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.

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