Alcohol etc. (Scotland) Bill

Consumer Focus Scotland

The Committee is seeking evidence on:

- The advantages and disadvantages of establishing a minimum unit price for alcohol
- The level at which such a minimum price should be set;
- The rationale behind the use of minimum pricing as a tool to address problem drinking;
- Possible alternatives to a minimum unit price;
- The pros and cons of introducing a social responsibility levy on pubs and clubs in Scotland;
- The justification for licensing boards to raise the legal alcohol purchase age to 21;
- The role of promotional offers and material in encouraging the purchase of more alcohol than intended; and
- Any other aspects of the Bill.

We only comment on the issue of minimum pricing in this evidence.

Summary of Consumer Focus Scotland's position on minimum unit price

Consumer Focus Scotland takes the position that it is only justifiable to interfere in otherwise functional markets when there is clear evidence of the benefit of doing so in terms of the public good. At the same time, there must be no significant consumer dis-benefits.

There is clear evidence of the social costs of excessive drinking in Scotland, and strong evidence that consumption is affected by price. There is some evidence that introducing a minimum unit price will have an impact on underage drinkers and on younger binge drinkers, who are more likely to drink cheap alcohol.

While we have some concerns that a minimum unit price for alcohol will impact disproportionately on lower income consumers, we nonetheless think it is worth introducing a minimum unit price in an attempt to tackle the drinking behaviour of very young drinkers, and harmful drinkers.

It is however essential that this is recognised as being only one part of a wider coordinated programme of education, social marketing, and other mechanisms to discourage irresponsible and reckless drinking. Consumer Focus Scotland takes the view that behaviour change in this area will take a long time, and a variety of approaches will be needed if Scotland is to tackle the social costs of alcohol and change behaviour.
If a minimum unit price is introduced, the Scottish Government should make a commitment to reviewing how the policy impacts on moderate drinkers living on a low income, and monitoring the impact of the policy on overall levels of alcohol consumption and associated harm. The following sections outline our position in more detail.

**When is intervention in a functioning market justifiable?**

Our position is that there should be a presumption against such interventions unless there is clear evidence of the impact which this would have on a public good – whether that is defined in terms of public health, law and order or cost savings in public services, and no significant consumer disbenefits.

Those in favour of minimum prices argue that there is considerable evidence of ‘externalities’ in this market. The cost of alcohol-related harm in Scotland has been estimated at £2.25 billion a year\(^1\), impacting on employment, criminal justice and health, as well as inflicting personal harm both directly and indirectly on members of society. Recently published evidence shows that, on a global basis, one in 25 deaths are alcohol related\(^2\). This includes deaths from mouth and throat cancer, breast cancer, violence, road accidents, alcoholic poisoning, stroke and suicide. In addition, it is argued that consumers may not be fully rational in their alcohol consumption decisions, for example not taking into account the risk of addiction. Consumer Focus Scotland believes that this evidence of the social impact of alcohol justifies an intervention in relation to price.

**Will a minimum unit price for alcohol will have the desired effect?**

There is evidence for both tobacco and alcohol that there is a clear relationship between price and demand. Despite the addictive nature of alcohol, there is evidence from the USA that price and level of taxation of alcohol is directly linked to the level of consumption\(^3\). The effects of price rises are large compared with other policies and prevention programmes. In Europe there is similar research showing that the most effective measures in reducing alcohol consumption are price, availability, drink driving measures and other short term interventions. Education and mass media campaigns have proved less effective\(^4\).

The Scottish Government proposal is not for across the board price increases, and the introduction of a minimum unit price for alcohol must be recognised as only a partial measure, which is likely to impact on some people

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\(^{1}\) Scottish Government, Cost of alcohol use and misuse in Scotland, 2008
[http://www.scotland.gov.uk/Publications/2008/05/06091510/0](http://www.scotland.gov.uk/Publications/2008/05/06091510/0)

\(^{2}\) J Rehm et al, “Global burden of disease and injury and economic cost attributable to alcohol use and alcohol-use disorders”, *Lancet*, vol 373; 9682 p 2223-2233

\(^{3}\) Wagenaar et al, Effects of beverage alcohol price and tax levels on drinking: a meta-analysis, *Addiction* vol 104, 2009

considerably more than on others, and may have only a limited impact on the overall trend towards increasing consumption of alcohol.

A study carried out for the Department of Health in England (known as the Sheffield study)\(^5\) reviewed the evidence on the relationship between different policy interventions, including price, and alcohol consumption, with particular reference to their impact on the groups considered most at risk: underage drinkers; young adult binge drinkers (18-25); harmful drinkers (those drinking more than 35 (women) or 50 (men) units a week); and those on low incomes. This study was followed by a similar study in Scotland.

The studies reached several conclusions, including the following:

- There is strong and consistent evidence to suggest that price increases and taxation have a significant effect in reducing demand for alcohol.
- There is strong evidence to suggest that young drinkers, binge drinkers and harmful drinkers tend to choose cheaper drinks. There have been no studies of low income consumers.
- There is low quality evidence that minimum pricing might be effective in reducing consumption of cheap drinks. There is also evidence that such a policy may be acceptable to many members of the community.

The researchers estimated that the value of harm reduction in Scotland would be £950k if a minimum unit price of 40p was set.

**Behaviour and culture cannot be changed overnight**

While there is evidence of a direct relationship between price and consumption, there are other factors which need to be borne in mind. It is generally accepted that alcohol is an integral part of Scottish culture. Lessons from other fields show that effecting behaviour change requires a wide range of approaches, including awareness raising, education, legislation and continuing support for behaviour change. Researchers from the Institute of Social Marketing at the University of Stirling have argued that changes in social and personal attitudes to alcohol will need to look beyond traditional public health responses to approaches in other fields which have been successfully used to influence attitudes, behaviour and policies.\(^6\)

Recent work by the Joseph Rowntree Foundation\(^7\) has shown that patterns of drinking behaviour are complex. Binge drinking levels changed little between 1998 and 2006 in Great Britain but this masked an increase of 7 per cent in women – especially those over 25 – and a fall amongst men aged 16-24. The


\(^6\) L Smith and D Foxcroft, *Drinking in the UK: and exploration of trends*, Joseph Rowntree Foundation, 2009
proportion of women who binge-drink almost doubled between 1998 and 2006 and is now at 15%. Researchers also found that whilst fewer children are drinking, those that do drink are drinking much more than they did in the past. Other recent evidence\(^8\) shows that among 11-15 year olds who drink, consumption has gone up from 5.3 units a week in 1990 to 12.7 in 2007 and 14.6 last year.

**What is the impact of minimum prices on disadvantaged or low income consumers?**

In general, any minimum price policy is likely to have more impact on low income consumers. The price rises caused by a minimum unit price will vary between types of alcohol. If the unit price was set at 50p, a bottle of wine would cost at least £4.50 and a bottle of vodka or whisky would cost around £13. It is currently possible to buy a bottle of wine for under £3, and a bottle of vodka for £6. A 3 litre bottle of cider at 5.5% alcohol would cost at least £8.50 as opposed to £3.99 for which it is currently available. It is currently possible to buy four cans of own brand lager for 91p. These would cost around £4 with a minimum unit price. The research carried out by the University of Sheffield suggests that if the unit price was 50p moderate drinkers would only pay, on average, an extra £12 a year whereas harmful drinkers, because they buy so many more units, would pay an extra £163 a year on average.

However, these average costs mask considerable variation. With a minimum unit price of 50p, someone buying two bottles of wine at £3.50 every week would see their annual bill rise from £354 to £468, whereas someone buying five bottles of wine a week at £6 would see no increase in their bill. A moderate drinker on a low income buying 4 cans of own brand lager a week would see their costs go from £52 to £208 a year, an almost fourfold increase. Anyone drinking primarily in a pub or restaurant would see no difference in their outgoings.

The impact of a minimum unit price on people living on a low income needs to be monitored. While the cost of alcohol is likely to rise for those on a low income, it is possible that there will also be benefits associated with this policy, for example if levels of alcohol related violence are reduced, or if supermarkets use other goods as loss leaders if they are no longer to use alcohol in this way.

**The need for UK wide action**

It is likely that a minimum unit price will be more effective if there is a consistent policy throughout the UK. It is encouraging that the Health Select Committee of the UK Parliament has come out in favour of a minimum unit price for alcohol. This suggests that there is a significant body of opinion which recognises the potential benefits of such a policy.

\(^8\) Guardian, 25 July, 2009, page 28
Price: at what level should a minimum price be set?

It must be borne in mind that a minimum unit price for alcohol is unlikely to have any effect on the level of drinking in on-sales premises like pubs and clubs, where the prices are already higher than any likely minimum price. It is also unlikely to have any effect on certain products which already cost more than 70p per unit, such as Buckfast tonic wine which is associated with harmful drinking and violence in the west of Scotland. Consumer Focus Scotland does not have a view on the level at which a minimum price is set, but considers it important that the level is related to the cost of products which are associated with harmful drinking and which are purchased by under-age drinkers. This is likely to be at least 40p per unit.

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