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.

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