Alcohol (Minimum Pricing) (Scotland) Bill

Pricing mechanism

Dr Peter Rice

Thank you for asking for my views on this crucial issue.

My preference is for an index linked type of approach, with a frequent adjustment linked to affordability. A formula which came up with an automatic adjustment figure while allowing for a secondary correction based on the examination of other data. The automatic adjustment could happen twice a year, with the correction annually, for instance.

- The key relationships are between affordability and consumption and harm. Affordability is the result of price and income changes. Much of the increase in alcohol affordability in the 80s and 90s was due to rising incomes, rather than falling alcohol price. A formula based on price alone would not have been sufficient over that period. There is some academic debate at present on how best to measure affordability, but this should be able to be resolved.

- For the “correction” process, there needs to be an examination of real time trends in consumption and sales patterns. Health Scotland’s Price Band report from 2010 (link below) was a good piece of work and this data would be very important to be regularly updated and this, together with data from retailers (see below) could form the basis for an annual “tweak”. This correction process could include a full blown Sheffield type analysis at a less frequent interval.


- Alcohol producers and retailers are an important source of data. For instance, the fascinating data on low alcohol sales given by Emma Reynolds of Tesco at the 17th Jan committee session had not been available before. Similarly, the data from ASDA on patterns in their Northern Ireland outlet was of interest. There needs to be a mechanism to access this information in the interests of public health. The New Zealand government has announced its intention to establish this.


- I would suggest that the model that should not be followed is the Westminster one. While we have seen significant duty increases since 2008, which the RCPsych has welcomed, prior to that duty changes were limited and seemed to become a central part of the politics of the Budget process, to the detriment of public health. The IFS report (Fig 2.7 on p13) shows how excise duty rates fell in real terms from 1982.

Thanks again for the request.

Peter Rice