HEALTH AND SPORT COMMITTEE

AGENDA

10th Meeting, 2010 (Session 3)

Tuesday 23 March 2010

The Committee will meet at 2.00 pm in Committee Room 1.

1. **Alcohol etc. (Scotland) Bill**: The Committee will take evidence by video conference on the Bill at Stage 1 from—

   Michel Perron, Chief Executive, Canadian Centre on Substance Abuse;

   Ian Faris, President and Chief Executive, and Ed Gregory, Research and Analysis Manager, Brewers Association of Canada;

   Not before 3.00 pm

   and then from—

   Jeff Newton, President, Canada’s National Brewers;

   Kathy Klas, Director of Sector Liaison Branch, Alcohol and Gaming Commission of Ontario;

   Patrick Ford, Senior Director for Policy and Government Relations, Liquor Control Board of Ontario.

Douglas Thornton
Clerk to the Health and Sport Committee
Room T3.60
The Scottish Parliament
Edinburgh
Tel: 0131 348 5247
Email: Douglas.Thornton@scottish.parliament.uk
The papers for this meeting are as follows—

**Agenda Item 1**

Canadian Centre for Substance Abuse-NASAC submission  
HS/S3/10/10/1

Brewers Association of Canada submission  
HS/S3/10/10/2

Note from the clerk on Canada National Brewers  
HS/S3/10/10/3

Alcohol and Gaming Commission of Ontario submission  
HS/S3/10/10/4

Liquor Control Board of Ontario submission  
HS/S3/10/10/5

**Additional Canadian submissions**

Alberta Gaming and Liquor Commission submission  
HS/S3/10/10/6

Centre for Addictions Research of British Columbia submission  
HS/S3/10/10/7

Centre for Addictions Research of British Columbia supplementary submission  
HS/S3/10/10/8

Molson Coors UK submission  
HS/S3/10/10/9
Alcohol etc. (Scotland) Bill

Canadian National Alcohol Strategy Advisory Committee (NASAC)
(Canadian Centre for Substance Abuse)

Thank you for inviting the Canadian National Alcohol Strategy Advisory Committee (NASAC) to comment on the Alcohol Etc. (Scotland) Bill. As co-chairs of the NASAC, we applaud the Scottish Parliament on its efforts to address problem drinking, and welcome the opportunity to provide our views on the Bill.

International research evidence clearly shows that increasing the price of alcohol is one of the most effective ways of controlling consumption, and, by extension, many types of alcohol-related harms (Babor et al., 2003; Toumbourou et al., 2007; Wagenaar, et al., 2009). It was the strength of this evidence that led the National Alcohol Strategy Working Group (NASWG) to include several significant pricing recommendations in the first Canadian National Alcohol Strategy (NAS) in 2007 (NASWG, 2007). Among other things, the NAS calls for all jurisdictions to implement minimum social reference prices for alcohol and index them to inflation. Some provincial jurisdictions have already moved to implement these recommendations. For example, Ontario, our most populous province, introduced minimum prices for spirits, wine and beer in 2007 and has recently announced that these will be indexed to inflation annually beginning in July 2010.

Alcohol control policy in Canada is mainly administered at the provincial and territorial level and significant variation exists in how these jurisdictions manage alcohol. At the outset, we should say that Canada has some of the strictest alcohol control policies in the world. For example, all jurisdictions maintain government monopolies over the wholesale distribution of alcohol, and all but Alberta are also heavily involved in retail sales. In addition, Canada has some of the highest alcohol taxes and prices in the world and many jurisdictions have other pricing policies designed to affect alcohol-related harms, including minimum social reference prices. Unfortunately, no Canadian jurisdiction that we are aware of has systematically evaluated the effectiveness of their minimum pricing policies in reducing problem drinking, even though some have had these policies in place for many years.¹ With this context in mind, we will now answer the specific discussion items included in your letter.

1 The advantages and disadvantages of establishing minimum alcohol sales price based on unit of alcohol

In our view, the main advantage of establishing minimum prices for alcohol is that they may better target heavy drinkers (see below for a summary of some

¹ A member of the NASAC, Dr. Tim Stockwell, Director of the Centre for Addictions Research of British Columbia at the University of Victoria, has submitted a grant proposal with others to retrospectively study the effects of Canada’s minimum pricing policies on consumption and harms, but we are still awaiting a decision on funding at this time.
of the research linking minimum prices to heavy drinking). Increasing the price of alcohol products is one of the most effective ways of controlling consumption and harms, but these policies are extremely unpopular because they are perceived to “punish the many for the sins of the few.” Although compelling arguments exist for why pricing policies are not as blunt as many believe (Cook, 2008), one of the main advantages of minimum prices is that they may better target problem drinkers, thus sparing light and moderate drinkers from paying significantly more for their alcohol.

The main disadvantage of minimum pricing policies is that they are likely to be regressive in the sense of placing greater burden on those with limited incomes who are frequent heavy drinkers. We feel this is a valid concern and one that should be addressed by governments to ensure adequate funding for treatment and other social services—especially for economically and socially marginalized populations. A second disadvantage of minimum prices is that they will have differential effects on alcohol producers, and businesses focused at the value-end of the alcohol price spectrum may object to the policy as being unfair.

2 The level at which a proposed minimum price should be set and the justification for that level

Although very little systematic research exists to address this question, the work of Murphy and MacKillop (2006)—which looks carefully at alcohol demand functions for college students in the US—suggests that prices above $1.50 (US) per standard drink begin to exert a downward influence on alcohol consumption by young adults. These researchers write: “Demand for alcohol was initially inelastic across low prices but became highly elastic as price increased. Specifically, mean consumption was approximately 7 drinks when price was $0.25 or less per drink and remained high (5 or more drinks) at prices up to $1.50 per drink, then decreased linearly as price increased. Mean consumption decreased by approximately 1.5 standard drinks per dollar price increase in the $1.00 to $4.00 price range. Average consumption was less than 2.5 standard drinks when drink price was $4.00 and less than 1 standard drink at prices greater than $6.00.” (Murphy & MacKillop, 2006:223-224). They also found that the demand functions of heavy drinkers were different than those of light drinkers, as shown in Figure 2.
Figure 3 depicts the percentage of students who said they would engage in risky drinking (five or more drinks) at 14 levels of price. From these data it appears as though price begins to have an effect on risky drinking among US college students above $1(US) per standard drink with the effects most pronounced at prices above $2.50(US). Of course, the effect of price on levels of drinking will be dependent on many factors including income, culture, economic conditions, where the alcohol was being sold (e.g., in a bar or from a store), etc., so these findings will not apply universally. However, the methods used by these authors could be replicated in other places and with other populations to characterize alcohol demand functions and determine the appropriate minimum prices to reduce problematic drinking.

3 The rationale behind the use of minimum pricing as an effective tool to address all types of problem drinking

We should restate that, based on our knowledge of published literature, there is no direct evidence anywhere in the world that minimum pricing policies are effective for reducing harmful drinking at the population level. What does exist are a number of studies from different disciplines which suggest that increasing minimum prices may be an effective way of addressing problem drinking. A few of the most relevant studies are summarized below:

- According to Kerr and Greenfield (2007), the heaviest 10% of drinkers by volume in the US reported spending $0.79US per drink, compared to $4.75US per drink spent by the bottom 50% of drinkers. This suggests that many frequent heavy drinkers gravitate toward cheaper sources of alcohol presumably due to the high costs associated with their use patterns.

- When alcohol prices increase, drinkers tend to react by both reducing consumption and substituting cheaper products for more expensive products (Gruenwald, Ponicki, Holder & Romelsjö, 2006). Heavier drinkers tend to substitute down in price more while light and moderate drinkers tend to reduce consumption more.

- Frequent heavy drinkers are slightly less responsive to price, meaning they do not reduce their consumption quite as much as light or moderate drinkers when prices increase, but they are nonetheless still responsive to price (Wagenaar, Salois & Komro, 2009).

- Frequent heavy drinking is concentrated in the young adult population, and these drinkers tend to be more price-sensitive compared to mature drinkers due to lower average incomes and lower prevalence of alcohol

- In a unique set of studies, which carefully specify the components of individual demand functions for alcohol for different types of drinkers, Murphy and MacKillop (2006) found evidence that policies that eliminate low-cost alcohol are effective for reducing heavy alcohol use among college students (this is the research discussed in Item 2 above).

4 Possible alternatives to the introduction of a minimum alcohol sales price as an effective means of addressing the public health issues surrounding levels of alcohol consumption in Scotland

Other options may be effective in addressing alcohol-related public health issues, including increasing screening, brief interventions and referrals in the general health system and broad education and enforcement efforts to shift the culture toward safer use. However, these approaches have not been shown to be as effective as pricing interventions and they require massive investments in public resources over long periods of time to have an effect at the population level. The advantage of pricing interventions is that they are inexpensive to implement and often have immediate and very strong effects on behaviour (Wagenaar et al., 2009; Barbour et al., 2003). Further, if an increase in tax is used to raise the price of alcohol, revenues to government actually increase as a result of the policy. Under the other scenarios, government will have to increase spending significantly to bring about changes in drinking patterns.

5 The advantages and disadvantages of introducing a social responsibility levy on pubs and clubs in Scotland

Social responsibility levies are not within the expertise of the NASAC.

6 The justification for empowering licensing boards to raise the legal alcohol purchase age in their area to 21

There are arguments made for and against raising the legal drinking age. Perhaps the most persuasive argument for raising it to 21 is to ensure that full driving privileges and full drinking privileges do not coincide for young adults. This is because the risks of alcohol-related road trauma increase dramatically when young adults receive both privileges at the same time. The most persuasive argument for not raising the drinking age is based on the idea that it may be easier to enculturate safe and responsible drinking in older teenagers and young adults when the drinking age is not set so high.

We have a unique situation in Canada because three of our nine provinces set the drinking age at 18 and six have it set at 19. The table below shows the variation in risky drinking patterns and self-reported harms for these three provinces compared to the Canadian average, based on data from the 2004 Canadian Addiction Survey (CAS).
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<table>
<thead>
<tr>
<th></th>
<th>5 or more drinks as usual quantity consumed</th>
<th>Weekly heavy drinking (5 or more drinks)</th>
<th>Exceeding low-risk drinking guidelines</th>
<th>Hazardous drinking (AUDIT 8+)</th>
<th>Reporting at least one harm to self in past year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Canada</td>
<td>16%</td>
<td>6.2%</td>
<td>22.6%</td>
<td>17.0%</td>
<td>8.8%</td>
</tr>
<tr>
<td>Alberta</td>
<td><strong>19.4%</strong></td>
<td>6.0%</td>
<td>22.5%</td>
<td>19.1%</td>
<td>9.5%</td>
</tr>
<tr>
<td>Manitoba</td>
<td>19.7%</td>
<td>7.1%</td>
<td>21.4%</td>
<td>18.9%</td>
<td>7.6%</td>
</tr>
<tr>
<td>Quebec</td>
<td><strong>11.3%</strong></td>
<td>6.1%</td>
<td>22.7%</td>
<td><strong>14.4%</strong></td>
<td>8.4%</td>
</tr>
</tbody>
</table>

**Note:** Bolded numbers signify that the difference between the provincial rate and the rate for all of Canada is statistically significant.

Although it is difficult to say conclusively based on this comparison since many other factors are involved, from these data it does not appear that the slightly lower drinking ages in Alberta, Manitoba or Quebec significantly increase the risk of problem drinking in those provinces.

7 **The role of promotional offers and promotional material in encouraging people to purchase more alcohol than they intended**

The role of promotional offers and material is not within the expertise of the NASAC at this time.

We thank you again for this opportunity to comment on the *Alcohol Etc. (Scotland) Bill*. Should you require further information, we would be pleased to participate in oral evidence sessions and provide further written evidence, as required.

Carolyn Davison  
Co-chair of the National Alcohol Strategy Advisory Committee  
Director, Addiction Services  
Department of Health Promotion and Protection Nova Scotia

Andrew Murie  
Co-chair of the National Alcohol Strategy Advisory Committee  
Chief Executive Officer  
MADD Canada

Michel Perron  
Co-chair of the National Alcohol Strategy Advisory Committee  
Chief Executive Officer  
Canadian Centre on Substance Abuse

20 January 2010
Appendix 1 References Cited


Alcohol etc. (Scotland) Bill

Brewers Association of Canada (BAC)

The BAC is the national association representing brewers licensed to operate in Canada. Membership is comprised of 20 companies which account for more than 97% of domestic beer enjoyed in Canada and abroad.

Brewers have been operating businesses in Canada for over 350 years. Each year the Canadian brewing industry generates more than 1.2% of the gross domestic product (GDP), over CDN $12 billion, and employs full-time more than 13,000 Canadians directly with another 153,000 jobs generated indirectly. In 2008, the volume of sales in the Canadian beer market was 23.2 million hectolitres, 13.9% of which was imported and 86.1% domestic. Average annual per capita beer consumption is 69.7 litres based on total population.

The Canadian Model

Minimum pricing (or social reference pricing as it is commonly called in Canada) does not exist in isolation, but rather is a key component of the Canadian model of alcohol control. In addition to social reference pricing and other forms of regulated pricing, other features of this model include: the government licensing of retailers and manufacturers; a minimum purchase age that is strongly enforced by liquor licensees (on- and off-trade); a federal legal blood alcohol limit of .08 (supplemented through provincial administrative sanctions at lower blood alcohol levels); federal and provincial advertising laws supported and complemented by a voluntary pre-clearance system for broadcast advertising and in some provinces print, administered by Advertising Standards Canada (an independent advertising self-regulatory body); and the control and regulation of beverage alcohol through provincial liquor boards and licensing agencies.

This policy framework is complemented through voluntary and cooperative initiatives between the brewing industry, governments, interested non-government organizations (NGOs) and experts in the research field. While industry provides the funding, responsibility for program development, content and implementation rests with these partners. In our view, this direct industry to partner programming is more efficient and effective than any government mandated “social responsibility levy” (as called for in Bill 34), ensuring the quick start up of initiatives, the reduction of administrative overhead, and direct assistance to those most in need.

The 2007 National Alcohol Strategy (NAS), “Reducing Alcohol Related Harm in Canada: Toward a Culture of Moderation”, best illustrates the spirit of cooperation and multi-stakeholder participation inherent in the Canadian Model. The goal of the NAS is to encourage the development and maintenance of a culture of moderation, with sensible consumption of alcohol as an alternative to misuse. A key recommendation of the NAS in achieving
this goal is the introduction of indexed social reference pricing. A detailed
description of the NAS and other initiatives involving industry is contained in
Annex 1.

Social Reference Pricing (SRP)

Rationale
In Canada, social reference pricing (SRP) has both a public policy and a
government revenue rationale. From the public policy perspective, SRP is
seen as being an important measure to prevent discount pricing practices that
would drive problematic levels of consumption and fuel youth drinking. It is
generally regarded that SRP has more effect on price than tax increases
alone, the latter which can be absorbed along the supply chain.

At the same time, SRP also drives government tax revenues when taxes are
ad valorem (% of price). On this basis, government can indirectly increase tax
revenue through action on an effective social policy instrument.

Development and Context
Provincial governments have exerted significant control over liquor prices
since the end of Prohibition, more than eight decades ago. It was within this
system that formal SRPs, as explicit pricing policies, began to emerge in the
late 1980s and early 1990s.

Depending on the jurisdiction, SRPs are either established through the
regulations of provincial governments, under the authority of provincial liquor
control/licensing statutes, or, through the administrative policies/guidelines of
provincial liquor regulators (Liquor Control Boards, Liquor Licensing Agencies)
empowered through statute or regulation to regulate alcohol pricing. SRPs
can be structured by alcohol content. As the alcohol volume rises, so does the
cost; by dollar value per litre, or by pack size/ranges.

SRPs exist on a comprehensive basis at the retail level in eight of ten
provinces (excluding Manitoba and Alberta). In the case of Manitoba, a
minimum retail price was established in 2009 for large size (710 ml) single
servings of beer. Although Alberta does not have a minimum retail price for
alcohol beverages, a minimum level has been established for consumption on
premise (on-trade), as exists in other provinces. A summary and description
of the SRPs in place for retail sales is included in Annex 2.

SRP policies are endorsed by key Canadian health and alcohol interest
groups, including the Canadian Centre on Substance Abuse (CCSA), the
Centre for Addiction and Mental Health (CAMH), the Addictions Foundation of
Manitoba (AFM), Mothers Against Drunk Driving (MADD), the Ontario Public
Health Association (OPHA) and the Centre for Addictions Research of British
Columbia (CARBC). These NGOs view minimum pricing thresholds as
performing a social responsibility function, and being especially protective of
the most vulnerable in the community.
Ontario Strong Beer Case
An Ontario beer industry review of the impact of SRP as applied to strong beer is especially instructive. In 2004, high alcohol single serve containers of beer were growing in popularity with street people and panhandlers who were causing disruption in a city neighbourhood. While SRP was already in place, and the system was geared to alcohol content, the top tier applied to all products 5% alcohol by volume and above. What this meant was that 10% alcohol by volume beer could be sold at the same SRP as 5%, despite having twice the alcohol. The solution to the problem was to adopt a new category of SRP better geared to alcohol content. On this basis, the SRP structure was modified to so that all beer above 5.5% was set at CDN $55 per litre of absolute alcohol (LAA) – as the alcohol content increased so did the SRP. The end result was a dramatic decline of sales of higher alcohol beer categories above 5.5%. As an outcome, many higher alcohol brands were removed from the market, or their alcohol content was subsequently reduced.

In 2009, the Ontario government announced that it will be introducing a regulated annual indexation of all SRPs to the Ontario consumer price index (CPI). Under this change, expected to occur sometime in 2010, SRPs will now be adjusted by an amount equal to the average Ontario CPI for the preceding three years.

Saskatchewan High Alcohol Surcharge
Similar to the Ontario strong beer initiative, in June 2005, the Saskatchewan Liquor and Gaming Authority (SLGA) introduced a high alcohol surcharge on beer products, applying a flat rate of $40 per LAA on the alcohol content of packaged beer greater than 6.5% alcohol by volume. The SLGA has noted that since the implementation of this surcharge, the percentage of high alcohol beer sold has declined relative to total beer sales.

Summary
According to Health Canada, most Canadians drink in moderation and without harm, and most do not have problems with alcohol.¹ That being said, the brewing industry is concerned about the misuse of alcohol and is working with government, NGOs, and researchers to address this problem. Social reference pricing in Canada is viewed by industry and other stakeholders as a key component of the Canadian Model to ensure that the benefits of moderate consumption are maximized while minimizing the harms. We thank you for allowing us an opportunity to contribute to the Committee review, and gladly offer any further assistance.

Ian Faris
President & CEO
Brewers Association of Canada (BAC)
20 January 2010

Annex 1: Programs, Partnerships and Initiatives

- **Alcohol Issues Panel** - More than 12 years ago, the Brewers Association of Canada (BAC) created an Alcohol Issues Panel (AIP), comprised of independent experts and leading NGOs concerned with alcohol and addiction issues in Canada. The AIP continues to meet and provide valuable, content-laden advice to the BAC and its Members on how best to address alcohol misuse in Canada and on effective programming and initiatives.

- **National Alcohol Strategy** - In 2006 and early 2007, the BAC, along with participants drawn from the distilling and wine industries, provincial liquor boards, federal and provincial/territorial governments, NGO's, and academia-research, met to develop a National Alcohol Strategy (NAS). This working group produced: “Reducing Alcohol Related Harm in Canada: Toward a Culture of Moderation, Recommendations for a National Alcohol Strategy”. The NAS is a landmark initiative which has as its objective the development and maintenance of a culture of moderation.

- **Centre for Responsible Drinking** - In Fall 2009, BAC launched the Centre for Responsible Drinking (CRD), a web-based presence for brewing industry programs and initiatives and repository for alcohol research and policy information. With the help of interested stakeholders and partners, the CRD is committed to leading the discussion with respect to alcohol use and educate all Canadians from all walks of life about the implications of alcohol consumption: [www.responsibledrinking.ca](http://www.responsibledrinking.ca).

- **Screening, Brief Intervention and Referral** – The BAC, Spirits Canada and the Canadian Vintners Association (CVA) are all contributing financial support to the SBIR initiative with the College of Family Physicians of Canada (CFPC) and the Canadian Centre on Substance Abuse (CCSA). SBIR will assist health professionals in advice and referral, based on their professional assessment, to patients at risk or who may already have alcohol-related problems, including advice concerning fetal alcohol spectrum disorder (FASD). This program is a derivative of the original BAC’s ARAI program (Alcohol Risk Assessment and Intervention) launched in the early 1990’s. Recent research from the U.S. government, the National Institute on Drug Abuse and the Substance Abuse and Mental Health Services Administration (SAMHSA), concludes that SBIR programs reduced heavy alcohol consumption rates by 38.6% among patients.²

- **Canadian Foundation on Fetal Alcohol Research (CFFAR)** – In September 2007, CFFAR, an independent non-profit foundation, was created to support research related to Fetal Alcohol Spectrum Disorder (FASD) with a $1 million contribution over five years from the BAC and its member companies. To date CFFAR has announced six peer reviewed grants

which will examine how prenatal exposure and stress interact to increase vulnerability to addiction; detection methods for FASD in children, and memory changes that occur in FASD children. www.fasdfoundation.ca

• Fetal Alcohol Canadian Expertise (FACE) Research Roundtable – Since 1999, the BAC has contributed to the support of the FACE conference which brings together over 200 Canadian FASD researchers on an annual basis – presenting scientific findings for peer review and identifying the next steps in the fight against FASD.

• Student Life Education Company (SLEC) – SLEC is a not-for-profit organization established in 1986 dedicated to enhancing the quality of student life in Canada by working with students and schools nationwide to encourage healthy decision making about drinking alcohol. BAC supports SLEC and has in the past contributed towards research to better effect changes in youth attitudes and behaviour involving alcohol consumption.

• Motherisk Program – The BAC finances the Motherisk national toll-free Alcohol and Substance Use Helpline. This confidential and bilingual toll-free service connects callers, primarily new and expectant mothers, with trained medical personnel who can answer questions, provide information, or point them towards treatment and support options.

• Traffic Injury Research Foundation of Canada (TIRF) – A national independent road safety institute, TIRF’s mission is to reduce traffic related deaths and injuries. With ongoing funding from the BAC, TIRF has conducted research on effective public policy and technological measures aimed at reducing impaired driving, and addressing the problem of the hard core drinking driver or repeat offender. These measures have attracted attention from lawmakers and policy experts throughout the world.

• ABMRF/The Foundation for Alcohol Research – ABMRF is a non-profit independent research organization established in 1982 that provides support for scientific studies on alcohol consumption and prevention of misuse of alcohol beverages. It is one of the few organizations in Canada and the United States which provide support for research in the physiological, epidemiological, behavioural and social sciences in this field. Since its inception, the BAC and the brewers in the U.S. have funded the ABMRF, which is associated with Johns Hopkins University in Baltimore, Maryland, and is internationally recognized as a leading research institution on alcohol issues.

• Responsible Consumption Messaging - In addition to these efforts, since 1981, the Canadian brewing industry has strived to effect changes in the social conscience of Canadians when it comes to alcohol consumption and misuse, utilizing all available media and collateral materials, including public service advertisements.
• **International Activities** – Social responsibility initiatives are also supported by the brewing sector at the international level. The Worldwide Brewing Alliance (WBA) publishes a “Global Social Responsibility Initiatives” report which details activities by brewing companies and their associations at the global level in addressing alcohol misuse. The WBA also produces a global report on drinking and driving which, on a country by country basis, describes the legislation governing drinking and driving, legislative changes, statistical trends and industry programs.
### Social Reference Price Policies

**Provincial Scan**

<table>
<thead>
<tr>
<th>Province</th>
<th>Reviewed Annually</th>
<th>Current Rate</th>
<th>Implementation Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Saskatchewan</td>
<td>Yes</td>
<td>January 9, 2009</td>
<td></td>
</tr>
<tr>
<td>Ontario</td>
<td>Every two years</td>
<td>November 24, 2008</td>
<td></td>
</tr>
<tr>
<td>Prince Edward Island</td>
<td>Yes</td>
<td>February 1, 2009</td>
<td></td>
</tr>
<tr>
<td>Newfoundland &amp; Labrador</td>
<td>Yes</td>
<td>April 2009</td>
<td></td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>Yes</td>
<td>April 1, 2009</td>
<td></td>
</tr>
<tr>
<td>Quebec</td>
<td>Yes</td>
<td>April 1, 2009</td>
<td></td>
</tr>
<tr>
<td>British Columbia</td>
<td>Has reviewed annually since 2005</td>
<td>January 27, 2008</td>
<td></td>
</tr>
<tr>
<td>New Brunswick</td>
<td>No</td>
<td>March 10, 2009</td>
<td></td>
</tr>
<tr>
<td>Manitoba</td>
<td>Effective April 2009, have social reference pricing for large single serve beer, equivalent to $4.01 per litre.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Alberta</td>
<td>On-premise minimum price newly implemented in the Summer of 2008. Alberta currently does not have a retail minimum price.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Province</th>
<th>SRP per Case 24 x 341 ml Bottles Beer</th>
<th>SRP per Litre (apx) Tax included, deposit excluded</th>
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</thead>
<tbody>
<tr>
<td>Saskatchewan</td>
<td>$29.87</td>
<td>$3.65</td>
</tr>
<tr>
<td>Ontario</td>
<td>$25.60</td>
<td>$3.13</td>
</tr>
<tr>
<td>Prince Edward Island</td>
<td>$33.47</td>
<td>$4.252 - $4.396 (includes deposit)</td>
</tr>
<tr>
<td>Newfoundland &amp; Labrador</td>
<td>$37.78</td>
<td>$4.37 - $5.86 (Varies by SKU Size)</td>
</tr>
<tr>
<td>Nova Scotia</td>
<td>$33.09</td>
<td>$4.04 - $4.44 (Varies by SKU Size)</td>
</tr>
<tr>
<td>Quebec</td>
<td>$26.27</td>
<td>$3.03 - $3.21 (Varies by SKU/Alcohol Volume)</td>
</tr>
<tr>
<td>British Columbia</td>
<td>$28.97</td>
<td>$3.54</td>
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<tr>
<td>New Brunswick</td>
<td>$33.55</td>
<td>$3.49 - $4.10 (Varies by SKU Size)</td>
</tr>
<tr>
<td>Manitoba</td>
<td>NA</td>
<td>$2.85 for 710 ml single serve, or $4.01 per litre (effective Apr 09)</td>
</tr>
<tr>
<td>Alberta</td>
<td>NA</td>
<td>NA</td>
</tr>
</tbody>
</table>

*The Ontario government will be introducing regulated annual indexation, expected sometime in 2010.*
Introduction

On Tuesday 23 March the Committee is scheduled to take evidence from Mr Jeff Newton, President of Canada National Brewers. This is part of the Committee’s consideration of alcohol policy in the Province of Ontario.

Canada National Brewers represents the owners of The Beer Store, the largest private beer retail chain in Ontario. The following information has been taken from The Beer Store corporate website for information.

Background

Canada National Brewers is a representative organisation for Canada’s three largest domestic brewing companies: Molson Breweries, the Labatt Brewing Company Ltd and Sleeman Breweries. These in turn are now part of larger multi-national brewing companies. Molson is part of the US/Canadian owned Molson Coors Brewing Company; Labatt is owner by Belgian drinks company Anheuser-Busch InBev and Sleeman Breweries is a division of the Japanese drinks company Sapporo Breweries Limited.

The Beer Store

Established in 1927, The Beer Store is the primary distribution and sales channel for beer in Ontario. It sells beer to the public under the authority of the Liquor Control Act and is owned by Labatt Brewing Company Ltd., Molson Canada and Sleeman Breweries Ltd. With about 7,300 employees, The Beer Store has approximately 440 stores throughout the Province of Ontario and accounts for about 85% for all beer sales in the province.

Operated on a cost recovery basis with a standard service fee schedule, The Beer Store is a unique retailer. Unlike other retailers, including the government owned LCBO, The Beer Store does not pick and choose the products it sells, nor does it set the prices at which those products are sold. These choices are made by individual brewers. The Beer Store system is open to any brewer in the world with common rules for users and service fees based on volumes sold.

Two provincial government agencies, the Alcohol and Gaming Commission of Ontario (AGCO) and the Liquor Control Board of Ontario (LCBO), oversee several aspects of The Beer Store operations including such issues as minimum age for purchase, hours of sale, selling price, advertising and promotions, labeling, product integrity and approval of store locations. Under Ontario government regulations, The Beer Store is prevented from selling spirits or consumer goods, such as foodstuffs.
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Any brewer in the world can sell their beer through The Beer Store provided the product has been approved for sale in Ontario by the LCBO (i.e. has met LCBO quality control, labeling and price approval requirements). The Beer Store does not refuse access to any LCBO approved beer product. Brewers also select The Beer Store retail locations that they wish to sell in.

Brewers that wish to sell through The Beer Store can pay a per store listing fee or a single fee for the entire system depending on the number of stores they wish to sell in. The per store listing fee was introduced to accommodate brewers whose primary interest was accessing localized markets (as opposed to the entire system).

Beer products have to meet minimum sales quotas within each store to remain listed in that location, but unlike other retail systems, such as grocery or department stores, there are no category or product managers who choose what products will end up or remain on the shelf. In larger locations of The Beer Store, brewers are only required to sell one 6-pack a month to meet this quota.

Since The Beer Store has been a brewery-owned corporation from inception, it has had to adopt policies that ensure it does not favour any particular brewer in relation to other brewers. To achieve this objective, shelf space and elective marketing opportunities within The Beer Store retail locations are allocated on a market share basis.

While The Beer Store operates under the principle of brewer neutrality exceptions are made to accommodate the needs of smaller brewers. A number of The Beer Store policies have been structured to benefit brewers with less than 25,000 hl of sales.

The Beer Store has lower service fees for small brewers and in the case of shelf space and marketing opportunities, these brewers receive allocations that are larger than their market share would warrant.

Seán Wixted  
Assistant Clerk  
18 March 2010
Alcohol etc. (Scotland) Bill

Alcohol and Gaming Commission of Ontario (AGCO)

Regulation of the Beverage Alcohol Sector in Ontario

AGCO Mandate

Under our governing legislation, the Alcohol and Gaming Commission of Ontario (AGCO), an arm’s-length agency of the government, is tasked with regulating the alcohol and gaming sectors in the public interest, and in accordance with the principles of honesty, integrity and social responsibility.

In terms of the alcohol sector, the AGCO is specifically responsible for:

- Licensing and regulating Ontario’s establishments that sell or serve liquor (on-premise consumption), liquor delivery services, liquor manufacturers, their agents and agents of foreign manufacturers, and ferment-on-premise facilities, as well as administering the Special Occasion Permit program (note: SOPs are required for occasional events such as weddings and receptions where beverage alcohol will be served and/or sold).

- Authorizing manufacturers’ retail stores, which include on-site and off-site winery retail stores, on-site distillery retail stores and brewery retail stores, and Brewers Retail Inc. stores (“The Beer Store”) (note: the Liquor Control Board of Ontario, or LCBO, is responsible for the retail sale of beverage alcohol at Ontario government stores).

- Inspecting and monitoring licensed establishments to ensure compliance with provincial liquor laws.

- Conducting hearings on proposals issued by the Registrar of Alcohol and Gaming (these are mainly proposals to revoke or suspend a licence for breaches of the Liquor Licence Act and its regulations) and conducting appeals on monetary penalties under the Alcohol and Gaming Regulation and Public Protection Act, 1996 for similar breaches.

- Conducting public interest hearings to determine the needs and wishes of the community with respect to new liquor licensed establishments, additions to existing premises or revocation of a liquor license for a premises where the public files objections in response to a public notice advising of the request for a licence or an amendment thereof.
Minimum Pricing

In July 2007, the Ontario government introduced changes to the regulations under the *Liquor Licence Act* that altered the manner by which liquor sales licensees (again, this regards on-premise consumption) may price and promote liquor at their establishments. Specifically, the concept of minimum liquor pricing was introduced, which was intended to provide liquor sales licensees with the ability to offer responsible drink price flexibility, while also strengthening social responsibility by establishing a floor price for liquor sold in licensed establishments.

Under the new guidelines, a standard-sized serving may not be sold or supplied below the minimum purchase price of $2 (including taxes). A “serving of liquor” varies in volume depending on the type of alcohol. A serving of beer, cider, or cooler, for example, is 12 oz. (341 ml). In contrast, the prescribed serving for a spirit is 1oz. (29 ml) and for wine it is 5 oz. (142 ml). At these volumes, licensees must charge no less than a total purchase price of two dollars.

A licensee may offer for sale a serving of liquor that differs in size from those mentioned above, however the minimum price for that serving must increase or decrease in direct proportion to the difference in volume of liquor contained in that serving. In other words, a licensee may serve a beer that is 7 oz. (207 ml), but may not charge a price lower than $1.16 (taxes included). Although this price is lower than the $2 minimum for a prescribed serving, it is directly proportional to the volume of beer being served.

For further information about pricing and promotion of liquor by liquor sales licensees, please refer to the attached Information Bulletin.

Supply of alcohol in off-sale stores

Liquor retail stores owned and operated by liquor manufacturers (licensed under the *Liquor Licence Act*) and The Beer Store which have been authorized by the Registrar of Alcohol and Gaming may offer samples of its products to its patrons. Samplings must be provided and consumed within the retail store, and only products which are eligible to be sold in that store can be offered. Fees do not necessarily need to be charged, but if they are, they must be calculated on a cost recovery basis.

Drinking age

The legal drinking age in a liquor sales licensed establishment in the province of Ontario is 19. Serving people under the age of 19 is an offence under the *Liquor Licence Act*. 
Promotions in off-sales premises

There are no specific restrictions in the *Liquor Licence Act* or its regulations regarding promotions in off-sale premises.

Age verification

Licence holders and their staff are required to ensure that an item of identification is inspected before liquor is sold or served to a person apparently under the age of nineteen years. Valid identification must be current, government-issued and include a photo of the person and the birth date.

As a good rule of thumb, licensees are encouraged, where there is any doubt as to a person’s age, to ask for an acceptable form of identification. However, there is no requirement in the Act or regulations which would require the licence holder to inspect identification from all patrons, without exception.

Social responsibility levy

No such levy exists for on-premise establishments in the province of Ontario.

Kathy Klas  
Director of Sector Liaison Branch  
Alcohol and Gaming Commission of Ontario  
18 March 2010
Effective July 13, 2007, the Alcohol and Gaming Commission of Ontario (AGCO) is pleased to advise that changes have been made to Regulation 719 under the Liquor Licence Act (LLA) and AGCO policy that alter the manner by which liquor sales licensees may price and promote liquor at their establishments. The introduction of minimum liquor pricing is intended to provide liquor sales licensees with the ability to offer responsible drink price flexibility, while also strengthening social responsibility by establishing a floor price for liquor sold in licensed establishments.

The following directives form part of the Liquor Advertising Guidelines for Liquor Sales Licensees and Manufacturers issued by the Registrar of Alcohol and Gaming (the “Registrar”) and provide guidance on defining practices that may tend to encourage the immoderate consumption of liquor.

Liquor sales licensees in Ontario are required to offer, promote, sell, and serve liquor in accordance with these guidelines.

1. A standard-sized drink may not be sold or supplied for less than $2. As outlined in s.20 (3) of Regulation 719 under the Liquor Licence Act, licensees may not offer for sale or supply a serving of liquor for a price below the minimum price of $2, including taxes, whether the liquor is sold separately or as part of a package that includes food. A serving of liquor is defined as follows:
   (a) 341 ml (12oz) of beer, cider or cooler;
   (b) 29 ml (1oz) of spirits;
   (c) 142 ml (5oz) of regular wine;
   (d) 85 ml (3oz) of fortified wine.

2. The minimum price changes depending on the size of the serving of liquor provided to the patron. If a licensee offers for sale a serving of liquor that differs in size from those listed above, the minimum price for that serving shall increase or decrease in direct proportion to the difference in volume of liquor contained in that serving.

For easy reference, the following chart provides some examples of the minimum price for various common sizes in which liquor is served:

<table>
<thead>
<tr>
<th></th>
<th>Beer</th>
<th>284ml (10oz)</th>
<th>455ml (16oz)</th>
<th>568 ml (20oz)</th>
<th>1.71 l (60oz)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Price</td>
<td>Minimum</td>
<td>$1.67</td>
<td>$2.67</td>
<td>$3.33</td>
<td>$10</td>
</tr>
</tbody>
</table>
### Agenda Item 1  
**23 March 2010**

<table>
<thead>
<tr>
<th>Regular Wine</th>
<th>170ml (6oz)</th>
<th>500ml (18oz)</th>
<th>750ml (26oz)</th>
<th>11 (35oz)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Price</td>
<td>$2.40</td>
<td>$7.20</td>
<td>$10.40</td>
<td>$14</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Spirits</th>
<th>14ml (0.5oz)</th>
<th>43ml (1.5oz)</th>
<th>57 ml (2oz)</th>
<th>85ml (3oz)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Price</td>
<td>$1</td>
<td>$3</td>
<td>$4</td>
<td>$6</td>
</tr>
</tbody>
</table>

3. **Responsible drink price flexibility is permitted.** A licensee may vary the purchase price of liquor as long as it remains above the minimum price, whether offered in combination with food, such as ‘wine with dinner’ or ‘beer with wings’, or for a specified time. For example, a licensee may offer a different price for a glass of wine provided with a certain meal on a regular basis, a different price for martinis on a certain day or a different price for domestic beers, house wine and bar shots during a certain period of a day as long as the cost of the liquor itself remains at or above the minimum price.

4. **Revised drink prices must always be posted or provided to patrons.** If there is a temporary change in the price of liquor, served alone or in combination with food, the licensee must post or provide a notice specifying the change and make it visible or available to all patrons attending the premises while the change is in effect to comply with s.53 of Regulation 719.

5. **Liquor prices must be the same for all patrons.** A licensee is required to offer uniform liquor pricing to all patrons. Promotions that target certain segments of the population, such as students or women, are not permitted. A licensee, however, is permitted to offer different liquor prices in separate locations of their establishment. For example, a licensee may offer liquor prices to patrons in a patio area that are different from those offered in an indoor area.

6. **Drink prices may not be based on the purchase of other drinks.** A licensee is not permitted to offer a difference in the price of liquor which is contingent on another purchase of liquor or is offered at regular intervals. For example, promotions such as ‘2 for 1 drinks’, ‘2nd drink is ½ off’ or ‘every 3rd drink is $2’ are prohibited under all circumstances.

7. **Prices and promotions may be advertised outside of the establishment.** A licensee may advertise or post liquor prices and promotions outside of the licensed premises. For example, postings on a ‘sandwich board’ may include such items as time periods prices are in effect, food included in a promotion, brands and generic categories like "domestic beers", "margaritas" or "a glass of our finest wine".

8. **The posting and advertising of prices and promotions must be responsible in nature.** A licensee is not permitted to advertise or post liquor prices and promotions, inside or outside of the licensed premises, in a manner that may promote immoderate consumption. For example, the use of the terms “Happy Hour” or “Cheap Drinks”, or something similar, is prohibited.

9. **Patrons may not be given free drinks.** A licensee and the employees of a licensee are prohibited by s.20 (2) of Regulation 719 from supplying liquor to a patron free of charge under any circumstances unless otherwise permitted by regulation.
While these directives provide guidance on certain responsible practices, other practices that generally promote immoderate consumption, including the over-service of patrons and permitting contests, challenges and events requiring or encouraging the consumption of liquor, are not permitted and may lead to administrative discipline.

It is also important to note that liquor sales licensees remain under general obligations not to serve intoxicated individuals and/or permit drunkenness in their establishments and must continue to operate in accordance with the other provisions of the Liquor Advertising Guidelines for Liquor Sales Licensees and Manufacturers, as well as all other applicable regulations and laws. Updated electronic versions of the LLA and its regulations, as well as the Liquor Advertising Guidelines for Liquor Sales Licensees and Manufacturers, are available online through the AGCO website at www.agco.on.ca.

For further inquiries about Ontario’s liquor licensing framework, including any of the recent changes, please contact AGCO Customer Service at (416) 326-8700 or toll free in Ontario at 1-800-522-2876, and visit the AGCO website on a regular basis.
Alcohol etc. (Scotland) Bill

Liquor Control Board of Ontario

The Liquor Control Board of Ontario (LCBO) is an operational enterprise agency of the Province of Ontario established and operating under the authority of the Liquor Control Act (R.S.O. 1990, c. L. 18) and reporting to the Ministry of Finance.

The business operations and policies of the LCBO are guided by the agency’s Board of Directors, which is given broad powers by the Liquor Control Act. The Board of Directors consists of up to 11 members, with one member designated as Chair. Board members are appointed by Lieutenant-Governor through orders-in-council, on the recommendation of the Premier and the Minister of Finance. Members, whose terms are typically two or three years, bring their expertise and experience from a variety of backgrounds in business and social policy worlds to the Board.

The LCBO is the single largest retailer of beverage alcohol in Ontario, with sales (net of tax revenues) of $4.3 billion in fiscal 2008-09, and has a marketplace exclusive on the sale of distilled spirits and imported wine. The LCBO shares the Ontario retail marketplace with private sector sellers of beer and domestic wine.

The LCBO operates over 600 retail outlets and authorizes 216 private retailers to operate as its agents in smaller communities. In addition to these LCBO stores there are approximately 440 The Beer Store outlets, 429 domestic winery retail stores, 39 on-site brewery stores, 3 on-site distillery stores, 10 land border point duty free and 4 airport duty free stores in operation. When other legal sales channels (such as homemade and u-vint or u-brew, businesses which assist their customers in making wine or beer for personal consumption) and illegal sales are included, the Ontario beverage alcohol marketplace is over $9 billion (gross) with the LCBO’s share slightly over 50%.

The LCBO is the exclusive importer of beverage alcohol into the Ontario marketplace under authority provided under the federal Importation of Intoxicating Liquors Act (R.S., 1985, c. I-3). In addition to controlling the importation of goods into this marketplace, the LCBO reviews beverage alcohol products for safety and quality as well as regulatory compliance such as product information required on labels.

The LCBO is understood to be one of the largest purchasers and retailers of beverage alcohol in the world.
Social Reference Prices for Beverage Alcohol

Over 40 years of research has established that there is a clear association between the cost of beverage alcohol and consumption. Consumption increases when the price of beverage alcohol decreases. In order to discourage deep price discounting which could increase problematic consumption among those most vulnerable and among the general population, the LCBO has long-established social reference prices (minimum prices) for all categories of beverage alcohol products sold in Ontario.

Social reference prices vary by product type, product category and package size; some of the differences are outlined below. Social reference prices are set by the Board of Directors of the LCBO under the agency’s statutory power to establish such prices that apply to all retailers in the province (excepting duty free outlets) including those which are privately owned and operated (The Beer Store; LCBO agency stores; winery, brewery and distillery manufacturer’s stores) and are adjusted from time-to-time to help ensure that minimum prices keep pace with inflation. The Liquor Control Act also requires that all retailers sell the same product at the same price.

To support social responsibility and to formalize a process for regular adjustments to social reference prices, the Honourable Dwight Duncan, Minister of Finance announced the government’s intention to index those prices annually based on a three-year moving average of the Ontario consumer price index in “Ontario’s Tax Plan for Jobs and Growth” released on November 16, 2009. The Minister’s announcement identified that such indexing would commence by 2011.

In March of this year, the Chair of the LCBO, Mr. Philip Olsson, wrote to the Minister supporting the Minister’s decision to index social reference prices and expressing the Board’s view that, for the reasons listed below, the setting and indexing of social reference prices should be done through Provincial regulation.

- Indexing by regulation will make changes transparent and predictable; beverage alcohol manufacturers will be able to plan for changes and the need for periodic reconsideration of these prices will be eliminated as they will automatically keep pace with inflation.

- Since other retailers of beverage alcohol in the province must abide by social reference prices, indexing through regulation removes the appearance that social reference price policy is, in any way, affected by commercial competition between retailers.

As noted, social reference prices vary by product type and package size. Standardized spirits have a social reference price distinct from that applicable to liqueurs and also different from the rate that applies to low alcohol spirits. The social reference price for beer varies by alcohol content by volume, for the most
part following the categorization of beer common names set out in the regulation under the Canadian Food & Drugs Act. Coolers have the same social reference price as do beers. Wine and fortified wine have a minimum wholesale price which, when the applicable mark-ups, levies and taxes are applied, produces a retail social reference price.

Social reference prices are set with regard to factors such as: the alcohol content of the product, the intended consumer and purchase price for a single unit (or most commonly purchased package size), ease of consumption and the history of types of products in the marketplace.

Current Social Reference Prices for Selected Products (March 2010)

(all minimum prices listed below include the refundable 10-cent or 20-cent per individual container deposit)

**Beer:**

- 24 (refillable) bottles, 341 ml each, 5.1% alcohol by volume: $28.00 (£18.15)
- 6 (non-refillable) cans, 473 ml each, 5.1% alcohol by volume: $10.10 (£6.55)
- 1 (non-refillable) can, 500 ml, 10% alcohol by volume: $3.15 (£2.05)

**Spirits:**

- 1, 750 ml, standard spirit (e.g. gin, vodka, whisky): $22.65 (£14.68)
- 1, 750 ml, liqueur: $15.30 (£9.92)

**Wine:**

- 1, 750 ml, table wine (non US Import): $5.95 (£3.85)

Patrick Ford
Senior Director for Policy & Government Relations
Liquor Control Board of Ontario
17 March 2010
Thank you for the invitation to provide a written submission in regard to your recently introduced Alcohol etc. (Scotland) Bill. I am pleased to provide you with information on social reference pricing from the perspective of the Alberta Gaming and Liquor Commission (AGLC), on behalf of our CEO, Gerry McLeman.

AGLC does not have minimum prices for our off-premises licensees (retail stores, off-sales, delivery services), however we have a minimum drink price policy which currently only applies to licensees with on-premises consumption. The policies are listed in the Liquor Licensee Handbook which is available online at: http://www.aglc.ca/pdf/handbooks/liquor_licensee_handbook.pdf

Minimum drink prices are rules designed to make Alberta's drinking establishments safer for staff and patrons. These rules eliminate cheap drink specials, regulate the duration of 'happy hours' and limit last-call drink orders in licensed premises. These rules are not meant to interfere with responsible patrons - they are designed to limit the liquor consumption of those drinkers who don't wish to set their own limits.

Beginning 1 August 2008, the following minimum drink prices were enacted:

- **Spirits and Liqueurs**  Minimum Price: $2.75 per 1 oz. or portion thereof
- **Wine**  Minimum Price: $0.35/oz. ($1.75/5 oz. glass)
- **Draught beer**  Minimum Price: $0.16/oz. ($3.20/20 oz. pint)
- **Beer, cider or coolers**  Minimum Price: $2.75/12 oz. bottle or can

In addition to the minimum drink prices, during happy hours, licensees may reduce the regular menu price of drinks, but after 8 p.m. drinks can not be sold for less than the regular menu price. At no time, even during happy hours, can a drink be sold for less than the new minimum price.

AGLC has also set a limit to the maximum number and size of drinks that may be sold or served after 1 a.m. to a patron. The limit is two standard servings per order - one standard serving is one ounce per highball or one bottle or can of beer. Also, after 1 a.m., a patron can't have more than two drinks in their possession.

In regard to wholesale pricing, the AGLC calculates a wholesale price using the supplier's price then adding federal customs and excise taxes and duties, a recycling fee, a container deposit and the provincial mark-up. Mark-up rates depend on product type and alcohol percentage. They are assigned according to an approved rate schedule that is established by policy and reviewed regularly.
The AGLC views pricing as a strategy to reduce alcohol related harm, over-consumption and violence in and around bars, as a blunt measure. En tackling the issue, the Commission has adopted a broader approach that includes social marketing, public education and awareness campaigns, industry staff training for serving staff and security personnel, collaborative partnerships such as the Alberta Safer Bars Council and Barwatch, enhanced licensing requirements and enforcement, and provincial level harm reduction and minimization strategies.

I hope that this information that is useful to you. If I can be of further assistance, please don’t hesitate to contact me.

Kent Verlik
Executive Director, Social Responsibility
Alberta Gaming and Liquor Commission (AGLC)
19 January 2010
Thank you for the invitation to make a submission to this important enquiry. I am strongly supportive of the minimum pricing elements of this Bill and believe that it's introduction would make a significant contribution towards reducing the serious and growing problems of alcohol misuse in Scotland. I will restrict my comments to the pricing and taxation elements within the Bill. I have been engaged in public health research concerning the burden of harm from alcohol and evaluations of policy and prevention initiatives for over two decades, firstly in Australia and more recently in Canada - with a particular focus on pricing and taxation strategies (see more about my background below). There are examples of both good and bad practice to be found in these countries which Scotland can learn from.

The background document makes a strong case for minimum pricing and in many important respects accurately identifies the state of knowledge based on empirical research. In particular, I concur that the following key points are well supported by available evidence and offer additional supporting information in relation to these:

1. **The range of problems associated with alcohol misuse which need to be addressed are substantial and wide-ranging.** Alcohol use and misuse contributes substantially to chronic disease, trauma, birth defects, violence, crime and other social problems (Rehm et al, 2009). These problems clearly extent beyond the individual drinker to other family and community members who can be affected by intoxicated behaviour and related costs.

2. **The underlying patterns of drinking which increase risk are prevalent.** The great bulk of alcohol consumed in developed economies is drunk in a way which places the drinker's health and safety at risk as assessed by national low risk drinking guidelines. Analyses of both Canadian and Australian drinking surveys (which substantially underreport actual consumption) show that at least two thirds of all units of alcohol reported consumed by respondents in a recent period had been drunk in excess of low risk guidelines (Stockwell et al, 2008; Stockwell et al, 2009). For teenagers and young adults this proportion rises to approximately 90%. NB Per capita consumption of these two countries is lower than that of Scotland.

3. **There are strong and significant links between the level of alcohol consumption and rates of alcohol-related harms,** both among individuals and whole populations. Given the high proportion of alcohol
that is consumed in a hazardous fashion (see above) this should not be surprising.

4. The great majority of drinkers, even "alcoholics" and heavy consumers, are price sensitive. In addition to the important Wagenaar et al (2009) systematic review, one published in an economics journal from more of a business than a public health orientation (Gallet, 2007) identified 132 studies published between 1945-2003 resulting in the overall estimate that a 10% increase in price leads to an average of a 5% decrease in consumption. Wagenaar et al (2009) also found that "alcoholics" and heavy drinkers to be price sensitive, but possibly to a slightly lesser degree though the evidence is conflicting on this point.

5. Strong, significant and direct links have been found between the price of alcohol and levels of alcohol-related harms e.g. Rates of alcohol-dependence (Farrell et al, 2003; Cook et al, 2002), liver cirrhosis and road trauma (Babor et al, 2003), youth suicide (Markowitz et al, 2003), domestic violence (Markowitz and Grossman, 2000; Markowitz, 2000), industrial accidents (Ohsfeldt & Morrissey, 1997) alcohol-related illnesses and injuries (Chaloupka et al, 2002; Chikritzhs et al, 2005), sexually transmitted diseases (Sen and Luong, 2008) and unwanted pregnancies (Sen, 2003).

6. Alcohol pricing strategies do not punish the many for the sins of the few. The many people who on average drink within low risk drinking guidelines would be minimally affected - especially if the target is minimum prices (Cook, 2008). In addition, effective pricing strategies deliver many economic and health benefits to the whole population including more revenue for schools and hospitals (if raised through taxation), safer streets and communities. Importantly, because the price elasticity of alcohol is in the region of -0.5, increases in price (whether medium or minimum) almost invariably generate more taxation revenue despite reducing consumption.

7. Minimum pricing strategies target hazardous patterns of drinking. A recent analysis of national US drinking and purchasing patterns (Kerr and Greenfield, 2007) found the heaviest 10% of drinkers by volume reported spending $0.79 per drink compared to $4.75 per drink spent by the bottom 50% of drinkers). Estimated benefits from introducing different minimum prices in the UK in the Univer sity of Sheffield report (Meier et al, 2009) are quite conservative.

8. Negative impacts on lower income groups can be offset. It is often feared that raising the price of alcohol might further disadvantage those who are already poor and who happen to drink at a problematic level. As the background policy paper notes, alcohol-related deaths are disproportionately found among lower socio-economic groups. It would
seem then that not to introduce evidence based policies for all groups would actually help maintain present health disparities. There are also other ways to potentially offset some possibly regressive effects of targeted price increases of alcohol. In Australia, Brady (1998) has provided some examples of alternative welfare payment arrangements which ensure these are used for essentials such as food and clothing in Aboriginal communities. In Canada, residential hostels have been established in some cities for homeless alcoholics in which alcohol is provided free of charge in a controlled manner. Evaluations of these programs indicate improved health and social functioning and reductions in actual alcohol consumption (e.g. Podymow et al, 2006).

Considerations regarding optimal implementation of alcohol pricing

A commendable feature of the proposed Bill is that commercial vested interest groups (i.e. alcohol manufacturers and retailers) are not involved in the process of establishing minimum prices since the purpose of the measure is the improvement of public health not commercial profit. The single formula is excellent in the sense that it is based purely on ethanol content – the only active ingredient which poses risks to public health and safety. However, from the experience of observing alcohol regulatory and pricing practices elsewhere, two aspects of the proposals (listed below) would in my opinion diminish it’s effectiveness from a public health point of view. I strongly suspect in both cases these represent political compromises to accommodate concerns of the Scottish spirit manufacturers.

**Failure to link rates to the cost of living**

This would be a great mistake and would almost certainly render the effectiveness of the measure temporary. One only has to look at the decline of alcohol taxes in many US states over the past 50 years (e.g. rates of "a penny a gallon" on beer" can still be found) on the one hand and consider the political difficulty of getting parliamentary agreement to adjust rates on a regular basis on the other to appreciate this. The background policy document eloquently identifies a strong connection between the affordability of alcohol and rates of harm. Failure to link rates to the cost of living (e.g. via CPI) will ensure whatever legislation is introduced becomes increasingly irrelevant in future years as the affordability of cheap alcohol increases. The political momentum to take on public opinion and commercial vested interest groups to make such a change on a regular basis is not likely to be forthcoming. A case in point is the situation with Canadian alcohol excise taxes. Until 1987 rates of excise on all alcoholic products were expressed as dollar rates for given volumes of pure ethanol and adjusted annually with the cost of living. Thereafter, indexation was voted against on similar grounds to that expressed in the policy paper ie the need for flexibility to adjust rates according to the wishes of Parliament. In practice excise rates in Canada have been adjusted twice in the following two decades, each time only to compensate for changes to the Goods and Services Tax ie technical reasons.
only and not those of public health. As a result, the value of excise tax has dropped by approximately 35% in real terms rendering alcohol more affordable - very likely one of the contributing factors to the 14.5% increase in per capita alcohol consumption in Canada over the past decade.

I therefore urge those considering this Bill and supporting its intent to not blunt its future effectiveness by insisting there is no indexation. There is absolutely no practical difficulty in adjusting rates on an annual basis. The Australian federal government, for example, adjusts excise rates on petrol, tobacco and alcohol on a quarterly basis in line with CPI. This is quite routine and invites no adverse comments - unlike the response to occasional ad hoc increases which would otherwise be required. This is also very likely the reason why Australia has had a flat level of per capita alcohol consumption in the past decade since this policy was introduced compared with increases in UK and Canada.

I attach as an appendix a summary of changes to minimum prices made by the BC Liquor Distribution Branch which shows that only spirits have been regularly adjusted while wine, beer, alcopops ('coolers) and cider have rarely been adjusted. The Quebec alcohol monopoly, by contrast, makes routine annual adjustments to minimum prices of different beverages to keep pace with rises in the cost of living sold in liquor stores.

**Failure to consider percentage alcohol content as well as alcohol volume in the model**

There is negative comment on what the Liquor Control Board of Ontario refers to as "social reference prices" - though this is really just another term for minimum prices. The objection is that different rates are set in this Canadian jurisdiction for different strengths of alcoholic beverage - both within and across beverage types - and it is thought this would disadvantage some manufacturers, presumably distillers or brewers of stronger beers. There is a growing consensus in the alcohol and public health community, however, that a tiered approach to ethanol pricing based both on absolute volume of pure ethanol in a drink and its actual strength is optimal. As proposed recently in a briefing paper prepared for the BC government by the Centre for Addictions Research of BC (Thomas et al, 2009 – www.carbc.ca ) this need not involve changes to revenue collected on beers versus wines versus spirits. In most markets the prices of these main beverage types already reflect a relationship between percentage alcohol content and price - beers typically being cheaper than wine and wine cheaper than spirits per unit of alcohol. What is important and still possible, however, is to emulate the price incentives created in Australia to select lower alcohol content varieties within beverage types such as beer or alcopops. Currently, beer excise taxes in Australia are set in three clear bands. These and, historically, tax incentives provided by the Australian states have created a vibrant market for beers with a strength below 3.8% alcohol by volume. In the late 1980s such drinks had almost zero market share but, with these incentives, became close to 40% of the Australian beer market by value a decade later (Stockwell and Crosbie, 2001).
Rather than encouraging greater consumption of beer to maintain the same blood-alcohol level, research has shown that similar volumes of beer are consumed whether it is 3% or 7% strength though, of course, blood alcohol concentrations end up being quite different (Geller et al, 1991). Furthermore, a number of studies conducted in different countries have found that beer drinkers in blind tests cannot reliably identify stronger versus weaker types of beer (e.g. Segal and Stockwell, 2009). There is also other empirical research suggesting public health benefits from encouraging the manufacture, promotion and consumption of lower alcohol content varieties of a particular beverage type (e.g. Gruenewald et al, 1999; Stockwell et al, 1998). Again such incentives can be created within beverage types and do not need to unfairly advantage or disadvantage one major manufacturing group over another.

It is also important that mechanisms are found for setting higher minimum prices for on-premise consumption ie in bars, restaurants, clubs etc. A total of 8/10 Canadian provinces set minimum bar prices – see Appendix 2. There is a large body of evidence linking public order problems with cheap drinks sold in bars and clubs which can be provided if required.

Recommendations

1. The Bill be broadly supported as a targeted and evidence-based measure for limiting alcohol-related harm in Scotland - but with amendments to improve its public health effectiveness and maintain this in future years.
2. The formula for calculating minimum price be amended to further advantage lower alcohol content varieties of the same beverage type (eg 4% versus 8% alcopops or beers) recognising the greater abuse potential of stronger varieties. Tiered rates based on both volume of pure ethanol and percentage alcohol content in a drink are created but in a fashion that maintains present relativities in average prices and taxation revenue across beverage types so as not to unfairly advantage or disadvantage any sector of the alcohol industry.
3. Minimum prices be explicitly linked to the cost of living so that they remain an effective instrument to maintain public health in future years. Adjustments would ideally be made quarterly following the Australian excise tax example or at least annually following practice some Canadian jurisdictions.
4. Minimum prices are established for

My Background

My background experience involves more than three decades of research and clinical practice providing services to people with alcohol and other substance use problems in the UK, prevention and policy development and evaluation in Australia and Canada. Senior positions in the field include:
• Principal Clinical Psychologist for alcohol and drug services, Exeter Health Authority, UK and chair of the Exeter Community Alcohol Team (1986-1988)
• Deputy director and subsequently director of the National Centre for Research into the Prevention of Drug Abuse, Australia (1988-1996)
• Director of the National Drug Research Institute, Curtin University, Perth, Australia (1996-2004)
• Director of the Centre for Addictions Research of British Columbia, University of Victoria, BC, Canada (2004-present).

I've also published more than 160 peer-reviewed journal articles and over 75 book chapters, technical reports, discussion papers and books on the treatment, prevention and assessment of substance use and related problems. I've done consulting work for several national governments as well as the United Nations and World Health Organization.

Professor Tim Stockwell
Director
Centre for Addictions Research of British Columbia
13 January 2010

Links to online versions of two documents submitted with the above written evidence:

1. Alcohol Pricing, Public Health and the HST: Proposed Incentives for BC Drinkers to Make Healthy Choices:

   http://carbc.ca/portals/0/resources/AlcPricing&HST.pdf

2. Alcohol Pricing and Public Health in Canada: Issues and Opportunities:

   http://carbc.ca/portals/0/resources/AlcPricingFeb06.pdf
References


Appendix 1: History of BC Liquor Distribution Branch Minimum Prices per Litre including PST and GST for all liquor stores (dates of changes in boldface)

<table>
<thead>
<tr>
<th>Category by Package Size</th>
<th>Apr 89</th>
<th>Aug 90</th>
<th>Jan 92</th>
<th>Apr 93</th>
<th>Oct 98</th>
<th>Nov 99</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spirits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;= 750 ml</td>
<td>$20.00</td>
<td>$21.00</td>
<td>$22.05</td>
<td>$23.85</td>
<td>$25.00</td>
<td>$25.91</td>
</tr>
<tr>
<td>&gt; 750 ml</td>
<td>$18.00</td>
<td>$18.90</td>
<td>$19.85</td>
<td>$23.85</td>
<td>$25.00</td>
<td>$25.91</td>
</tr>
<tr>
<td>Liqueurs</td>
<td>$13.50</td>
<td>$14.18</td>
<td>$14.89</td>
<td>$16.15</td>
<td>$16.15</td>
<td>$16.15</td>
</tr>
<tr>
<td>Wine</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt; 1.5 L</td>
<td>$6.00</td>
<td>$6.30</td>
<td>$6.60</td>
<td>$7.20</td>
<td>$7.20</td>
<td>$7.20</td>
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<tr>
<td>&gt; 1.5 L &lt; 10 L</td>
<td>$5.35</td>
<td>$5.62</td>
<td>$5.90</td>
<td>$6.45</td>
<td>$7.20</td>
<td>$7.20</td>
</tr>
<tr>
<td>&gt;= 10 L</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Packaged Coolers/Cider</td>
<td>$2.60</td>
<td>$2.73</td>
<td>$2.87</td>
<td>$3.00</td>
<td>$3.00</td>
<td>$3.00</td>
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<tr>
<td>Draft Cider</td>
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<td>n/a</td>
<td>$2.70</td>
<td>$2.45</td>
<td>$2.45</td>
<td>$2.45</td>
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<tr>
<td>Packaged Beer</td>
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<td>n/a</td>
<td>n/a</td>
<td>$3.00</td>
<td>$3.00</td>
<td>$3.00</td>
</tr>
<tr>
<td>Draft Beer</td>
<td>$1.70</td>
<td>$1.70</td>
<td>$1.87</td>
<td>$2.05</td>
<td>$2.05</td>
<td>$2.05</td>
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Continued...

<table>
<thead>
<tr>
<th>Category by Package Size</th>
<th>Aug 04</th>
<th>May 06</th>
<th>Sept 06</th>
<th>Jan 08</th>
<th>Apr 09</th>
</tr>
</thead>
<tbody>
<tr>
<td>Spirits</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;= 750 ml</td>
<td>$27.00</td>
<td>$27.00</td>
<td>$28.33</td>
<td>$29.33</td>
<td>$30.66</td>
</tr>
<tr>
<td>&gt; 750 ml</td>
<td>$27.00</td>
<td>$27.00</td>
<td>$28.33</td>
<td>$29.33</td>
<td>$30.66</td>
</tr>
<tr>
<td>Liqueurs</td>
<td>$16.15</td>
<td>$16.15</td>
<td>$16.15</td>
<td>$16.15</td>
<td>$16.15</td>
</tr>
<tr>
<td>Wine</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt; 1.5 L</td>
<td>$7.20</td>
<td>$7.20</td>
<td>$7.20</td>
<td>$7.20</td>
<td>$7.20</td>
</tr>
<tr>
<td>&gt; 1.5 L &lt; 10 L</td>
<td>$7.20</td>
<td>$7.20</td>
<td>$7.20</td>
<td>$7.20</td>
<td>$7.20</td>
</tr>
<tr>
<td>&gt;= 10 L</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Packaged Coolers/Cider</td>
<td>$3.00</td>
<td>$3.00</td>
<td>$3.00</td>
<td>$3.00</td>
<td>$3.00</td>
</tr>
<tr>
<td>Draft Cider</td>
<td>$2.45</td>
<td>$2.45</td>
<td>$2.45</td>
<td>$2.45</td>
<td>$2.45</td>
</tr>
<tr>
<td>Packaged Beer</td>
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<td>$3.47</td>
<td>$3.47</td>
<td>$3.54</td>
<td>$3.54</td>
</tr>
<tr>
<td>Draft Beer</td>
<td>$2.05</td>
<td>$2.18</td>
<td>$2.18</td>
<td>$2.22</td>
<td>$2.22</td>
</tr>
</tbody>
</table>
Appendix 2: Minimum drinks prices in Canadian jurisdictions for bars, restaurants and clubs

Ontario:
- Alcohol cannot be sold for less than $2.00, including taxes

Manitoba:
- Alcohol cannot be sold for less than $2.25, including taxes

Alberta:
- $2.75 for 12 oz of beer or spirits
- $0.16 per oz of beer
- $1.75 per 5 oz of wine ($0.35 per oz)

Nova Scotia:
- No less than $2.50 per standard serving, including taxes

Newfoundland/Labrador:
- Alcohol cannot be sold for less than $1.65 per standard serving, including taxes

Saskatchewan:
- $2.25 for spirits, canned and bottled beer
- $0.16 per oz for draught beer
- $0.35 per oz for wine

New Brunswick:
- $0.11 per oz for draught beer
- $0.125 per oz for bottled beer
- $0.375 per oz for wine
- $1.50 per oz for spirits

Prince Edward Island:
- $2.95 for 12 oz of beer, including taxes
- $1.50 for 8 oz of draught beer, including taxes
- $3.55 for 5 oz of wine, including taxes
- $2.35 per oz of spirits, including taxes
- $3.55 for 12 oz of cooler, including taxes

Note: While Quebec currently has no minimum pricing law, a minimum of $2.50 for a standard drink was being contemplated by the province as of January 2009.
Alcohol etc. (Scotland) Bill
Centre for Addictions Research of British Columbia

The Ontario government is proposing to index alcohol tax rates in response to the national alcohol strategy document "Towards a Culture of Moderation".

See below.

Professor Tim Stockwell
Director
Centre for Addictions Research of British Columbia
13 January 2010

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**ENHANCING THE INTEGRITY OF THE TAX SYSTEM**

The 2009 Budget proposed to make adjustments to current alcohol fees, levies and charges and retain a sales tax on private transfers of used vehicles.

**REPLACING ALCOHOL FEES**

The proposed Ontario Tax Plan for More Jobs and Growth Act, 2009 will replace certain alcohol charges with taxes to enhance their operational structure and legislative clarity; these measures will take effect on July 1, 2010.

The proposed rates shown in Table 6 will be set to achieve the following policy objectives:

- first, to maintain the revenue that will be lost in lowering the 12 per cent and 10 per cent RST rates on alcohol to the Ontario HST rate of eight per cent and to maintain the revenue currently derived from the fees and charges on alcohol products;

- second, to mirror the current system as closely as possible and to minimize any shifts in revenue from one segment of the market to another;

- third, to generate no net new revenue for the Province and to minimize any changes to consumer prices; and

- fourth, to create a structure that will continue to promote social responsibility.
Proposed Alcohol Rates

<table>
<thead>
<tr>
<th>Commodity</th>
<th>Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Draft Beer Basic Tax</td>
<td>69.75¢/litre</td>
</tr>
<tr>
<td>Draft Beer Basic Tax</td>
<td>54.75¢/litre</td>
</tr>
<tr>
<td>Non-Draft Beer Basic Tax (Manufactured by a Microbrewer(^\text{1}))</td>
<td>19.76¢/litre</td>
</tr>
<tr>
<td>Draft Beer Basic Tax (Manufactured by a Microbrewer(^\text{1}))</td>
<td>18.26¢/litre</td>
</tr>
<tr>
<td>Beer Volume Tax</td>
<td>17.6¢/litre</td>
</tr>
<tr>
<td>Beer and Wine Environmental Tax</td>
<td>8.93¢ per non-refillable container</td>
</tr>
<tr>
<td>Basic Tax on Beer Made at a Brew Pub</td>
<td>20.90¢/litre</td>
</tr>
<tr>
<td>Ontario Wine and Wine Cooler Basic Tax</td>
<td>6.1%</td>
</tr>
<tr>
<td>Wine Volume Tax</td>
<td>29¢/litre</td>
</tr>
<tr>
<td>Wine Cooler Volume Tax</td>
<td>28¢/litre</td>
</tr>
</tbody>
</table>

\(^{1}\) A microbrewer will be defined as a manufacturer of beer whose annual worldwide production of beer is 50,000 hectolitres or less.

The proposed changes will ensure a level playing field across all distribution channels as follows:

- first, the new rates will apply to retail channels outside the Liquor Control Board of Ontario (LCBO); and
- second, the mark-ups that apply to purchases in the LCBO will be adjusted to achieve the same effect as the new rates.

In addition, the new wine rates will apply to the purchase of wine from winery retail stores to offset the proposed reduction in the sales tax rate.

“Two key strategies for controlling alcohol-related health and social problems involve pricing alcohol at levels that discourage heavy (high-risk) consumption, and maintain the real value of prices relative to inflation over time. As such, "Towards a Culture of Moderation" calls for all provinces in Canada to adopt minimum retail social-reference prices (so-called minimum prices) for alcohol, and index these prices, at least annually, to the Consumer Price Index (CPI).”

*MADD Canada, Letter to the Editor, The Globe and Mail, December 23, 2008*

Complementary changes to maintain social responsibility will also be introduced. Specifically, the spirits, wine and beer floor prices will be indexed annually based on a three-year average of the Ontario Consumer Price Index (CPI). The proposed legislation also includes provisions that will index the beer basic rate.
### Support for Ontario's Wine and Grape Strategy

As announced on October 13, 2009, the McGuinty government is proposing a plan to build on the success of the Ontario grape and wine industry. Central to this strategy is the continued growth of Vintners Quality Alliance (VQA) wines made from 100 per cent Ontario grapes. To support VQA, the Province will implement a comprehensive plan that will include a VQA support program, marketing initiatives and transition programs. These programs will be financed by levying an additional 10 percentage points on cellared in Canada (CIC) wines sold in winery retail stores. It is expected that this higher rate will generate approximately $12 million a year in additional revenue that will go to support Ontario’s strategy for VQA wines and grapes in Ontario.

Further details on the funding for these initiatives will be announced by the Minister of Consumer Services.

### Support for Microbrewers

Currently, Ontario provides a graduated beer fee structure for microbrewers. These lower rates help support the development and growth of microbrewers in the province. As a result of the proposed changes, the existing graduated rate structure will be replaced.

A single reduced basic tax rate will apply to purchases of microbrewery products made by beer manufacturers whose annual worldwide production of beer is 50,000 hectolitres or less. This lower rate will help ensure that existing Ontario microbrewers continue to benefit from the same level of support as they do now.

To support Ontario microbrewers as they grow and create jobs, the government is proposing to introduce legislation next spring that will provide a refundable corporate tax credit for growing microbrewers, effective July 1, 2010.

---

<table>
<thead>
<tr>
<th>Proposed Alcohol/Revenue Changes</th>
<th>2010–11</th>
<th>2011–12</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reduced RST on Alcohol</td>
<td>(220)</td>
<td>(310)</td>
</tr>
<tr>
<td>Existing Alcohol Fee Revenue</td>
<td>(345)</td>
<td>(460)</td>
</tr>
<tr>
<td>Alcohol Legislative Changes</td>
<td>565</td>
<td>770</td>
</tr>
<tr>
<td>Refundable Corporate Tax Credit for Growing Microbrewers</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Net Change in Alcohol Revenue</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

**Note:**
1 Reported as part of liquor licence revenue.
For purposes of the tax credit, a qualifying microbrewer will be a corporation that is a manufacturer of beer with a permanent establishment in Ontario and whose total annual worldwide production of beer exceeds 50,000 hectolitres but does not exceed 150,000 hectolitres.

A maximum tax credit of up to $2,499,500 on eligible non-draft beer sales or a maximum tax credit of up to $1,824,500 on eligible draft beer sales will be available to qualifying microbrewers on sales over 50,000 hectolitres and up to, and including, 75,000 hectolitres. The tax credit will be proportionately reduced when sales exceed 75,000 hectolitres and fully eliminated when sales exceed 150,000 hectolitres. This proposed tax support will replace current program support for growing microbrewers.

On September 26, 2008, the McGuinty government announced a new four-year Ontario Craft Brewers Opportunity Fund (OCBOF). The OCBOF provides $1.8 million annually to be distributed among eligible Ontario craft beer manufacturers and $200,000 to the Ontario Craft Brewers organization to support the continued growth and development of craft beer manufacturers in Ontario. To date, approximately $4 million has been provided under this program.
Molson Coors welcomes the work of the Scottish government in addressing the issue of harmful alcohol consumption. We are pleased to have been able to contribute to the process of reviewing various policy recommendations that target alcohol harm without punishing the responsible consumer. Keeping in mind that there is no one quick fix for addressing alcohol harm, Molson Coors remains committed to keep working together with the Scottish government and others to make sure that the irresponsible alcohol consumption is addressed. We believe that reducing alcohol abuse is a desirable and achievable goal. We need efficient policies to target alcohol harm without punishing the responsible consumer.

We recognize that some of the key questions you have asked are being addressed by the Portman Group, an industry body. However, below, we lay out some Molson Coors’ responses to the draft bill.

Alcohol abuse is a complex issue which ultimately requires fundamental cultural change. This is not an area for which there is a “quick fix” and we believe we need to build respect for alcohol in a variety of ways, including education, policy measures and ensuring alcohol is reasonably priced. Acknowledging the difficulty in satisfying all parties when dealing with alcohol issues, Molson Coors (UK) has a few minor suggestions as well as some questions of clarification concerning the following details in the report:

1. Our Canadian experience with the system of minimum pricing, has shown us that minimum pricing might provide part of the solution to the issue in Scotland. We would, of course, be willing to put our Canadian experience and contacts at your disposal to discuss how these details were worked out in Canada, and see if they would work in Scotland.

2. In assessing whether minimum pricing may be the correct solution for Scotland, we believe the following challenges will need to be considered:
   a. How to appropriately determine the optimal level for the minimum price
   b. How minimum pricing would be implemented and enforced in Scotland, particularly bearing in mind challenges regarding border control. What would be the impact on England and Wales?
   c. The European regulatory regime – whether this is permissible under competition law, whether there are other measures available which may be preferable
   d. What other effects might minimum pricing have?

For instance, some of our questions below look at how we can address poor behaviour without affecting responsible retailing? Would we have to set two levels of minimum price; a base line and a responsible line? What would be the repercussions of this? (sec. 2, 6B (1)).
3. Concerning promotional pricing, Molson Coors believes that added value mechanics should not be included in the calculations of the total value of component packages. For instance, if a free glass is offered as a purchase incentive, (also enhancing the enjoyment of the product), it would not induce irresponsible drinking the same way as offering free alcohol would. This would the enable the different companies to compete on brand and quality, rather than on price or alcoholic content.

4. On the issue of where stock is sold, we find that the Bill should allow for differentiating between responsible, standard promotional practices - for instance out-of-aisle selling of a single 450ml bottle of Grolsch at £2.00, does not feel irresponsible, but would be caught by the regulation, compared selling boxes (pallets) of 15, 300ml beer bottles for £5 – which should be caught.

5. We do, however, see a prominent place for education in a suite of policies addressing alcohol harm. If communication is limited to one specific aisle, then one only has the opportunity to interact with a proportion of shoppers. If we agree that education is a key driver for cultural change, where could we educate outside the aisle?

6. Furthermore, we recommend setting up an industry-wide voluntary code which bans advertisements that make a virtue of price, in the same way we can not make a virtue of ABV. This voluntary code would then focus any advertisement on the products' qualities and brand and would prevent alcohol being used as a “loss leader”.

Our objective as a family brewer is to ensure that beer is enjoyed responsibly – and not bought on the basis of price, but on the basis of brand and taste, which may be a key way to reduce harm.

As a global company, Molson Coors has experience across the world with various policies, and we look forward to working together with government, the health community and the local community to find the best possible solutions for Scotland.

If you require further information or clarification, please do not hesitate to contact me.

Scott Wilson
Director of Communications,
Molson Coors Brewing Company (UK) Ltd
18 January 2010