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
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
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Campaign for Real Ale (CAMRA)
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