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 desensitise, or desigmatise, 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