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.¹ 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

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.