Alcohol etc. (Scotland) Bill

Royal College of Physicians

The Royal College of Physicians is grateful for the opportunity to respond to the above. We would like to make the following comments.

1. Introduction

We fully support the measures detailed in the Scottish Government's Alcohol etc Bill.

2. The scale of the problem and costs to society

A recent study by the York Health Economics Consortium revealed the huge impact of alcohol misuse across the NHS, police, social services, the economy and on families and estimated that the total annual cost of alcohol misuse could be costing Scottish taxpayers around £3.56 billion per year, equivalent to £900 per year for every Scottish adulti.

3. The advantages and disadvantages of a minimum price for alcohol

There is a clear relationship between price and the consumption of alcoholii. A recent review of alcohol price, promotion and harm by Sheffield University found that general price increases can be effective in reducing levels of consumption, harm related to crime and unemployment, healthcare costs and health–related quality of life cost across the populationiii. The recent House of Commons Health Committee report into alcohol has called for the introduction of minimum pricing.

Minimum pricing can be seen to have the biggest predicted impact on the consumption of harmful drinkers. We know that harmful drinkers tend to choose cheaper alcohol, so if the price of the cheapest alcohol goes up then the consumption of harmful drinkers will fall as they can afford to buy less alcoholiv.

There has been a suggestion that minimum price would penalise moderate drinkers, in fact the current policy of low alcohol prices means that responsible drinkers are subsidising the behaviour of the 25% of the population who are drinking at hazardous or harmful levels. In reality the effect on moderate drinkers will be very minimal as they consume lower amounts of alcohol. In a recent study Record and Day have shown that since 80% of alcohol is consumed by 30% of the population, the introduction of a 50p/unit minimum price would result in 70% of the population being better off and moderate drinkers would no longer be subsidising the consumption of those drinking at hazardous and harmful levels. This is because the 24% increase in average off sale prices could be offset by supermarkets reducing the price of non alcohol products (90% of their turnover) by 2.8%v.
A minimum price approach would also circumvent the off-trade sector’s ability to absorb increases in alcohol taxation; it would also benefit traditional pubs since most pubs sell alcohol higher than at any minimum price\textsuperscript{vi}.

Some have argued that minimum pricing could contravene EU trade law. In spite of claims to the contrary the proposal can be defended against any potential EU legal obstacles. As regards to a possible conflict with EU Single Market rules, the European Commission confirmed last year in a written submission to the European Parliament that the Scottish proposals would be acceptable\textsuperscript{vii}. As regards to compatibility with EU competition law, the government would be able to invoke a strong public health defence, a principle established in European Union law, by showing that its measures were proportionate and the only way to protect the public interest. That would be possible given the scale of the problem and the evidence that a comprehensive multi-faceted policy that deals with price, availability, and marketing is most effective.

While minimum pricing has not been implemented in many countries, there has been a generally positive experience in countries that have introduced these types of measures. For example, a number of counties across Europe including Belgium, France and Portugal and Spain have legislation banning low cost selling\textsuperscript{viii}. In Canada the minimum pricing of beer (sometimes referred to as ‘social reference pricing’) and the implementation in some Australian localities of bans on the sale of the cheapest form of alcohol (which amounts to raising the minimum price) have resulted in reductions in alcohol problems\textsuperscript{ix}.

4. The level at which a minimum price should be set

The level of a minimum price should be based on an examination of current evidence and current market prices. The most recent research from the School of Health and Health Related Research found that very low minimum price thresholds would have little effect but effectiveness increases rapidly between the thresholds of 40p and 70p.

The Chief Medical Officer in England has recommended that the level should be set at 50p, when this was modelled the effects would be to:

- Reduce consumption per drinker 6.9% on average saving around 100,000 hospital admissions each year and 10300 fewer violent crimes
- Total healthcare costs saved in England would be £66 million in year one and £1.37 billion over ten years
- Total crime costs saved in England would be £49.6 million in year one and £413 million over ten years
- Total absence from the workplace costs saved would be £28.6 million in year one and £238 million over ten years
- The total direct costs saved in England would be £793 million in year one and £7.4 billion over ten years\textsuperscript{x}
5. Possible alternatives to the introduction of a minimum price

**Taxation**
Taxation has been used by governments to increase alcohol prices with the aim of reducing consumption. Recent research from Finland showed that when taxes on alcohol were reduced by an average of 33% in 2004, researchers estimated a 10% increase in consumption and recorded a rise in alcohol related mortality of 16% for men and 31% for women. However, using taxation as a way of trying to lower consumption is not the most effective policy lever. This is because many large retailers are able undercut increases in alcohol duty by not passing them on to the customers. They can absorb these losses by raising prices on food and other household goods on to customers by the large retailers including supermarkets – suppliers have been squeezed instead. This way prices do not rise but consumption does.

**Below cost selling**
We believe that bans on low cost selling and volume discounts are weak and will have little effect on the sales of most low priced alcohol. The Sheffield review demonstrated that a ban on below cost selling would only raise the price of 6% of beers in the off trade and even less of wine, spirits and cider. In some cases all retailers will need to do to comply with such a ban is to raise the retail price by a very small amount above the rate of duty/VAT payable. For example, to comply with a ban a supermarket could set a price for a 700ml bottle of vodka that was the sum of the duty payable £5.94 + 1p + VAT = 6.84, this equals 0.26 per unit of alcohol. If one compares that price with the SCHAAR study data, it shows that the effect of a minimum price of 26p would be very minimal in reducing harm. So while this measure may tackle a few of the worst examples of below-cost selling it will not necessarily prevent the practice or the sale of cheap alcohol.

**6. The role of promotional offers**

We fully support restrictions to end irresponsible pricing and promotions offers in the on-trade that encourage more than they intended. With regard to the off trade, we believe that a minimum price is the most effective way to control alcohol promotions.

Dr Patrick Cadigan  
Registrar  
Royal College of Physicians  
19 January 2009


iii Meier et al, 2008, ‘Independent review of the effects of alcohol pricing and promotion: Part B – Modelling the potential impact of pricing and promotion policies for alcohol in England’, ScHARR, University of Sheffield,


x Ibid 3.