simply because the SNP proposed it is the saddest, most reprehensible and most depressing fact of all.

I know that there are members sitting behind the Labour front bench who do not want to be on the wrong side of the argument, who work closely with the police, the public health service, consultants and people in accident and emergency services, who have said to them, “This policy will advance public health in Scotland.” I say to Labour members, although they will probably not believe it, that if they change their minds, we will not exploit that.

The Parliament has an opportunity to put its differences behind it and to unite behind a policy that we hope will work, which we must see does work, and which will advance the public health of Scotland.

16:42

**Dr Richard Simpson (Mid Scotland and Fife) (Lab):** In 2001, as the Deputy Minister for Justice, I recognised that Scotland had a growing problem with alcohol and that we were well into the third wave in our history of the sort of problems that were outlined by Jackie Baillie, the cabinet secretary, Richard Lyle and others. Although the level of consumption remains well below that which was reached in 1900, the increases were alarming.

In addition, it was clear that, although the price of alcohol was the same across the UK, Scots had been consuming 23 per cent more. What that said to me was that, although affordability was an issue, availability of the sort that was described by Sandra White and the culture that was described by other speakers were as important or more important.

The action that I took then was the Nicholson committee and the result was the Licensing (Scotland) Act 2005. The concern was availability, because the number of licences had increased by 5,000 over the preceding 20 years, from 12,000 to 17,000.

Labour tackled some of the problems. The sales areas for alcohol in supermarkets are now restricted. No more do we have the pile it high, sell...
it cheap approach at the front door, which was previously beloved of managers. There are now fewer licences, and licensing boards are at long last challenging any expansion where there is high density, using the unique provisions in the 2005 act on the public health interest and the protection of children from harm.

All that public debate and action over the past decade is having results. Consumption is down. Non-drinking reports in 13 to 15-year-olds are moving in the right direction. The proportion of consumer spend is down. Deaths are down by 15 per cent. Self-reported hazardous drinking has gone down year on year from 28 to 22 per cent, and even hospital discharges fell between 2008 and 2009 by more than the predicted fall in the first year under the Sheffield proposals.

Action is also being taken at the UK level. Labour and the coalition have increased excise duty by 2 per cent above inflation annually. To give it its due, the coalition has introduced a lower tax on lower-strength beer and increased tax on higher-strength beer. That has worked extremely well in Australia, where the only evidence for minimum unit pricing exists. Minimum unit pricing was not adopted in Australia. The definition of cider has also been tightened, and I hope that that will have a beneficial effect. The industry, which has been participative, as Jackson Carlaw would like it to be, has agreed to take a billion units of alcohol out of sales by 2015.

However, the bill is about minimum unit pricing. No matter how often the cabinet secretary repeats that the bill is not a magic bullet, it was drawn in such a way that nobody could amend it. I hope that, once we get minimum unit pricing out of the way, the SNP will sit down with us and the other parties and seriously consider some or all of the 14 measures that are proposed in the consultation on my bill which, as it says on the tin, is designed to shift the culture.

As Jackson Carlaw and Graeme Pearson said, we need a common way forward now. We achieved that with drug misuse. As Alison Johnstone indicated, it is regrettable that we have not tackled caffeinated alcohol. The cabinet secretary is still in denial about that being a problem. We could and should have a collective approach; we owe it to the people of Scotland to have that in the future. As I said, however, the bill is about minimum unit pricing, and it still irks me that even Jackson Carlaw has been convinced by the constant rhetoric from the SNP about our being against the bill because it is an SNP bill.

We are against the bill for a variety of reasons. Richer households are more likely to buy alcohol, and they are more likely to buy more alcohol than poorer households. They buy more expensive alcohol. For example, the wealthiest currently spend 50 per cent more per unit on cider than those in poorer households. Cider is one of the contentious issues. Moreover, there is a difference in the types of alcohol that people buy. For the lowest income group, 40 per cent is spent on spirits and 28 per cent is spent on wine. For the richest income group, 16 per cent is spent on spirits and 52 per cent is spent on wine. The biggest increase is in wine, and the richest people will not be affected. There will barely be any effect.

Mark McDonald (North East Scotland) (SNP): Will Dr Simpson take an intervention?

Dr Simpson: No.

The Sheffield report predicted that off-licence sales will fall by a quarter for the poorest, but by only 12 per cent for the richest. To summarise, the rich drink more and pay more. They drink more wine and will barely be affected by minimum unit pricing.

There are more hazardous drinkers with each rising decile of income. It is the hazardous drinkers whom we need to tackle, not the harmful drinkers—they are a matter of medical treatment.

All price increases are regressive, but minimum unit pricing is far and away the most regressive measure that we can put in place. To put things simply, the UK coalition will impose a granny tax next year, and the SNP is imposing its own granny tax. A pensioner couple who want to enjoy a single dram each evening will pay £100 more annually from April 2013. [ Interruption.]

The Presiding Officer: Kenneth Gibson should be quiet.

Dr Simpson: Every year, more goes straight to the alcohol retailers. It does not go to the hard-pressed national health service or the police, and it does not go on alcohol treatment; it goes straight to the retailers who behaved irresponsibly in the first place. As Nigel Hawkes said in his excellent article in the British Medical Journal, minimum unit pricing

"is a deal not worth doing"

because of that. In a poll in the British Medical Journal, 67 per cent of doctors said that it would not have an effect on drinking.

How will heavier drinkers respond? I have always said that they might show some response. Fiona McLeod has not read the evidence. In the 2008 Sheffield study, Petra Meier indicated that the price elasticity for hazardous and harmful drinkers was half—not twice—that for moderate drinkers. That reinforced the study by Chisholm in 2004, which said that hazardous drinkers were around a third less sensitive to price. Therefore, at best, the jury is out.
Perhaps young binge drinkers are the public’s and doctors’ greatest concern. As Dr Holmes from the Sheffield team said, they are least affected of all the groups by minimum unit pricing. With a price of 45p, 18 to 24-year-olds will drink half a pint less a week on average.

The Presiding Officer: The member needs to wind up.

Dr Simpson: As always, Presiding Officer, time is against us.

As I have said before, I do not believe that this measure will work, although it will have some effect on harmful drinkers. The cabinet secretary has the opportunity to enable us to move forward unanimously in Parliament, despite our reservations, if she agrees to our reasoned amendment, which we first put forward at stage 1. I hope that that will happen, but I regret that it will probably not. I hope that minimum unit pricing will demonstrate that we were right and the others were wrong, but we should come together—[Interruption.]

The Presiding Officer: Order. The member is winding up.

Dr Simpson: We should come together to tackle Scotland’s problem, which can be tackled by price measures at a UK level and excise duty. Minimum unit pricing will affect only harmful drinkers; it will not benefit other groups.

16:50

Nicola Sturgeon: Richard Simpson talks of a reasoned amendment, but there is not a shred of reason in Labour’s position on the issue.

For Richard Simpson to accuse anyone else in the chamber of being in denial suggests that he has an issue with self-awareness. When Labour members say that they are right and everyone else is wrong and are clearly wishing the policy to fail, they are not insulting me or anyone else in the chamber but are saying that they know better than the experts, the doctors, the nurses, the police officers, those who work with children, and the faith groups, who see the problems day in, day out. That is the arrogance of Labour’s position and it is unacceptable.

It is a privilege for me to deliver what will be the final speech in support of the Alcohol (Minimum Pricing) (Scotland) Bill. It has been a long journey—it sometimes feels as if it has been very long—to get to this point. However, I am very glad that we are here now.

It is no exaggeration to say that it was one of the more frustrating experiences of my time in politics when, in the previous session of Parliament, we won the argument—as I believe we decisively did—but still lost the vote. However, following an election, which was fought on a manifesto with minimum pricing at its heart, we are here today winning the argument and winning the vote.

There have been many very good speeches in the debate. I mention Jackson Carlaw, Bob Doris, Sandra White, Willie Rennie, who I thought made an excellent speech, Dick Lyle, Fiona McLeod and Kenny Gibson. I make particular mention of Kenny Gibson, because let us remember that he was the member who first introduced plans to introduce a smoking ban in Scotland. If Kenny Gibson had not had the guts to introduce his proposals, which were later taken up not only by SNP members but by Labour, the smoking ban would not be in place and saving lives.

We have heard quality evidence from a range of experts during the passage of the bill. Those are the experts who Labour members think they know better than. As I did in my opening speech, I publicly put on record my sincere thanks to all those experts.

I know that many retain a healthy scepticism about the bill. I want to say to them openly and honestly that I understand that scepticism. This is a deliberately bold move. Willie Rennie is right that the measure is controversial. Not everybody will agree with it and it will not be popular in every quarter of Scottish society, although I think that, in the years in which I have been proposing and advocating the policy, public opinion has shifted decisively in its favour.

This is a policy that has never been tried in this form anywhere else, which is why the robust evaluation that we talked about earlier and the sunset clause are so important. Let us not forget that it is backed by robust, credible modelling and emerging empirical evidence from Canada. It is a big policy that is designed to tackle a big issue and a big problem.

Alcohol misuse costs all of us—whether or not we drink—£900 each, every year. The truth is that we simply cannot afford to do nothing about pricing if we are serious about tackling alcohol misuse.

I said that I understand those who retain a healthy scepticism, but I deliberately exclude Labour from that understanding, because Labour’s position is not healthy scepticism but crude oppositionalism. Opposition for opposition’s sake is never a particularly clever or attractive place to be. On an issue as important as our nation’s public health, it is a disgraceful place to be, and Labour members should be ashamed of themselves.

Members should make no mistake: Labour’s position on the issue is shameful. Let us cast our minds back. Before the SNP proposed minimum pricing, people such as Richard Simpson
supported it. However, on the day when the first bill on minimum pricing was introduced in Parliament and before the Health and Sport Committee or anyone else had taken a single word of evidence, Labour announced that it opposed minimum pricing. Ever since then, Labour has squirmed on the shifting sands of its petty party-political opposition as, one by one, its arguments have been demolished.

The process started with the counsel of despair that we could not introduce minimum pricing because no one else had ever done it. After we heard about the Sheffield work, the expert opinion and the emerging evidence from Canada, we suddenly did not hear that opinion from Labour as much.

We were then treated to the statistical contortions of Richard Simpson. He quotes Sheffield when it suits him and rubbishes it when it does not. He argues that, because the measure might have less impact on some groups than on others, that somehow invalidates the whole policy. All the time, he ignores the fact that the policy will have a big impact through 60 fewer deaths, 1,600 fewer hospital admissions and 3,500 fewer crimes in year 1 alone.

We heard that the policy would hit those with the lowest incomes hardest. Scottish Labour did not clear that line with Diane Abbott, who said on television last week that minimum pricing is not about hitting the poor. Scottish Labour’s argument ignored the fact that 80 per cent of people in the lowest income groups do not drink at all or drink fewer than five units a week. However, people in those groups who drink are more likely to drink dangerously. Death rates among those groups are six times higher than those in the population as a whole. The reality is that the lowest income groups have the most to gain from minimum pricing.

The last, desperate line of defence was the fig leaf of so-called supermarket profits. The party that voted against the public health supplement now wants us to introduce a public health supplement. Labour’s so-called reasoned amendment calls on us to “bring forward proposals” for something that already exists and which Labour voted against. If the issue was not so serious, that would be laughable.

Labour’s position of putting petty party politics ahead of public health is morally flawed, and its position—in which Labour members are isolated even from the rest of their party—must also count as the biggest example of political ineptitude in the Parliament’s lifetime. However, Labour members can still prove me wrong at 5 o’clock this evening, in just over a minute’s time. If they do, I will be the first to congratulate them.

Those of us who will vote to pass the bill are in a very different place from Labour. We know that the policy is bold and controversial and that it must be tested in practice. We know that it might still face hurdles along the way. However, in passing the bill, we are saying something powerful and profound. We are saying that our big public health problems are not inevitable. They do not need to be an unchangeable fact of Scottish life. Things can be different. However, to be different, we need to have guts and we need to be bold and brave.

I am very glad that a clear majority of the Parliament will show today that they have the guts and gumption to do the right thing. I hope that the will of the Parliament will be respected, that the policy can be put into practice and that we can get on with changing the nation’s relationship with alcohol for the better.
The Presiding Officer: The next question is, that amendment S4M-02967.1, in the name of Jackie Baillie, which seeks to amend motion S4M-02967, in the name of Nicola Sturgeon, on the Alcohol (Minimum Pricing) (Scotland) Bill, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

For
Baillie, Jackie (Dumbarton) (Lab)
Baker, Claire (Mid Scotland and Fife) (Lab)
Baker, Richard (North East Scotland) (Lab)
Beamish, Claudia (South Scotland) (Lab)
Bibby, Neil (West Scotland) (Lab)
Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)
Dugdale, Kezia (Lothian) (Lab)
Fee, Mary (West Scotland) (Lab)
Ferguson, Patricia (Glasgow Maryhill and Springburn) (Lab)
Findlay, Neil (Lothian) (Lab)
Grant, Rhoda (Highlands and Islands) (Lab)
Gray, Iain (East Lothian) (Lab)
Griffin, Mark (Central Scotland) (Lab)
Harvie, Patrick (Glasgow) (Green)
Johnstone, Alison (Lothian) (Green)
Kelly, James (Rutherglen) (Lab)
Lamont, Johann (Glasgow Pollok) (Lab)
Macdonald, Lewis (North East Scotland) (Lab)
MacDonald, Margo (Lothian) (Ind)
Macintosh, Ken (Eastwood) (Lab)
Malik, Hanzala (Glasgow) (Lab)
Marra, Jenny (North East Scotland) (Lab)
Martin, Paul (Glasgow Provan) (Lab)
McCulloch, Margaret (Central Scotland) (Lab)
McDougall, Margaret (West Scotland) (Lab)
McMahon, Michael (Uddingston and Bellshill) (Lab)
McMullan, Siobhan (Central Scotland) (Lab)
McNeil, Duncan (Greenock and Inverclyde) (Lab)
McTaggart, Anne (Glasgow) (Lab)
Murray, Elaine (Dumfrieshire) (Lab)
Park, John (Mid Scotland and Fife) (Lab)
Pearson, Graeme (South Scotland) (Lab)
Pentland, John (Motherwell and Wishaw) (Lab)
Simpson, Dr Richard (Mid Scotland and Fife) (Lab)
Smith, Drew (Glasgow) (Lab)
Smith, Elaine (Coatbridge and Chryston) (Lab)
Stewart, David (Highlands and Islands) (Lab)

Against
Adam, Brian (Aberdeen Donside) (SNP)
Adam, George (Paisley) (SNP)
Adamson, Clare (Central Scotland) (SNP)
Allan, Dr Alasdair (Na h-Eileanan an Iar) (SNP)
Beattie, Colin (Midlothian North and Musselburgh) (SNP)
Biagi, Marco (Edinburgh Central) (SNP)
Brodie, Chic (South Scotland) (SNP)
Brown, Gavin (Lothian) (Con)
Brown, Keith (Clackmannanshire and Dunblane) (SNP)
Burgess, Margaret (Cunninghame South) (SNP)
Campbell, Alain (Clydesdale) (SNP)
Campbell, Roderick (North East Fife) (SNP)
Carlaw, Jackson (West Scotland) (Con)
Coffey, Willie (Kilbrannan and Irvine Valley) (SNP)
Constance, Angela (Almond Valley) (SNP)
Crawford, Bruce (Stirling) (SNP)
Cunningham, Roseanna (Fifeshire South and Kinross-shire) (SNP)
Davidson, Ruth (Glasgow) (Con)
Dey, Graeme (Angus South) (SNP)
Don, Nigel (Angus North and Mearns) (SNP)
Doris, Bob (Glasgow) (SNP)
Dornan, James (Glasgow Cathcart) (SNP)
Eddie, Jim (Edinburgh Southern) (SNP)
Ewing, Annabelle (Mid Scotland and Fife) (SNP)
Fabiani, Linda (East Kilbride) (SNP)
Ferguson, Alex (Galloway and West Dumfries) (Con)
Finnie, John (Highlands and Islands) (SNP)
FitzPatrick, Joe (Dundee City West) (SNP)
Fraser, Murdo (Mid Scotland and Fife) (Con)
Gibson, Kenneth (Cunninghame North) (SNP)
Gibson, Rob (Caithness, Sutherland and Ross) (SNP)
Goldie, Annabel (West Scotland) (Con)
Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
Hume, Jim (South Scotland) (LD)
Hyslop, Fiona (Linlithgow) (SNP)
Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)
Johnstone, Alex (North East Scotland) (Con)
Keir, Colin (Edinburgh Western) (SNP)
Kidd, Bill (Glasgow Anniesland) (SNP)
Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)
Lochhead, Richard (Moray) (SNP)
Lyle, Richard (Central Scotland) (SNP)
MacAskill, Kenny (Edinburgh Eastern) (SNP)
MacDonald, Angus (Falkirk East) (SNP)
MacDonald, Gordon (Edinburgh Pentlands) (SNP)
Mackay, Derek (Renfrewshire North and West) (SNP)
MacKenzie, Mike (Highlands and Islands) (SNP)
Mason, John (Glasgow Shettleston) (SNP)
Matheson, Michael (Falkirk West) (SNP)
Maxwell, Stewart (West Scotland) (SNP)
McArthur, Liam (Orkney Islands) (LD)
McDonald, Mark (North East Scotland) (SNP)
McGregor, Jamie (Highlands and Islands) (Con)
McInnes, Alison (North East Scotland) (LD)
McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)
McLeod, Aileen (South Scotland) (SNP)
McLeod, Fiona (Strathkelvin and Bearsden) (SNP)
McCillan, Stuart (West Scotland) (SNP)
Milne, Nanette (North East Scotland) (Con)
Mitchell, Margaret (Central Scotland) (Con)
Neil, Alex (Airdrie and Shotts) (SNP)
Paterson, Gil (Clydebank and Milngavie) (SNP)
Rennie, Willie (Mid Scotland and Fife) (LD)
Robertson, Dennis (Aberdeenshire West) (SNP)
Robison, Shona (Dundee City East) (SNP)
Russell, Michael (Argyll and Bute) (SNP)
Salmond, Alex (Aberdeenshire East) (SNP)
Scanlon, Mary (Highlands and Islands) (SNP)
Scott, John (Ayr) (Con)
Smith, Liz (Mid Scotland and Fife) (Con)
Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
Stewart, Kevin (Aberdeen Central) (SNP)
Sturgeon, Nicola (Glasgow Southside) (SNP)
Swinney, John (Perthshire North) (SNP)
Thompson, Dave (Skye, Lochaber and Badenoch) (SNP)
Torrance, Dave (Kirkcaldy) (SNP)
Urquhart, Jean (Highlands and Islands) (SNP)
Watt, Maureen (Aberdeen South and North Kincardine) (SNP)
Wheelhouse, Paul (South Scotland) (SNP)
White, Sandra (Glasgow Kelvin) (SNP)
Wilson, John (Central Scotland) (SNP)
Yousaf, Humza (Glasgow) (SNP)

The Presiding Officer: The result of the division is: For 37, Against 82, Abstentions 0.

Amendment disagreed to.

The Presiding Officer: The next question is, that motion S4M-02967, in the name of Nicola Sturgeon, on the Alcohol (Minimum Pricing) (Scotland) Bill, be agreed to. Are we agreed?

Members: No.

The Presiding Officer: There will be a division.

For
Adam, Brian (Aberdeen Donside) (SNP)
Adam, George (Paisley) (SNP)
Adamson, Clare (Central Scotland) (SNP)
Allan, Dr Alasdair (Na h-Eileanan an Iar) (SNP)
Beattie, Colin (Midlothian North and Musselburgh) (SNP)
Biagi, Marco (Edinburgh Central) (SNP)
Brodie, Chic (South Scotland) (SNP)
Brown, Gavin (Lothian) (Con)
Brown, Keith (Clackmannanshire and Dunblane) (SNP)
Burgess, Margaret (Cunninghame South) (SNP)
Campbell, Aileen (Clydesdale) (SNP)
Campbell, Roderick (North East Fife) (SNP)
Carlaw, Jackson (West Scotland) (Con)
Chisholm, Malcolm (Edinburgh Northern and Leith) (Lab)
Coffey, Willie (Kilmarnock and Irvine Valley) (SNP)
Constance, Angela (Almond Valley) (SNP)
Crawford, Bruce (Strirling) (SNP)
Davidson, Ruth (Glasgow) (Con)
Dey, Graeme (Angus South) (SNP)
Don, Nigel (Angus North and Mearns) (SNP)
Doris, Bob (Glasgow) (SNP)
Dornan, James (Glasgow Cathcart) (SNP)
Eadie, Jim (Edinburgh Southern) (SNP)
Ewing, Annabelle (Mid Scotland and Fife) (SNP)
Fabiani, Linda (East Kilbride) (SNP)
Fergusson, Alex (Galloway and West Dumfries) (Con)
Finnie, John (Highlands and Islands) (SNP)
FitzPatrick, Joe (Dundee City West) (SNP)
Fraser, Murdo (Mid Scotland and Fife) (Con)
Gibson, Kenneth (Cunninghame North) (SNP)
Gibson, Rob (Caithness, Sutherland and Ross) (SNP)
Goldie, Annabel (West Scotland) (Con)
Harvie, Patrick (Glasgow) (Green)
Hepburn, Jamie (Cumbernauld and Kilsyth) (SNP)
Hume, Jim (South Scotland) (LD)
Hyslop, Fiona (Linlithgow) (SNP)
Ingram, Adam (Carrick, Cumnock and Doon Valley) (SNP)
Johnstone, Alex (North East Scotland) (Con)
Johnstone, Alison (Lothian) (Green)
Keir, Colin (Edinburgh Western) (SNP)
Kidd, Bill (Glasgow Anniesland) (SNP)
Lamont, John (Ettrick, Roxburgh and Berwickshire) (Con)
Lochhead, Richard (Moray) (SNP)
Lyle, Richard (Central Scotland) (SNP)
MacAskill, Kenny (Edinburgh Eastern) (SNP)
MacDonald, Angus (Falkirk East) (SNP)
MacDonald, Gordon (Edinburgh Pentlands) (SNP)
MacDonald, Margo (Lothian) (Ind)
Mackay, Derek (Renfrewshire North and West) (SNP)
MacKenzie, Mike (Highlands and Islands) (SNP)
Mason, John (Glasgow Shettleston) (SNP)
Matheson, Michael (Falkirk West) (SNP)
Maxwell, Stewart (West Scotland) (SNP)
McAlpine, Joan (South Scotland) (SNP)
McArthur, Liam (Orkney Islands) (LD)
McDonald, Mark (North East Scotland) (SNP)
McGrigor, Jamie (Highlands and Islands) (Con)
McInnes, Alison (North East Scotland) (LD)
McKelvie, Christina (Hamilton, Larkhall and Stonehouse) (SNP)
McLeod, Aileen (South Scotland) (SNP)
McLeod, Fiona (Strathkelvin and Bearsden) (SNP)
McMillan, Stuart (West Scotland) (SNP)
Milne, Nanette (North East Scotland) (Con)
Mitchell, Margaret (Central Scotland) (Con)
Neil, Alex (Airdrie and Shotts) (SNP)
Paterson, Gill (Clydebank and Milngavie) (SNP)
Rennie, Willie (Mid Scotland and Fife) (LD)
Robertson, Dennis (Aberdeenshire West) (SNP)
Robison, Shona (Dundee City East) (SNP)
Russell, Michael (Argyll and Bute) (SNP)
Salmoid, Alex (Aberdeenshire East) (SNP)
Scanlon, Mary (Highlands and Islands) (Con)
Scott, John (Ayr) (Con)
Smith, Liz (Mid Scotland and Fife) (Con)
Stevenson, Stewart (Banffshire and Buchan Coast) (SNP)
Stewart, Kevin (Aberdeen Central) (SNP)
Sturgeon, Nicola (Glasgow Southside) (SNP)
Swinney, John (Perthshire North) (SNP)
Thompson, Dave (Skye, Lochaber and Badenoch) (SNP)
Torrance, Dave (Kirkcaldy) (SNP)
Urquhart, Jean (Highlands and Islands) (SNP)
Watt, Maureen (Aberdeen South and North Kincardine) (SNP)
Wheelhouse, Paul (South Scotland) (SNP)
White, Sandra (Glasgow Kelvin) (SNP)
Wilson, John (Central Scotland) (SNP)
Yousaf, Humza (Glasgow) (SNP)

Against
Cunningham, Roseanna (Perthshire South and Kinross-shire) (SNP)

Abstentions
Bailie, Jackie (Dumbarton) (Lab)
Baker, Claire (Mid Scotland and Fife) (Lab)
Baker, Richard (North East Scotland) (Lab)
Beamish, Claudia (South Scotland) (Lab)
Bibby, Neil (West Scotland) (Lab)
Dugdale, Kezia (Lothian) (Lab)
Fee, Mary (West Scotland) (Lab)
Ferguson, Patricka (Glasgow Maryhill and Springburn) (Lab)
Findlay, Neil (Lothian) (Lab)
Grant, Rhoda (Highlands and Islands) (Lab)
Gray, lain (East Lothian) (Lab)
Griffin, Mark (Central Scotland) (Lab)
Kelly, James (Rutherglen) (Lab)
Lamont, Johann (Glasgow Pollok) (Lab)
Macdonald, Lewis (North East Scotland) (Lab)
Macintosh, Ken (Eastwood) (Lab)
Malik, Hanzala (Glasgow) (Lab)
Marra, Jenny (North East Scotland) (Lab)
Martin, Paul (Glasgow Provan) (Lab)
McDougall, Margaret (West Scotland) (Lab)
McMahon, Michael (Uddingston and Bellshill) (Lab)
McMahon, Siobhan (Central Scotland) (Lab)
McNeil, Duncan (Greenock and Inverclyde) (Lab)
McTaggart, Anne (Glasgow) (Lab)
Murray, Elaine (Dumfriesshire) (Lab)
Park, John (Mid Scotland and Fife) (Lab)
Pearson, Graeme (South Scotland) (Lab)
Pentland, John (Motherwell and Wishaw) (Lab)
Simpson, Dr Richard (Mid Scotland and Fife) (Lab)
Smith, Drew (Glasgow) (Lab)
Smith, Elaine (Coatbridge and Chryston) (Lab)
Stewart, David (Highlands and Islands) (Lab)

The Presiding Officer: The result of the division is: For 86, Against 1, Abstentions 32.

Motion agreed to,

That the Parliament agrees that the Alcohol (Minimum Pricing) (Scotland) Bill be passed.
An Act of the Scottish Parliament to make provision about the price at which alcohol may be sold from licensed premises; and for connected purposes.

 Minimum price of alcohol

1 Minimum price of alcohol

(1) The Licensing (Scotland) Act 2005 is amended as follows.

(2) In schedule 3 (premises licences: mandatory conditions), before paragraph 6B insert—

“6A(1) Alcohol must not be sold on the premises at a price below its minimum price.

(2) Where alcohol is supplied together with other products or services for a single price, sub-paragraph (1) applies as if the alcohol were supplied on its own for that price.

(3) The minimum price of alcohol is to be calculated according to the following formula—

\[ MPU \times S \times V \times 100 \]

where—

MPU is the minimum price per unit,

S is the strength of the alcohol, and

V is the volume of the alcohol in litres.

(4) The Scottish Ministers are to specify by order the minimum price per unit for the purposes of sub-paragraph (3).

(5) For the purposes of sub-paragraph (3), where—

(a) the alcohol is contained in a bottle or other container, and

(b) the bottle or other container is marked or labelled in accordance with relevant labelling provisions,

the strength is taken to be the alcoholic strength by volume as indicated by the mark or label.

(6) The Scottish Ministers are to specify by order the enactments which are relevant labelling provisions for the purposes of sub-paragraph (5).”
(3) In schedule 4 (occasional licences: mandatory conditions), before paragraph 5B insert—

“5A(1) Alcohol must not be sold on the premises at a price below its minimum price.

(2) Where alcohol is supplied together with other products or services for a single price, sub-paragraph (1) applies as if the alcohol were supplied on its own for that price.

(3) The minimum price of alcohol is to be calculated according to the following formula—

\[ \text{MPU} \times S \times V \times 100 \]

where—

\[ \text{MPU} \] is the minimum price per unit,

\[ S \] is the strength of the alcohol, and

\[ V \] is the volume of the alcohol in litres.

(4) The Scottish Ministers are to specify by order the minimum price per unit for the purposes of sub-paragraph (3).

(5) For the purposes of sub-paragraph (3), where—

(a) the alcohol is contained in a bottle or other container, and

(b) the bottle or other container is marked or labelled in accordance with relevant labelling provisions,

the strength is taken to be the alcoholic strength by volume as indicated by the mark or label.

(6) The Scottish Ministers are to specify by order the enactments which are relevant labelling provisions for the purposes of sub-paragraph (5).

(4) In section 146—

(a) in subsection (4)(a), for “or 150(2)” substitute “, 150(2), paragraph 6A(4) of schedule 3, or paragraph 5A(4) of schedule 4”.

(b) in subsection (5)(a), for “or 123(6)” substitute “, 123(6), paragraph 6A(4) of schedule 3, or paragraph 5A(4) of schedule 4”.

1A Duration of minimum pricing provisions

(1) The minimum pricing provisions expire at the end of the 6 year period, unless an order is made under subsection (2).

(2) The Scottish Ministers may by order, after the end of the 5 year period but before the end of the 6 year period, provide that the minimum pricing provisions are to continue in effect despite subsection (1).

(3) The Scottish Ministers may by order make such provision (including provision modifying any enactment) as may be necessary or expedient in consequence of the expiry of the minimum pricing provisions by virtue of subsection (1).

(4) An order under subsection (2) or (3) is subject to the affirmative procedure.

(5) In this section—

“The 5 year period” means the period of 5 years beginning with the day on which section 1 comes fully into force,
“the 6 year period” means the period of 6 years beginning with that day,
“the minimum pricing provisions” means paragraph 6A of schedule 3 to the
Licensing (Scotland) Act 2005 and paragraph 5A of schedule 4 to that Act.

1B Report on operation and effect of minimum pricing provisions

(1) The Scottish Ministers must, as soon as practicable after the end of the 5 year period, lay before the Scottish Parliament a report on the operation and effect of the minimum pricing provisions during that period.

(2) The report must, in particular, contain information about the effect that the operation of the minimum pricing provisions has had on—

(a) the licensing objectives specified in section 4 of the Licensing (Scotland) Act 2005 (“the 2005 Act”),

(aa) such categories of person as the Scottish Ministers consider appropriate, and

(b) the businesses of—

(i) holders of premises licenses granted under the 2005 Act, and

(ii) producers of alcohol.

(2A) The categories mentioned in subsection (2)(aa) may be determined by reference to characteristics including—

(a) age,

(b) gender,

(c) social and economic deprivation,

(d) alcohol consumption, and

(e) such other characteristics as the Scottish Ministers consider appropriate.

(3) In preparing the report, the Scottish Ministers must consult—

(a) such persons as appear to them to be representative of the interests of—

(i) holders of premises licenses granted under the 2005 Act,

(ii) producers of alcohol,

(b) such persons as they consider appropriate having functions in relation to—

(i) health,

(ii) prevention of crime,

(iii) education,

(iv) social work,

(v) children and young people, and

(c) such other persons (if any) as they consider appropriate.

(4) The Scottish Ministers must, as soon as practicable after the report has been laid before the Parliament, publish the report in such manner as they consider appropriate.

(5) In this section, “the 5 year period” and “the minimum pricing provisions” have the meanings given in section 1A(5).
Miscellaneous repeal

2 Repeal of section 1 of Alcohol etc. (Scotland) Act 2010
Section 1 of the Alcohol etc. (Scotland) Act 2010 is repealed.

General

3 Commencement
(1) This section and section 4 come into force on the day of Royal Assent.
(2) The other provisions of this Act come into force on such day as the Scottish Ministers may by order appoint.
(3) An order under this section may include transitional, transitory or saving provision.

4 Short title
The short title of this Act is the Alcohol (Minimum Pricing) (Scotland) Act 2012.
Alcohol (Minimum Pricing) (Scotland) Bill
[AS PASSED]

An Act of the Scottish Parliament to make provision about the price at which alcohol may be sold from licensed premises; and for connected purposes.

Introduced by: Nicola Sturgeon
On: 31 October 2011
Bill type: Executive Bill