Whyte and Mackay

Supplementary Submission to the Health & Sport Committee

As per the Convener’s letter dated 11 March, Whyte & Mackay’s CEO John Beard will attend another Committee meeting this week (Wed 17 March at 10.30am) to clarify our position on minimum pricing.

We are happy to clear up any points of misunderstanding from our appearance at the last Committee meeting held on the 10 March. We would like to make the following comments.

The issue of a 50p per unit minimum price

The decision to base our analysis on a minimum price of 50 pence per unit has been challenged. Government representatives have stated that 40p was a more realistic estimate. The basis for our use of a 50p minimum price is as follows:

- The Government’s own impact study uses three different minimum prices – 25 pence, 50 pence and 70 pence per unit. We thought it a very fair assumption to adopt the mid-range, 50 pence per unit level. In the Government’s own risk assessment work, a 40 pence minimum price level was not identified as a potential option.

- We have had meetings with MSPs and officials on this subject for the last 6 months. Not once have we been informed that a 50 pence per unit assumption was wrong. On the contrary, we were reassured that this was a reasonable assumption.

- We have not been asked by Government representatives to look at the impact of a 40 pence per unit level during our many and varied conversations on this subject over the last six months.

On the basis of the evidence available to us, we remain convinced that a 50 pence minimum price is reasonable assumption to base all our findings on.

This does however raise the wider issue about the lack of information being provided to stakeholders about the Scottish Government’s plans for a minimum price and what the level is likely to be. Once this detail has been announced and we are in a position to undertake a more informed analysis, we will be happy to provide a revised assessment of the impact of a minimum price on our business.

The question of UK job losses

As a company which operates across the UK, we have to take into account the UK-wide impact of any legislative changes on our business.
Our figure of 300 job losses is based on the assumption that if minimum pricing was introduced in Scotland, it would eventually become law across the whole of the UK. The precedent for this was established by the smoking ban, which was introduced in Scotland first, and then implemented across the country shortly after. Therefore we argue that it is reasonable for this to be factored in to our business planning assumptions.

I must stress that we have also been very upfront about this fact in all the one to one meetings we have had with MSPs and officials about this matter over the last 6 months.

However we recognise that the Scottish Parliament can only legislate for Scotland alone. So we have reviewed the potential impact based on Scotland-only legislation, using a 50 pence minimum price level as the basis for our assessment.

The impact on a Scotland only min price will be 83 jobs.

We would like to reiterate that we welcome the opportunity to give our perspective on the potential impact of the Alcohol Bill on our business. We would like the Committee, its members and others to recognise that we are involved because we want the Committee to be in a position to make an informed judgement on the Government’s proposal based on all available evidence given in good faith.

I hope this information answers any unanswered questions the Committee may have, and we look forward to briefing the Committee in person again on the 17 March.

Rob Bruce
Head of Global PR
Whyte & Mackay
16 March 2010