The Scottish Parliament
Pàrlamaid na h-Alba

Official Report

HEALTH AND SPORT COMMITTEE

Tuesday 24 January 2012

Session 4

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HEALTH AND SPORT COMMITTEE
4th Meeting 2012, Session 4

CONVENER

*Duncan McNeil (Greenock and Inverclyde) (Lab)

DEPUTY CONVENER

*Bob Doris (Glasgow) (SNP)

COMMITTEE MEMBERS

*Jackson Carlaw (West Scotland) (Con)
*Jim Eadie (Edinburgh Southern) (SNP)
*Richard Lyle (Central Scotland) (SNP)
*Fiona McLeod (Strathkelvin and Bearsden) (SNP)
*Gil Paterson (Clydebank and Milngavie) (SNP)
*Dr Richard Simpson (Mid Scotland and Fife) (Lab)
*Drew Smith (Glasgow) (Lab)

*attended

THE FOLLOWING ALSO PARTICIPATED:

Professor Alan Brennan (University of Sheffield)
Professor Jonathan Chick (Queen Margaret University)
Dr John Holmes (University of Sheffield)
Andrew Leicester (Institute for Fiscal Studies)

CLERK TO THE COMMITTEE

Douglas Wands

LOCATION

Committee Room 2

Scottish Parliament

Health and Sport Committee

Tuesday 24 January 2012

[The Convener *opened the meeting at 10:08*]

Decision on Taking Business in Private

The Convener (Duncan McNeil): Good morning and welcome to the Health and Sport Committee's fourth meeting of the year, in the fourth session of the Scottish Parliament. I remind everyone present that mobile phones and BlackBerrys should be turned off, as they can interfere with the sound system.

Agenda item 1 is to seek agreement to take item 4, which is consideration of the committee's work programme, in private. Do members agree to take item 4 in private?

Members *indicated agreement.*

Alcohol (Minimum Pricing) (Scotland) Bill: Stage 1

10:09

The Convener: Item 2 is our fourth oral evidence session on the Alcohol (Minimum Pricing) (Scotland) Bill. I welcome Professor Jonathan Chick, honorary professor at Queen Margaret University; Dr John Holmes, public health research fellow at the University of Sheffield; Professor Alan Brennan, professor of health economics and decision modelling at the University of Sheffield; and Andrew Leicester, senior research economist with the Institute for Fiscal Studies.

The first question is from Fiona McLeod.

Fiona McLeod (Strathkelvin and Bearsden) (SNP): Good morning, witnesses. Dr Holmes and Professor Brennan, will you outline your methodology and the progress that you are making on your recent remodelling work on minimum unit pricing? Professor Stockwell from Canada told us that his empirical evidence very much supported your modelling work and that he was now producing the statistics to back that up.

Professor Alan Brennan (University of Sheffield): The central methodology is to look at how consumption varies across the population. We split consumption into age, sex and drinking level—moderate, hazardous or harmful—sub-groups, and then consider the effects of policy inputs on consumption, particularly with respect to pricing. We therefore need information on what prices various people pay for different kinds of alcohol. We separate beers, wines, spirits and ready-to-drinks, or alcopops. We separate on and off-trade and look at prices in self-reported data from the expenditure and food survey for Scotland and in market research data supplied by Nielsen. We get a big set of evidence on levels of consumption and prices and, essentially, we do a what-if analysis that says that, if a particular minimum price regulation is introduced, purchases by different sub-groups below that minimum price will have to be made at a higher price. We estimate how much prices will increase, using the simple method of saying that everything below 30p or 40p—whatever the threshold is—will have to rise to that level.

Another key ingredient is the econometrics and the price elasticities. In other words, to what extent does a change in purchasing or consumption follow from a change in price? Within that, we look in detail at beers, wines, spirits and alcopops and at on and off-trade, and we separate lower-priced from higher-priced forms of alcohol. We have two sets of estimates for elasticities for all the different

products—one for moderate drinkers and one for hazardous and harmful drinkers—and we apply those elasticities to the baseline consumption. We change the prices and the baseline consumption changes to a new level of consumption for each drinker group by age, sex and drinking level. If we put prices up, consumption falls to whatever degree the modelling says.

The second half of the methodology is to look at the relationship between consumption and harms. We work on the idea of risk functions—if consumption is higher, the risk of various health harms is higher. We separate out chronic health harms from those that are acute. For example, falls under intoxication would be acute, while throat cancer would relate to chronic use of alcohol. We separate out things that are completely related to alcohol, such as alcoholic liver disease, and things that are partially related to alcohol.

In our risk model, consumption changes reduce the risk of mortality and illness for around 50 different conditions. We carry out essentially the same kind of risk analysis for crime by getting baseline data on different crimes and estimating the proportion that is attributable to alcohol; for days absence from work; and for unemployment. The various harms are assessed in the what-if scenario for a particular minimum price, a financial valuation is put on each and the figures are totted up.

Does that cover the general methodology?

10:15

Fiona McLeod: I hope that other committee members have found those comments as useful as I have. After we have spent so much time talking about the evidence for minimum unit pricing, I certainly felt that I needed a better explanation of how you reached your conclusions.

Given that this is a public health issue, given your finding that as price goes up consumption goes down and given that, if consumption is high, harm is high, can we assume that, if consumption drops as a result of a price rise, the harms and health problems that are associated with alcohol consumption will start to fall?

Professor Brennan: Yes, I think so. My expertise is mostly to do with our modelling rather than with the wider literature, but what you have suggested certainly occurs in our modelling, which is built on evidence from the wider literature. I should point out that there are two sets of literature on the relationship between pricing and harm, the first of which argues that pricing affects consumption and sets out evidence showing that consumption affects harm. In that respect, it is a two-step process. However, other publications and academic work directly examine the relationship between price increases and reductions in harm. Compared with the evidence for many other public health interventions, both sets of evidence are quite strong in the world of public health.

Fiona McLeod: Thank you. That certainly clarifies many things for me.

Richard Lyle (Central Scotland) (SNP): The Sheffield modelling has given rise to a marked difference of opinion with regard to heavy drinkers' responsiveness to price. The issue has been the subject of debate from the outset, with those in favour of minimum pricing highlighting those aspects of the modelling that they claim show that heavy drinkers will be the most responsive to the policy and those opposed to such a move—of whom there are many—quoting other parts of the modelling that they say demonstrate that those drinkers will be the least responsive. Could you tell us why there is such conflicting opinion, shed some light on the reasons for that divergence and explain why the Sheffield modelling is under attack?

Professor Brennan: There are three or four parts to that question. The first thing that I should say is that this is all about price elasticities. In order to analyse minimum price, we have sought to disaggregate those elasticities because different kinds of alcohol have different price levels. It is well evidenced that beers, wines, spirits and alcopops can have different elasticities and that different groups respond differently to price increases in, say, beer from how they respond to increases in spirits.

In disaggregating those types of alcohol in the econometric modelling, we have separated out moderate drinkers from hazardous and harmful drinkers and have carried out a separate analysis of those two groups using expenditure and food survey data. Obviously, slightly different coefficients come out of the equations. When we have taken that disaggregated approach, it has shown that the hazardous and harmful drinkers are not that different from the moderate drinkers in the central base case for the Sheffield modelling econometrics. The harmful drinkers are slightly more elastic, so the percentage reduction in their consumption is slightly bigger than that for moderate drinkers.

Part of your question is about the Centre for Economics and Business Research critique of the Sheffield modelling. There are a couple of things to note about that. First, it picked out from our report a top-level analysis that looked at all alcohol as one conglomerate thing for moderate drinkers and all alcohol as one conglomerate thing for hazardous and harmful drinkers, and it worked out a very crude price elasticity. According to that analysis, the figures are not too far apart, but it

kind of swaps round so that heavy drinkers look slightly less elastic than moderate drinkers. The CEBR cottoned on to that and also looked at the literature. However, we would not have been able to use just those figures, as they do not disaggregate the figures for different types of alcohol. Had we done so, we would certainly have been criticised by organisations such as the CEBR as being way too crude and not taking account even of the difference between off-trade and on-trade alcohol, let alone the differences between beers, wines, spirits and alcopops or the distinctions that we have drawn between higher-priced and lower-priced alcohol. We split into 16 groups what that very crude analysis conglomerated into one. We would have been criticised for using those figures, but they would have been unusable anyway for a minimum price analysis.

The second thing to note about the CEBR critique is that it goes back to the systematic review of price elasticity by Wagenaar, misinterpreting one of Wagenaar's findings. Wagenaar reports heavy drinkers having a price elasticity of -0.28, which is lower than the figure for the average price elasticity that he reports for all drinkers. However, that is not a like-for-like comparison. The 10 studies that Wagenaar quotes in looking at heavy drinker elasticities are actually about the frequency of heavy drinking and bingeing. The variable that he is looking at is the percentage reduction in how often people binge and that is not the same variable that we are looking at or that he looked at in his other studies, which is the percentage reduction in the mean purchasing or mean consumption. The price elasticity of -0.28 in the Wagenaar study cannot be used in a like-for-like comparison with his other estimates of mean consumption—they are about different things. The CEBR people have interpreted them as being about the same thing, which is a misinterpretation.

I am not going to answer the question about why the Sheffield model is being attacked. People are allowed to debate things and I am happy with that. It would be wrong if it were not attacked, really.

Richard Lyle: Professor Chick is nodding his head. I would be interested in his answer. I think that we all know why the Sheffield modelling is being attacked.

Professor Jonathan Chick (Queen Margaret University): I might not have completely grasped the complexities of this, but it seems to me that most of the previous literature has been about tax changes that are made across the board. Minimum pricing is not an example of that but is to do with eliminating very inexpensive alcohol. When heavy drinkers trade down when tax rises, it seems to be inelastic; they seem not to respond because they can trade down. A minimum price per unit prevents trading down. That is why I see minimum pricing as an approach that will affect heavy drinkers.

Richard Lyle: Thank you.

The Convener: Does anyone else want to comment on that?

Dr Richard Simpson (Mid Scotland and Fife) (Lab): I ask Andrew Leicester to respond to that, because the IFS paper has something to say on it.

The Convener: I was going to come to Richard Simpson next, so he can begin his questions.

Dr Simpson: The IFS report refers to the difference in elasticity. It says:

"It may be that those households who consume the most are least responsive to higher prices".

Andrew Leicester (Institute for Fiscal Studies): The key part of that sentence is perhaps "may be". I was just commenting on the evidence that Alan Brennan has discussed—the meta-studies—and the range of elasticities that exist. I was not taking a stance on whether that is the case or not. We did not look at heavy and light drinkers separately in our analysis. It was a descriptive analysis in which we tried to look the key things that we might want to know about in order to make an informed analysis of the policy.

Dr Simpson: Fine. If I can move on to my main question—

The Convener: Yes, go on. You will be followed by Drew Smith.

Dr Simpson: There are two areas that I want to look at closely. One is responsiveness. We all agree that we have a major problem—we know that. We need to tackle harmful drinking, but we also need to reduce hazardous drinking if we can. The study by Black, which Professor Chick was involved in, discussed the average price per unit of the basket of alcohol consumed by harmful drinkers—and they were not just harmful at 50 units a week, but harmful at 197 units a week, so they were super-harmful, if I may say that.

Professor Chick: They were mostly very ill.

Dr Simpson: Yes. Their drinking was very serious. However, their average purchase price was 43p per unit. Averages are used in the Sheffield study, including the figure of six units a week for a moderate drinker, although many moderate drinkers drink a lot more than that. If 43p is the average, 50 per cent of them are presumably spending more than that. You state in your paper that you presented to us today that there is a wide dispersion and that the average was increased by expensive on-licence drink that

was purchased by a small number of patients, but can you tell me what the median purchase price was?

Professor Chick: No, I cannot give you the median.

Dr Simpson: If you are arguing that the average is not—

Professor Chick: The median will be considerably less than the mean because 83 per cent of the units consumed were purchased at or below 50p per unit.

Dr Simpson: If we look the income groups in your study, the middle income group's basket has an average price of 53p. Is that the group that was drinking more expensively?

Professor Chick: The middle income group was drinking more on-licence than other groups were. The people in that group tend to be people in employment who still use the traditional approach to drinking, which is to go to the pub with their friends. We did not, across all the deprivation index categories, find a particular trend that only people in the poorer areas were drinking cheaply. Among the ill people that we saw, even drinkers in categories 2 and 1 at the higher end—the least deprived—were purchasing alcohol cheaply when they could.

10:30

Dr Simpson: Right. It is helpful to have that information.

The other big question that is not answered by any of the studies that I have seen is what the industry's response is likely to be. Let us take the mean of 43p for the very harmful drinkers, not the general population. The industry response could be to reduce the price of those drinks that are priced at just above whatever the minimum price is set at to compensate for the possible loss of sales of cheaper drinks that will no longer be available. Has anyone looked at the industry's potential response?

Andrew Leicester: I will go back slightly to your previous point about mean and median prices. Page 8 of my submission shows various parts of the off-licence price distribution per unit. The crosses on that chart show the mean price and the line in the middle of the box is the median price, and it is slightly less. In 2010, the mean is 43p and the median is just below 40p. There is therefore some evidence that the mean price is pulled up slightly by more expensive units.

I agree whole-heartedly that the big unknown in the debate is the supply side response. In the event of the minimum price being introduced, I would call for a good ex post evaluation of the impact of the supply side. That would be a valuable contribution to the debate. It is very difficult to do any ex ante modelling of that because, to assess the industry's response, we need incredibly detailed estimates of how consumers will respond. They would have to be even more detailed than the 16-level category disaggregation in the Sheffield model that Professor Brennan was talking about, because a minimum price will hit very particular products, brands and items. Others will be essentially unaffected, at least directly. The industry and the retailers will ask what their optimal pricing strategy should be under the new constraint on their behaviour and that will depend on how consumers respond to the new price.

To carry out that sort of ex ante modelling, we need detailed data on purchases to estimate detailed models of how consumers are likely to respond at the brand or product level. It is then possible to use that kind of modelling to make some estimates based on assumptions about the industry and how prices might respond to what we think the new set of equilibrium prices will be. It could go either way: some prices could come down and some could go up.

The IFS is doing a little bit of work at the moment on starting a simple analysis. The problem is that, in carrying out such economic or econometric analysis at the required level of detail, it is impossible to look at the alcohol market as a whole because there are so many thousands of products that it is not possible to estimate models of demand at a detailed level. We therefore end up restricting the analysis to subsets of the market that we think will be particularly strongly affected. Even if that analysis could be done, there would be ways to critique it and we would not be able to look at wider pricing responses such as the industry changing the price of non-alcoholic products.

There are ways and means of making ex ante estimates but, ultimately, we will get much more evidence after the fact. It is a hugely important part of the debate—at least as important as the consumer response, if not more so.

Dr John Holmes (University of Sheffield): It is useful to look at the mean and median prices as illustrative of what people are doing, but it is important to remember that, in our analysis, we do not use the mean or the median; we use the distribution of the price that people are paying. That is what is important to behaviour change. It might look as if a minimum unit price of 45p would not have a big impact on someone who paid 43p a unit on average, but a chunk of their purchasing would be at about 30p a unit, so they would have to make a much bigger decision about whether such purchases were still worth making at 45p a

unit. The mean and median are a little distracting from the issue of where the behaviour change will really occur.

The committee may or may not be aware that evaluation projects on the supply side response are already being planned. Some of that will look at how price distributions in supermarkets change.

Professor Chick: Even though the prices of some products that are a little more expensive now might be lowered, our patients would still have to find more money to pay for the same amount of alcohol.

On Thursday, I had the privilege of meeting quite a lot of industry representatives at a Drinkaware Trust conference. At coffee time, people could be widely heard saying that keeping their brands special was very important. In other words, companies will not devalue their brands with lower price tickets. That was the feeling among quite a few of the chief executive officers who were at that conference.

Dr Simpson: The previous parliamentary session's Health and Sport Committee heard the term "commoditisation" used in evidence to justify the fact that, if a minimum price was introduced, the prices of premium brands would probably be pushed up—for example, premium-brand whisky would be a lot more expensive.

In his evidence, Professor Stockwell said that Canada had 5,500 products. Of course, distribution there is controlled entirely by state Governments, which is not the situation in this country. Do we have adequate data on which to determine the changes that we are talking about? Are the Nielsen data and the HM Revenue and Customs alcohol figures enough? Do we have the data sources to allow us to examine whether that aspect of the policy is effective?

Andrew Leicester: Our work has been based on market research data from a company called Kantar, which is very like Nielsen. It collects detailed information on grocery purchases by a very large sample of households—about 25,000. The people in those households use a barcode reader that is installed in their home to scan the barcodes of everything that they bring into the home. In principle, all their off-licence purchases should be in that data.

That data and Nielsen data have limitations in providing a true record of people's off-licence purchasing behaviour. Work that we did to compare such data with the living costs and food survey showed that less alcohol is reported in the market research data than in that survey, and we know that the survey also underreports alcohol relative to HMRC aggregate data.

It is clear that household-level surveys of any sort have issues in relation to alcohol purchasing. We need to be conscious of that when we do any analysis of the data, although that does not mean that we should never use survey data to look at such questions.

The limitation of the Kantar data is that it contains nothing on people's on-licence purchases, although I guess that the direct impact of minimum pricing on the on-trade will be significantly less. There are other potential sources of on-trade information—market research probably provides more detailed information about on-trade purchases, and I think that the Sheffield team has had access to some of that data.

If we want to look at household-level data, we can use combinations of data sets. However, we must always be conscious of the limitations of whatever data sets we use.

Professor Brennan: What would help most from a modelling perspective would be to have a longitudinal data set, whereby the same households were tracked over time and information was collected on what they consumed and the prices that they paid. We have all the bits of information, but they have been obtained cross-sectionally from different datasets. Some linkage would improve the evidence base.

I know that, after our first studies, when we were thinking about quantum-leaping the field forward, we put out a few feelers about whether health research funding bodies or the Westminster Government would consider setting up a big panel dataset to do that. In the economic climate, it was not considered to be the done thing to collect a huge new data set when data sets were being culled here and there, given the state of Government spending. That is a shame, from a scientific and an evidence perspective. There are some longitudinal studies, but they are not quite as big as one would like, if we are to have an even better go at understanding what is going on.

Dr Simpson: I have a final question on this area, although I might want to come back in later, if the convener will allow me to.

The Sheffield data indicates—I am referring to table 38 of the Department of Health study, rather than to the Scottish study—that it is predicted that a minimum price of 40p a unit would reduce the consumption of 18 to 24-year-olds by 0.7 per cent or 9.4 units per annum, and that a minimum price of 45p a unit would reduce their consumption by 1.6 per cent or 23 units annually, which is equivalent to about half a pint a week. A problem that the committee has been considering is that of young binge drinkers, on whom that data does not indicate a particularly significant effect.

My concerns about that are combined with the fact that we have seen a drop in the number of alcohol-related deaths in Scotland and in the number of hazardous drinkers—among males, the percentage of hazardous drinkers has dropped from 28 to 22 per cent. That data depends on repeated self-reporting, so although there may be under-reporting, the fact that the self-reporting is repeated means that it is probably the best data that we have.

My first question was about the young drinkers. My second question is whether, when you apply your formula retrospectively to real data, the model predicts the reduction in the number of alcohol-related deaths that have occurred in Scotland—which, in the case of males, has been around 10 to 12 per cent—the reduction in overall consumption, and the reduction in the proportion of hazardous drinkers from 28 to 22 per cent? If the model does not give us at least some explanation of that, or some indication that it is working, that makes it a little harder to say that it is the right model to use.

Dr Holmes: In much of the debate on minimum pricing, it has often been said that it is a policy that will tackle the drinking of young people and have a big impact on them, because they have less money, so they go for cheap drinks, but that is not the case. When we look at the expenditure and food survey data, it suggests that 18 to 24-year-olds buy a lot of their alcohol from the on-trade, which will be largely unaffected by minimum pricing. That is why we see a slightly smaller impact on that group.

That said, the impact is not negligible. You cited the figures on the effect of a 40p minimum price, which are quite low, but the figures for a 40p minimum price are quite low across the board. It is predicted that a 50p minimum price will achieve a 2.6 per cent reduction in that group, which is not huge, but it is significant and it would lead to reductions in harm.

A broader point is that the problem of young people drinking and the associated crime and disorder is just one of Scotland's problems with alcohol. Minimum pricing is perhaps better targeted at some of the other problems, such as chronic drinking—harmful drinking over time—which leads to large numbers of alcohol-related diseases. It is effective in tackling the problems with high-level consumption over an extended period.

10:45

It is slightly more difficult than you might think to examine whether the modelling results match the actual reductions in harm. The Sheffield model estimates changes in consumption for age and sex groups and, if the changes in consumption that we model as a result of policies are not the same as the changes in consumption that you see in reality in Scotland, the effects on harm will not be the same. For instance, if there has been a reduction in consumption among middle-aged women, you are unlikely to see a reduction in alcohol-related violence, because middle-aged women do not generally go out and beat people up. Similarly, if there is a reduction in consumption among young people and that drives a reduction in hazardous drinking, you will not see much of a reduction in the liver cirrhosis rates, because young people do not generally get liver cirrhosis. Also, because of the time lag until people contract cancer, you will not see any impact on the cancer rates for perhaps 10 years.

It is difficult for us to say whether what is going on in Scotland matches what the model predicts. We received your question about that earlier in the week and we could certainly not have answered it in that time. However, we hope to do that work in future.

Dr Simpson: That would be helpful. The committee keeps hearing about the huge reduction in hospital admissions that would happen in year 1 but, particularly for the young group, there would be little reduction. You have just explained why that is the case.

The matter is of concern. If the work can be done before the committee reports, it would be good to get something back about how the real data apply to the model and where some of the difficulties are that you have outlined. That will affect the evaluation study.

Dr Holmes: Professor Meier, who could not be here today, has examined what is going on within the different groups of drinkers in the United Kingdom. She has found that reductions in consumption have tended to take place in the moderate drinkers. They are at lower risk of harm anyway, so the resulting reductions in harm are quite small.

However, that effect has disguised to a certain extent the fact that those who are not reducing their consumption—particularly the harmful drinkers—have actually increased it. That may be cancelling out some of the effect and producing some slightly unusual results.

There is a polarisation of drinking behaviour, with people at the lower end reducing their consumption and people at the higher end increasing theirs.

Professor Brennan: I will say two more things related to that.

John Holmes has covered some of the key aspects of how complex and dynamic the matter is

in relation to the different diseases and the different sub-groups of people who are at risk.

Understanding whether the model's predictions for population health harm are absolutely accurate when consumption goes up and down is really quite complex. It cannot be done in three days. Actually, it cannot be done easily in three months; it is a bit of a project. Instead of starting from a baseline of 2008, as we do in the current version of the model—we will move on to 2009-10—we would need to go back several years, get all the data, remodel every year back to the baseline and then predict the time profile of everything to get it to work for Scotland.

Dr Simpson: That is what Professor Stockwell did. He did timelines.

The Convener: It would be helpful if the meeting did not get too informal.

Dr Simpson: Sorry, convener.

Professor Brennan: My second point is that we have won a new project with the Medical Research Council to develop some key aspects of the modelling. We are now in the middle of that project. One of those key aspects is what we call the dynamic component. We will try to look at whether the historical price changes predict the historical consumption changes, and we are currently collecting data to get ready to go through that process.

As part of our thinking about what the Scottish Government did with the multibuy discount ban last October, we have had a preliminary look at the effects of that ban. I have a few figures that John Holmes and my colleagues calculated earlier in the week. Nielsen has provided figures for off-trade sales last October and November and for a year before that. There was an 8 per cent reduction in beer sales, a 5 per cent reduction in wine sales and a 3 per cent reduction in spirit sales. There are many things going on, but those year-on-year changes took place with the multibuy ban. I am not claiming that such a level of accuracy of the model will happen on every parameter, but I was interested to find that our report on the effects of a total discount ban talked about an 8 per cent reduction in beer sales, which matches Nielsen's figure, a 6.1 per cent reduction in wine sales, which is a little bit higher than Nielsen's 5 per cent reduction, and a 2.7 per cent reduction in spirit sales, which is a little bit lower than Nielsen's 3 per cent reduction.

There are many caveats. October and November are in the run-up to Christmas, and there might be different buying patterns then, for example. It will be interesting to look at that, but we are interested in the dynamic element and how the model predictions pan out. We have been able to see that as more changes have taken place in the system, and we will recalibrate the model as new evidence emerges.

The Convener: I do not know how to respond to that. Despite your caveats, I imagine that everybody will go away and say that an 8 per cent reduction in alcohol sales has been brought about, but how much of that is due to the policy decision that was taken and its implementation rather than to increased unemployment, wage freezes and other things?

Dr Holmes: We can compare the changes with England, which did not have a multibuy ban. The reduction in beer sales in Scotland was 8 per cent; in England, beer sales went up by 1 per cent. There are similar patterns in Scotland and in England and Wales for wine. There are also figures for January to September, before the multibuy ban came in, and in that period beer sales were down 3 per cent in Scotland, so an additional 5 per cent suddenly appeared in October to November. The figures therefore appear to suggest that the ban had a significant impact.

The Convener: That helps my understanding. It might be me, but I did not get the figures standing on their own. Comparing the situation in Scotland with that in England provides a better example.

Dr Holmes: We have a briefing note on that, which we can happily provide to you.

The Convener: That would be useful.

Drew Smith (Glasgow) (Lab): I welcome the witnesses to the meeting.

Professor Chick, I know that you have an interest in the evaluation element. Professor Stockwell told us that he did not believe that a before-and-after study would be sufficient to understand and prove the benefits of a minimum unit pricing policy. I saw you nodding your head when Dr Holmes said that there might be a benefit in comparative analysis instead, particularly with England. Professor Stockwell suggested considering areas in the north of England, where there would be no minimum unit pricing. What is your response to that?

Professor Chick: I am delighted to say that we have funding to consider a natural control population recruited on the same criteria in Newcastle—Newcastle drinkers have a lot in common with Scottish drinkers—so we will have a before-and-after study and, in a way, a control group. Looking at this population, however—this cohort that the chief scientist has helped us to follow—it is clear that there will be a lot of other confounders here. It will be a tough job for our equivalent of Alan Brennan to disentangle what happens.

I am also concerned to look at what we can learn about unintended consequences. We hope that people will agree, in addition to two interviews before the predicted or hoped-for date when the legislation takes effect, to give us follow-up interviews six months after that date. We will ask them, before and after, about drinking illicit drinks and substitute alcohols, their drug use and their purchasing of smuggled drinks. We have found in the past that if folk agree to such studies, they tend to be pretty honest about what they are doing.

It is important to do that work because, although my deep hope for Scotland is that we will stop recruiting new people to the cohort of heavy and dependent drinkers, the important question is what will happen to those who are dependent on alcohol at the moment. I hope that we will learn from them whether they have suffered in some way.

Drew Smith: To follow-up on that, what interest do you have in the industry response? Do you have concerns about that response and is there an element of your work that can study that?

Professor Chick: Yes. We will know what products people are buying and we will have information on whether new brands are coming in above 50p or whatever the price per unit is. We will know whether interesting new brands have appeared at a price that is just above the criterion. However, as I said earlier, people will still have to pay more for those drinks than they have to now for their inexpensive alcohol.

Drew Smith: Thank you. That is welcome, particularly your information about the comparative analysis.

I have a question for our colleagues from Sheffield about how the price can be changed and fixed. We have heard evidence from various witnesses, with a price of up to 70p being suggested. There has been debate about how often the price might be changed, assuming that the law comes in. What modelling would be required, or be beneficial, before a price change happened?

Professor Brennan: Sorry, I am not quite clear on the question.

Drew Smith: The modelling that you are doing at the moment informs the initial price that we understand that the Scottish Government wants to set. Obviously, that price will not remain set in stone; if it does, it will have less effect as time goes on. In order to change that price, to what extent do we require to do similar modelling again?

Professor Brennan: It would not be difficult to do the kind of updates that we have been doing. If you are asking me whether I think that you should commission modelling, I will say yes. It makes sense to pull together the emerging evidence and look at it again over time, year by year or whatever.

Drew Smith: I am interested that you say year by year. Some people have suggested that it should be done quarterly or even more frequently than that. I hear that you are saying that that would be good work for you, but do you have a view about how often a price would need to change?

Professor Brennan: That question is not really from a modelling perspective, but is about how regulation would pan out and how the different players would be able to respond in practical terms over time on the frequency of an update. I cannot comment on that.

From a modelling perspective, it would be easy to re-do the analysis year on year because many of the data sets that we use in the updates appear on an annual basis. Not too much detailed evidence would emerge from re-analysing quarter by quarter. There will be higher-level evidence. I would not recommend remodelling quarter by quarter, and I would not do that. Do not get me wrong—we have plenty of work to do and we do not need to keep remodelling Scottish alcohol.

11:00

Andrew Leicester: I will say a little on both of Drew Smith's points. I am absolutely delighted that there is an intention to carry out a good evaluation in Scotland. With a new and relatively untested policy, there will be a period during which we should be prepared to say that we are not sure that we got it right first time. When we have new evidence after the measure has been introduced, we ought to be able to say, based on that evidence, that the price should be higher or lower. We should be prepared to say that we did not get it right first time, and it would be fantastic to have good evidence to inform that.

It is important that any evaluation is a long-term process and is not just about seeing what happens for a week or month after the fact. One interesting feature of minimum pricing will be how people adjust to the new reality in the long term. A completely unrelated example—although it is perhaps an informative comparison—is the London congestion charge. That charge had a big immediate impact because it was new and widely reported, which meant that people were very aware of it. However, the evidence is that, over time, people started to get used to the new reality and their behaviours adjusted back a little towards the baseline. We should do long-term, rather than just short-term, analysis.

I do not see the value of adjusting the price week by week or month by month. An annual uprating process, as there is for excise taxes or similar measures, seems sensible. The UK Parliament has allowed excise taxes to drift down over time. Pre-announcements are made that are then reneged on six months or a year later when wider economic circumstances change. That has particularly been the case with fuel excise taxes. There is not a lot of value in making long-term pre-announcements of what the rate will be in five or 10 years. A credible annual uprating process would be an improvement on much of what goes on at present.

Drew Smith: My final question is for Mr Leicester. You mentioned the congestion charge, but one difference between that and the proposals on alcohol is that the congestion charge is in essence a tax, so the money does not go to providers. You have said that you might see merit in a taxation response. Will you say a little more on that? Are you aware of the provision in previous alcohol legislation for a social responsibility levy in Scotland, which the Scottish Government has chosen not to use?

Andrew Leicester: As I state in the briefing note that I submitted to the committee, our view is that, in an ideal world, it would be preferable to use an instrument that is in place—the excise tax system for alcohol—to do something that looks a lot like minimum pricing, if that were possible. However, we make a great deal of the fact that the current alcohol excise tax structure is pretty bizarre. Different types of alcohol are taxed at very different rates. For wine and cider, the taxation is based on the volume of product, rather than the amount of alcohol. In an ideal world, we would be able to change the system to base the taxation on the alcohol content of drinks, as currently happens for spirits and beers. However, European directives limit the UK Government's ability to do that and the Scottish Government does not have the power independently to vary alcohol tax rates in Scotland.

We are conscious that a minimum pricing policy is likely to transfer significant revenues to the industry. In an ideal world, those revenues would be captured by the Government, rather than the industry. I am aware of the social responsibility levy but I do not know very much about the details of the proposal and how one might monitor the revenues and capture that information indirectly.

If this were an ideal world and you could do whatever you liked, you would go down the route of using the alcohol excise tax system in combination, perhaps, with a ban on below-cost sales of the kind that is being proposed in England and Wales. However, given that such a move is unlikely to happen in the short term and is not, in any case, an option for the Scottish Parliament, if Scottish policy makers believe that the price of alcohol needs to rise, minimum pricing is in effect the only instrument at their disposal.

The Convener: I want to return to the mechanism because, given that this measure will be implemented, the committee needs to consider the issue of the minimum price per unit that will be set. I wonder whether the panellists agree with Professor Stockwell and, I believe, Dr Rice, who both said in evidence that an equally important—if not more important—issue is the mechanism and whether we maintain its value by linking it with inflation or whether this is simply a one-off event that will, in time, lose its impact.

Secondly, the evidence from Canada suggested that, if we do not have a defined mechanism, the whole issue might become very political for Sheffield University if, next year, it carries out a review and concludes that the minimum unit price should be this or that figure. I believe that Sheffield's latest study and review will be used to set the minimum unit price. Will such a review be carried out every year or will the minimum unit price simply be linked to inflation? Do we agree that in this process a mechanism will be important to achieve the outcomes that we want?

Dr Holmes: I should point out that at no point have we recommended a minimum price; indeed, it is not something that we would ever do. All that we have said is that the price should be set at a level sufficient to have an impact. As the modelling before you suggests, a 35p or 40p minimum unit price will have a very minimal impact; the price needs to be above that level if it is to be effective. Beyond that, however, we have made no statement about the level at which it should be set. We have tended to report results for 45p or 50p as those are the figures that policy makers have been discussing.

As for an uprating mechanism, if we were commissioned to carry out annual updates, we would take the same approach and simply present the effects at different price levels. We have no interest in getting involved in a political process. I certainly cannot offer any view on what the best mechanism might be.

The Convener: Should there be some mechanism to maintain value or should this simply be a one-off event? Should we just do this and then leave it?

Dr Holmes: No, there needs to be an uprating mechanism. After all, as various people have pointed out, if there is no such mechanism the measure's effectiveness will decline over time. What that mechanism should be is not a question for someone with no in-depth knowledge of economics.

The Convener: If I remember correctly, Andrew Leicester addresses the issue in his report.

Andrew Leicester: I thought that I had made the point already. Once the appropriate minimum unit price has been settled on, its real value should be maintained over time. Whether it should be linked to the consumer prices index, the retail prices index or some other measure of inflation is a slightly arcane debate, but it would be a good thing to settle on a credible mechanism that does not get tinkered with at each annual budget or political event, as has been the case with, say, fuel duty.

The Convener: But no one agrees that it would be useful, as Professor Stockwell suggested, to change it up to four times a year. Do they?

I see that none of you has a view on the matter. That is fine—we are simply trying to test the evidence that we have received.

Bob Doris (Glasgow) (SNP): I have found the evidence so far really helpful. However, before I ask about the impact on lower-income groups, I have a couple of brief questions about other matters.

First, there has been some discussion about the industry response. Last week, witnesses from Asda, one of the large supermarkets that will respond, were here. They talked about own-brand lagers being reduced in price in order that people who are currently buying cheap alcohol can continue to buy lager that is cheap but has a lower alcohol content. To me, that seems to be a positive response. Do you have any evidence of negative responses from the trade? Any additional information on that would be useful.

Professor Chick: I always welcome the sight of a lower-strength beer on the shelves because the health harms are proportionate to the amount of alcohol that is consumed, not to the volume of liquid that is consumed. Yes—minimum pricing may trigger the industry's going in the direction in which many other countries have gone. For example, in Australia there is a large market for beers of less than 3 per cent alcohol by volume. That would be a positive outcome.

Bob Doris: No one else wants to comment, so I will move on to my next question. There has been discussion about the possibility of there being 1,200 fewer alcohol-related acute admissions to hospital in the first year of minimum pricing. I am interested to know the panel's view on that. Professor Tim Stockwell's most recent study focuses on British Columbia, where there is, he thinks, a correlation between the fall in the number of acute admissions to hospital and minimum pricing. He believes that there would be a similar fall in Scotland. I know that it is difficult to say whether it would be a fall of 1,200, 1,000 or 1,400, but I am interested to know whether that is the direction of travel. Is it realistic to expect 1,200 fewer acute admissions to accident and emergency departments or other acute admissions relating to alcohol?

Professor Brennan: That is our central estimate, and it is the best estimate that we can make by collecting all the evidence and integrating it within the model. At the moment—aside from major changes to our analysis looking at 20-year trends, and taking account of much bigger supply-side changes, which we have talked about as being complex—nobody is suggesting how we might use the evidence differently in order to improve those estimates. They are cautious and there are caveats around them, but they are the best estimates based on the available evidence.

Dr Holmes: There is clear and robust evidence that reductions in drinking lead to reductions in the number of injuries, falls and car crashes. With all the caveats that I mentioned earlier about who reduces their drinking, it is clear that if we reduce the drinking of people who suffer such harms, we will get a reduction in the number of hospital admissions.

Professor Chick: Dr Holmes has mentioned a polarisation that may be taking place. Sweden reports that, at the moment, the level of overall consumption among young people is falling, but the heaviest drinkers are drinking more. Particularly among the young population, factors such as unemployment, opportunity, aspiration and so on are at work, which interplay with the effects of price. Therefore, at the moment, it would be hard to predict the effect of minimum pricing on the number of injury-related, violence-related or crime-related incidents. It is, I think, easier to predict the proposed minimum price's impact on the chronic effects of drinking.

Bob Doris: Mr Leicester's study suggests that minimum pricing will impact substantially more on lower-income groups. However, Professor Ludbrook contends that 80 per cent of people in lower-income groups do not consume cheap alcohol and that their food basket may be cross-subsidising cheap alcohol. Mr Leicester obviously has a view on that, but I would like to know whether the panel thinks that Professor Ludbrook is right to believe that it is not as simple as saying that minimum pricing will impact more on lower-income groups.

11:15

Andrew Leicester: I take issue with your description of our report as suggesting that there would be a substantially greater impact on lower-income groups than there would be on other income groups. We found evidence that there

would perhaps be a slightly bigger effect on lower-income groups, but not a substantial difference. We base our evidence on households' purchases of off-licence alcohol only—we cannot say anything about the potential impact on the on-trade. You can see in table 5.4 on page 37 of our briefing note that the policy effect is about 2 per cent of the total grocery budget for the poorest income groups and about 1.3 per cent for the richest income groups. That is not a substantial difference.

Bob Doris: I am absolutely happy for you to have corrected that.

Andrew Leicester: If we restrict our attention to households that consume off-licence alcohol, there is a slightly bigger gradient, but it is still not a significant difference.

The second point in relation to our figures is that we have not made any assumption about behavioural responses to a minimum price. We have taken a descriptive approach and have imagined that everybody would carry on doing exactly what they did before. Clearly that will not be the case, for a multitude of reasons. Nevertheless, what we are looking at here is perhaps not an unreasonable upper estimate of how important the impacts might be.

The right measure of how a minimum price policy impacts on households in a welfare sense is not how much more or less they spend after the policy has been introduced. Some households might spend less because they reduce their demand or stop drinking altogether. If a household is spending more to get less alcohol, that is not a measure of how much better or worse off that household is—it is just a number. However, because we do not take into account how different groups might substitute their behaviour following a minimum price policy, the figures perhaps do not reflect the upper bound on how much worse off those groups would be.

So, first I do not think that there will be substantial differences across income groups and secondly, our figures are perhaps not a measure of the welfare effects, which are a much more difficult thing to get a handle on.

The third point is that although we look at the impact according to different income groups, I am not convinced that we ought to focus on the distributional consequences of the policy as being a significant part of the debate. We ought to think about the range of policies that Governments have; the United Kingdom Government and the Scottish Government implement a range of policies that have distributional effects across income groups. It is the whole set of policies that is of interest.

Not every policy that a Government implements has to be progressive in order for it to be a good policy. A number of policies would impact significantly on lower-income groups but are still probably worth doing because of other concerns that we have, including concerns about health or the environment. We look at the wider system of policies that we have at our disposal and think about how we might try to mitigate the impact on the poorest groups.

On the comparison with Professor Ludbrook's work, we are using very different data sources. She was looking at evidence from the expenditure and food survey, which is a two-week survey of households' alcohol purchases. Our evidence is based on a longer run of purchases from market-research data covering a period of up to a year. As is also evident in the EFS, Professor Ludbrook found that over a two-week period there is a much bigger gradient in terms of the proportion of lower-income and higher-income households that drink. When we look over a much longer period, the difference across income groups is a bit smaller. It is probably driven by lower-income households buying alcohol less frequently or waiting for special offers and stocking up. We would miss that trend in a two-week diary period but we would observe it over a longer period.

The EFS data are also based on much more aggregated commodities. We look at individual purchases at barcode level, so we see exactly what products people are buying and the price that they pay. We can therefore work out the price per unit. The EFS data limit us to looking at 25 or so categories of alcohol with a single conversion between volume and units for each category, so they give us a much more aggregated and less accurate picture in that sense.

Different data sources give us different results but, fundamentally, I would not say that the work that we have done has suggested that there would be a substantially worse effect on the poor than there would be on the rich.

Bob Doris: That is clear, Mr Leicester. Does anyone else want to comment?

Dr Holmes: There is limited evidence on the issue. We have Andrew Leicester's paper and a couple of papers by Anne Ludbrook, but that seems to be it. The key question for me is whether moderate drinkers on low incomes will be disproportionately hit, compared with moderate drinkers on higher incomes. Similarly, we should ask whether the policy will have an impact on harmful drinkers on high incomes.

Realising that neither Andrew's paper nor Anne Ludbrook's papers say much about that, we did a little bit of exploratory and preliminary analysis at Sheffield last week with the expenditure and food

survey data. That work showed that harmful drinkers in all income groups buy significant proportions of cheap alcohol. They focus their spending on the off-trade and more than half of their off-trade spending is at less than 50p per unit. That is the position in all income groups, although there is still an income gradient.

Our analysis showed that, in all income groups, harmful drinkers spend less per unit than moderate drinkers, so in all those groups the policy should have a bigger effect on harmful drinkers than it would on moderate drinkers, to judge from what they are buying at present. The analysis also showed that a greater proportion of the alcohol that is purchased by moderate drinkers on low incomes is cheap off-trade alcohol, compared with moderate drinkers on higher incomes.

There is a political judgment for members to make. I am sure that you are now all familiar with what the Sheffield model suggests the benefits of a minimum price would be. There are a couple of points to bear in mind. First, we talk about moderate drinking, but we should not think of that as risk-free drinking. All levels of alcohol consumption have some risk of some harms. Theoretically, therefore, even moderate drinkers will see some benefits from reduced consumption. Secondly, we know that, for a variety of reasons, low-income drinkers are at greater risk of harm than are high-income drinkers who consume the same amount, so moderate drinkers on low incomes might gain a greater benefit from reduced consumption than would those on higher incomes. We do not have firm evidence on that point, but the general trend suggests that that will be the case.

I guess that the judgment to be made is this. We know all the benefits to harmful drinkers and hazardous drinkers. Is the fact that minimum unit pricing might impact slightly more on moderate drinkers on low incomes outweighed by their receiving more health benefits and by the fact that there is no safe level of consumption?

Professor Chick: Minimum unit pricing will have benefits in terms of health harms, and it might interrupt the reiteration that we see in families in which there is, from generation to generation, exposure to drinking problems at home. It perhaps sounds a little paternalistic to put it that way, but the facts are clear. Low-income groups suffer disproportionate harm from the same amount of alcohol. Other processes are involved in that. In Finland, when there was a sudden price reduction in alcohol to do with European Union regulations in 2004, the increase in mortality due to alcohol in the following four years was almost exclusively in the low-income groups.

Bob Doris: That is helpful. Thank you.

Andrew Leicester: One of the things that we wanted to point out in the results in our paper is that the minimum price of 45p, which was proposed in 2010, would have a slightly bigger impact on lower-income households and on households that consume most alcohol, partly because they buy lower-price products. It would also have a significant direct effect on richer households and moderate drinkers.

During the debate, it has often been suggested that a minimum price policy will only affect a small part of the market—the real problem drinkers. However, in the numbers that we found, in 2010 more than 70 per cent of off-trade units were sold for less than 45p. I doubt that that figure has come down substantially in the past 18 months. So, a minimum price at the suggested rate would have a large and direct effect on almost everyone who drinks off-licence alcohol. That is not to say that that is a bad thing, but the policy ought not to be sold as only affecting a small number of harmful and hazardous drinkers. It would have effects right up the distribution chain.

Jim Eadie (Edinburgh Southern) (SNP): We have been incredibly well served and well informed this morning by the witnesses, so I thank you very much indeed for your contributions.

Mr Leicester rightly observed that minimum unit pricing is the only mechanism at the disposal of the Scottish Parliament, and Professor Chick suggested that minimum unit pricing might be a more effective mechanism because it prevents trading down. That is interesting; perhaps the witnesses could comment on that briefly.

To go back to the responsiveness of hazardous drinkers, Professor Chick's work with Queen Margaret University shows a mean of 198 units being consumed by patients in a week. That suggests that people are drinking hazardously rather than harmfully. During the debate, it has been suggested that the hazardous drinkers are less responsive to minimum unit pricing. Is that, as Mr Leicester suggested earlier, because of the failure of the population survey data to capture that group of drinkers adequately? Is that one of the motivations for the work that Professor Chick has done on focusing on that group?

Dr Holmes: Can I come in quickly to ask you to clarify a point? As I understand it, you are talking about hazardous drinkers drinking more than harmful drinkers.

Jim Eadie: Yes. Harmful drinkers are men who consume more than 50 units or more per week, or women who consume 35 units or more per week. The hazardous drinkers that Professor Chick was looking at had a mean consumption of 198 units per week.

Dr Holmes: Just for clarity, the Sheffield model puts hazardous drinkers between moderate and harmful drinkers. Hazardous drinkers are those who drink above moderate levels but below harmful levels. There is a confusion about terminology there.

Jim Eadie: Perhaps I have them the wrong way round.

The Convener: You got there in the end.

Professor Chick: Yes. The harmed drinkers have, sadly, also harmed many others. Minimum unit pricing is a more effective method than taxation for reducing consumption in that group because such drinkers tend to trade down. The MUP means that they are no longer able to buy very cheaply; that, we think, will help them and their families. As I said, we are concerned about the effects of minimum pricing on such heavy drinkers. As yet, little attention is being paid to what they will do.

11:30

However, when, in Canada, a small panel of homeless severely dependent alcoholics was asked, "Over the past 12 months, what did you do when you no longer had money for alcohol?" the most frequent response was "I got treatment"; indeed, 14 out of 15 said it. They also said that they would use other drugs, that they would rebudget or go without things, that they would wait for the next welfare benefit cheque, or—which might apply in Scotland—they would drink a friend's money and then pay for his alcohol next week. Given that going for treatment was top of the list, I think that the policy might result in renewed efforts to provide focused treatments for the minority of very severe cases.

Jim Eadie: That is very helpful.

There were two other interesting findings in your work with Queen Margaret University. The first, which you have just touched on and which I think that you were surprised by, related to dependent drinkers who do not substitute or move to illicit alcohol and the second was the growing prevalence of alcohol problems among women, which in Scotland is double that in England. Will minimum unit pricing have an impact on those two groups? Will the before-and-after study that you are embarking on look specifically at them?

Professor Chick: Thank you very much for reminding me of that finding. Of course, women in particular are purchasing low-cost alcohol from off-licences. We have been very concerned about the growing number of women with alcohol problems and will look specifically at that group.

Jackson Carlaw (West Scotland) (Con): I thank the witnesses for their engagement and their courteous responses to our questions.

As I said last week, given that there is really no doubt that we will have minimum pricing, any debate over whether it is a good thing is secondary to the debate on the consequences of its implementation. I was interested in Professor Chick's hope and expectation that, when implemented, the legislation will stem the next generation of alcohol-dependent people but I felt that, beyond that comment, he was quite circumspect. Collectively, are you slightly concerned that your research has been overrepresented in the debate about how alcohol will be tackled in Scotland; that more is being expected of minimum pricing than it might be able to deliver; and that that could be counterproductive, in the sense that any success that it delivers might be devalued if the claims of its doing far more are not fulfilled?

Dr Holmes: The first point is that minimum pricing does not have to be the end of the debate. We have said already that it might not be the best targeted policy to deal with young people's binge drinking, much of which goes on in the on-trade. There are other options that can be pursued. For example, I know that you have already implemented a public health consideration in licensing objectives. That is a positive step, although I acknowledge Alcohol Focus Scotland's evidence suggesting that more work needs to be done in that regard.

Jackson Carlaw: But that is an example of the very thing that I am talking about. Contrary to the line that you have just taken, minimum pricing has been represented to the committee as having a massive impact on binge drinking among young people on the street. Clearly it can play a role, but are you satisfied that the evidence that you have produced is being represented accurately or is it being overrepresented to the extent that the public might expect the measure to do more than it might be able to do on its own account?

Dr Holmes: The effect on young people is perhaps the only area in which I would not agree with what is in the public domain. People might say that the measure will have a huge impact on young people's binge drinking, but it is not clear that that will be the case. As I said, there will be impacts. The model predicts that there will be reductions in various crimes. Some alcohol-related crime is to do with on-trade alcohol being sold at low prices, but part of it is to do with binge drinking sessions that start with drinking at home, or pre-loading, and that is one part on which the measure will have an impact.

In general, the results in our model reports are there to see. We stand by those results as the

best estimates, based on the best data available and the best methodologies that we could implement within our resource constraints. We cannot say for sure what the results will be when the policy is implemented, but there is nothing in our evidence to suggest that we will get a huge shock and find out that the policy is totally ineffective. As we have said, there is clear evidence that price should affect consumption and that changes in consumption will affect harm. Whether or not the exact details are correct, there should be significant impacts, which will have a beneficial effect on Scotland's problems with alcohol.

Jackson Carlaw: I will return to that point, as it is part of my second question, but I will let Professor Chick comment first.

Professor Chick: My sentiments on the issue resonate with Dr Holmes's. There are many processes at work when we study behaviour and drinking. That is particularly true with young people's drinking, as there are strong forces other than price. With regard to public acceptance of the measure and the willingness to support it in the coming years, we should help the media not to overstate what can be expected of it and we should continue to consider other measures on alcohol problems in society.

Jackson Carlaw: My second question is simple: what if you are wrong? What are the consequences of your being wrong?

Dr Holmes: To what degree do you mean?

Jackson Carlaw: To the degree that your research proves to be unfounded and the measure does not have the impact that you expect it to have. What are the consequences of that?

Professor Brennan: I would be very surprised if every figure in the 200-odd pages is found to be exactly right when the evaluation is done. You are much better placed than I am to consider the political consequences. I see the issue from a scientific perspective. As John Holmes said, we do not expect there to be zero impact or a negative impact. We will be very surprised if there are not reductions in consumption and harm when the minimum price is implemented. There is a huge amount of evidence on that.

We do not expect to be wrong in a completely overturning way. I expect the results in the first, second and third years to be either higher or lower than the estimates, with equal uncertainty on which it will be. That is my subjective judgment. We tried to take central estimates of everything. It is possible that the elasticities will be even higher and that people will reduce their consumption even more, but it is also possible that they could go the other way. That applies to every single logic step in the model. Therefore, some of the figures will be higher and some will be lower and some will cancel out.

From a science perspective, if something is not included in the modelling, we will find that out and make changes. Supply-side and trend issues are the two big things that we know are not very well included. However, we do not expect there to be a reversal from a science perspective. I do not know whether that answers the question.

Professor Chick: If we are wrong, I would want to find out why. I would want to know what other processes have been present. Who knows what social changes we will go through in the next decade? Who knows to what extent the industry will find new ways to promote its legitimately produced product? Diageo has just entered a multimillion dollar advertising partnership with Facebook. That is an extremely powerful promotion method, which might completely overturn our good intentions to reduce harm from alcohol in Scotland. That is what I would do—I would work out what has been happening.

Jackson Carlaw: Last week, Jim Eadie asked the industry whether, if minimum pricing proved to be effective, it would still be against it. I would like to ask you the same question. In the event that minimum pricing proves to be ineffective, will you still promote it?

Dr Holmes: In the first instance, I do not think that we are necessarily promoting it. We are promoting the evidence that says that it is effective.

Jackson Carlaw: Would you wish the legislation to stay in place in the event that it proved to be ineffective?

Dr Holmes: First, as Professor Chick said, I would want to find out why it was ineffective, and—

Jackson Carlaw: I am sorry, but Mr Eadie did not give the industry the opportunity to expand; he wanted a yes or a no. I am turning his question around and asking you it in the same way: would you wish the legislation to stay in place in the event that it proved to be ineffective?

Dr Holmes: In that case, I think that I will reject the premise of the question. We have never advocated any particular legislation, beyond saying that minimum pricing is an effective policy.

Jackson Carlaw: So, in fact, you would. You would be quite happy for the legislation—

Dr Holmes: I would say that we never recommended the policy in the first place; we say that it is effective.

Jackson Carlaw: It is not a cheap question. The bill is being driven largely on the back of your research, so it is not a minor consideration. It is

not the case that your research has been done and that it is not influencing things. It is substantially influencing the implementation of the policy. It is cited again and again. I have to hope that your research is correct.

Therefore, my question is not a cheap one. It is perfectly legitimate to ask whether you think that it would be appropriate for the legislation that will emerge as a result of the findings of your research to remain in place in the event that it proves to be ineffective.

Dr Holmes: Again, I would say that, before coming to any judgment on that, we would want to know why it had proved to be ineffective and why such a huge body of science suddenly did not apply any more.

Jackson Carlaw: It is interesting that the University of Sheffield is as equivocal as the alcohol industry when it comes to the answer to that question.

Professor Chick: I would still support it, because I think that it is extremely logical for a product that is not an ordinary commodity.

Jackson Carlaw: So you would still support it, even it proved not to be effective.

Professor Chick: Yes.

Jackson Carlaw: That is an interesting corollary to last week's answers.

Professor Brennan: I will meet you halfway. My personal perspective is that evidence should be used in policy making to as great an extent as possible. Evidence is not the only part of life, but when we have it, it is wrong to ignore it.

It is wrong to say that the Sheffield model is the only evidence. It is a tool that synthesises all the evidence that is available from various different studies, data sets and all the rest of it, in an effort to answer your question. It is not the only evidence.

If minimum pricing turns out to be completely ineffective or a counterproductive policy, for reasons that are not included in the modelling and which have not been included elsewhere, that is evidence, and evidence should be included in policy making. What you do with legislation is way beyond my ken, but evidence is evidence and all evidence should be considered.

The Convener: After the legislation has been implemented, do you think that a sunset clause would be an impediment to, or an encouragement for, consideration of whether the case has still to be proven, or for getting more information and data from the industry or further analysis of the policy? Would a sunset clause drive that kind of work, or would it be an impediment?

11:45

Professor Brennan: I do not know. I do not know the relationship between the behavioural responses of all parties and how a sunset clause would work. All that I am saying is that, for me, one needs to keep collecting evidence and thinking about how policy adjustments should be made on that basis.

The Convener: I was just thinking out loud—everybody will still have to prove their case and perhaps a sunset clause would be a driver that could assist in that. However, the committee can discuss that.

A couple of members have additional questions. Richard Lyle is first, to be followed by Richard Simpson.

Richard Lyle: Thank you for your evidence this morning, gentlemen. Professor Chick also submitted written evidence. The Scotch Whisky Association claims that minimum unit pricing in Scotland would reduce whisky exports. Professor Chick's written submission states:

> "If other countries saw health gains from the Scottish policy and followed it, they would tend to level the market 'playing field' because local distilled products, albeit of slightly lowered % alcohol (at least the legal distilled products) would rise in price which would help to reduce the effect of penalising import duties on Scottish whisky."

A lot of countries hammer the Scotch whisky industry through import taxes. Do you contend that exports would not be affected if other countries were to do the same as we hope to do to improve the health of the nation, which is to introduce minimum unit pricing?

Professor Chick: Yes. You have understood my point very well. Thank you.

Richard Lyle: Thank you for your answer—short, sweet and exact.

Dr Simpson: The session has been interesting and useful, and the witnesses have been most helpful. I return to evidence statement 3 in the original Sheffield report's collation of the evidence, which states:

> "There is low quality but demonstrable specific evidence to suggest that minimum pricing might be effective".

As doctors using Scottish intercollegiate guidelines network guidelines, we tended to rate evidence from 1 to 5, with 5 being randomised controlled trials. The low quality of the evidence on minimum pricing has always been a concern for me.

It was useful to hear about the initial effects of discounting and that we may get more information on the policy. I have always supported that, because it seems to me quite wrong to encourage people to buy greater volumes for lower prices. There was a principle behind the discounting ban

that meant that I felt I could strongly support the Scottish National Party Government's Alcohol etc (Scotland) Bill.

I welcome the evidence on the young that has been given today. We have talked a lot about harmful drinkers, and I have never denied that a minimum unit price may have some effect on them. However, the two groups that we really need to affect are the young drinkers who will become the heavy drinkers of the future—we have heard that they will not be affected as much—and the existing hazardous drinkers who are not yet harmful drinkers. We still do not have enough information on the effects on those groups.

The estimated reduction in consumption by 18 to 24-year-olds was not for all 18 to 24-year-olds; table 38 of the Sheffield study for the Department of Health showed that it was for 18 to 24-year-old hazardous drinkers, who are the ones whom we must really try to affect with the policy. I remain unconvinced that the policy will do that. Would anyone like to comment on the effect on hazardous drinkers?

An IFS study says:

"Assuming an own price elasticity of demand for alcohol of –0.5 across all households, a minimum price of 45p per unit would reduce the off-licensed alcohol consumption of poorer households with incomes below £10,000 by almost 25%. Households with incomes over £60,000 would see their consumption fall by around 12%."

Table 3.3 in the same document shows that 80 per cent of households with incomes of less than £10,000 buy alcohol at some point in the year, so they are not people who do not drink at all. As Mr Leicester has already clearly stated, they might drink less frequently than was reflected in Professor Ludbrook's data, which captured only the last two weeks.

I would like the witnesses to comment on hazardous drinkers.

Dr Holmes: You mentioned low quality of evidence. That review was done three or four years ago now.

Dr Simpson: In 2008.

Dr Holmes: Yes. Since then, we have had the Sheffield model and we can debate whether that evidence is high or low quality. I hope that we have convinced you that it lies somewhere towards the higher end of the scale. There is also now the Tim Stockwell study, which undeniably lies towards the higher end of the scale. We now have good-quality evidence that minimum pricing and increasing minimum prices is an effective way of adjusting population consumption.

I reject Dr Simpson's suggestion that minimum pricing does not have an impact on hazardous drinkers, or that it has a smaller impact. The impact is smaller than it is on harmful drinkers, but it is significantly bigger than it is on moderate drinkers. In version 2 of the Scottish model, the 45p minimum unit price that was proposed two years ago, in conjunction with the off-trade discount ban—not quite the multibuy ban, but the policy is similar—would have reduced hazardous consumption by 6 per cent, which would have led to 178 fewer deaths a year at full effect, and 2700 fewer hospital admissions. Minimum pricing does, therefore, affect hazardous drinkers. It is simply not true to say that there is no effect.

Drew Smith: I have one brief question, but first I want to put a point on the record. Jim Eadie repeated a witness's point that minimum unit pricing is the only option available to the Scottish Government because of its tax powers. That comment was made in the context of the Scottish Government's refusal to use the social responsibility levy—the Scottish Government is the one that is making that choice. It is important that that point is on the record.

My question, which is for Professor Chick, concerns a niggle that I have had at the back of my mind all the way through our consideration of the bill. In response to a question from Bob Doris, you spoke about lower-strength alcohol and said that you always saw that as a positive thing. I am concerned about young drinkers and alcopops and the fact that some drinks are used to introduce people to drinking more. If someone drinks something that is quite close to a soft drink except that it contains vodka, does that encourage them to drink more vodka later in life? Do you have any concerns about that, bearing in mind the fact that minimum unit pricing could make alcopops very cheap if the industry responds by moving around its profit margins because of what it will be allowed to charge?

Professor Chick: I have not seen evidence that children and young people enter drinking via low-strength drinks. I believe that our Australian colleagues would be best placed to answer that question and I will try to find an answer. Thank you.

Drew Smith: Thank you; that would be helpful.

The Convener: I think that we have asked all our questions for this meeting. I express the committee's appreciation for your attendance this morning and all the helpful evidence that you have provided.

European Union Reporter

11:54

The Convener: We can dispose of agenda item 3 quite quickly. We have to discuss the appointment of a committee member to serve as its European Union reporter. Mary Fee was our EU reporter and she has left the committee, so the role is now vacant.

The role of the EU reporter is to act as champion for EU matters within the committee. Further details are provided in the papers that we have all received. I invite nominations for the EU reporter for the committee.

Dr Simpson: I nominate Richard Lyle.

The Convener: Do you accept, Richard?

Richard Lyle: I accept.

The Convener: As there are no other nominations, does the committee agree that Richard Lyle should be appointed?

Members *indicated agreement.*

Richard Lyle: I thank committee members for that honour.

The Convener: Members will remember that, at the start of today's meeting, we agreed to discuss our work programme under agenda item 4 in private.

11:56

Meeting continued in private until 12:43.

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