

Portman Group response on Alcohol Bill to Health and Sport Committee

1. Our views on the advantages and disadvantages of minimum pricing **Advantages**

Introducing a minimum price for alcohol may reduce the health and social harms caused by excessive drinking; if the eventual impact has been accurately predicted by the Scottish Government. Minimum pricing would be a more targeted policy than taxation because it affects only the cheapest drinks which tend to be favoured by those who drink excessively. Minimum pricing is also likely to be more effective than taxation because it is guaranteed to lift the floor price of alcohol while duty rises can be absorbed by industry.

Disadvantages

Introducing a minimum price for alcohol may not persuade long-term problem drinkers or those who drink to get drunk to change their behaviour. (see rationale section.) The policy is designed to make everyone drink less, moderate and problem drinkers alike. The cheapest drinks tend to be favoured not only by those who drink excessively but also by those with less disposable income. Establishing a floor price may drive an increase in unregulated trade of alcohol or growth of grey or black markets, particularly where rates are lower in neighbouring jurisdictions. We are experts in alcohol policies, not legal matters, but we understand that there are doubts over the legality of minimum pricing under European competition law.

2. Our views on the level at which such a proposed minimum price should be set and the justification for that level

We remain unconvinced that establishing a minimum price in order to discourage harmful drinking would be an effective policy. If there is to be minimum pricing, however, those responsible for setting the level should fully consider not only the alleged health benefits but also the policy's impact on the responsible drinking majority, employment, businesses and trade.

3. Our views on the rationale behind the use of minimum pricing as an effective tool to address all types of problem drinking

A significant minority of the population in the UK and, to a greater extent, in Scotland have unhealthy relationships with alcohol. We note, however, that the Scottish Government continues to justify population-wide control measures, such as pricing restrictions, by claiming that "up to 1 in 2 men"ⁱ are estimated to be regularly drinking over sensible drinking guidelines. The 2008 Scottish Health Survey includes updated estimates of the proportions of men and women exceeding the weekly sensible drinking guidelines. In comparison with 2003, these show a fall from 34% to 30% for men and from 23% to 20% for women.ⁱⁱ This makes the suggestion that 50% of men might be exceeding the guidelines seem unlikely.

The assessment of price as an effective health policy tool is based largely on predictive models and projections of outcomes. These rely on assumptions over the relationship between per capita consumption of alcohol and indicators of harm (automobile accidents, liver cirrhosis, suicide, violence etc.)

There is little empirical evidence of a direct correlation between the price of alcohol in a country and the level of alcohol-related harm. In fact, this strategic objective has been discredited by several authoritative studies.ⁱⁱⁱ

Total consumption levels can mask trends in drinking patterns and behaviours of individuals and groups in society that may not mirror the overall rate. This is well illustrated by the fact that the UK's total consumption level has fallen by 6% since 2004, from 9.4 litres per head to 8.9 in 2008, but alcohol health harms continue to rise.^{iv}

In many countries where the price of alcohol is high, the prevalence of heavy drinking and harm also remain high. In Ireland, Sweden and Finland, for example, where alcohol is priced above the European average, there are higher than European-average levels of alcohol related harm. Conversely, in many countries where the price of alcohol is cheaper there are lower levels of harmful drinking; France and Spain, for example. (ANNEX A, relative price of alcohol across European states.) Clearly, social norms may vary. This explains why there are different drinking behaviours across Europe.

In the view of many studies, there is clearly some inverse relationship between price and demand. In most cases, the evidence points to relative inelasticity of demand. Thus, an increase in price results in a less than proportionate reduction in demand.^v This appears to apply consistently across a large number of countries, and to apply similarly when prices (measured in real terms) are reduced.

Furthermore, it is moderate and non-problem drinkers that are most likely to be price-sensitive. Heavier drinkers, on the other hand, will be least affected – simply because their desire and dependence will drive them to find alternative ways of maintaining consumption.^{vi} This seems to be true in both directions: A reduction in taxation rates in Denmark, Sweden and Finland in 2003, for example, had no effect on consumption by heavier drinkers.^{vii}

Thus, those with a habit of harmful alcohol use are least likely to be deterred by price regulation, although the evidence in the case of under-18s is less clear. There is some uncertainty in the literature concerning their sensitivity to price. Intuitively, we might expect that they would be more sensitive to price given their lower incomes, and this seems to be borne out by a number of respected studies. When parents and other adults, however, are the primary source of beverage alcohol, price is not a significant factor in reducing consumption among under-18s.

The Scottish Government places a great deal of importance on the findings of the University of Sheffield's report into the relationship between price, promotions and harm. The Sheffield report is an interesting contribution to the debate surrounding the influence of price.

We note, however, that in peer-reviewing the University of Sheffield study, CEBR disputed the reliability of the price elasticities employed and therefore the validity of Sheffield's findings.^{viii}

In their research, University of Sheffield authors assume a steady state, estimating the possible impact of minimum pricing without consideration of other key factors. They do not, for example, take account of the potential increase in illegal imports, a likely consequence of any market distortion through the introduction of a minimum unit price.

In conclusion, price controls are regressive upon responsible consumers while possibly failing to achieve their goal of reducing harm. It is therefore a misguided priority to try to encourage everyone to drink less by attempting to reduce the nation's overall consumption. Instead, successful harm reduction policies focus on harmful drinkers through focused interventions, alcohol law enforcement and effective education.

4. Our views on possible alternatives to minimum pricing

The vast majority of people enjoy drinking socially and responsibly, without causing harm to themselves or to others. The UK Government estimates that seven percent of the population drink one-third of the alcohol consumed in the UK.^{ix} It is this group that we need to concentrate on. They can be persuaded to drink responsibly through measures other than price controls, such as better education and proper enforcement of the alcohol laws, tactics which proved successful in tackling the drink-driving culture over the last twenty years. Education campaigns and hard-hitting advertisements, combined with robust enforcement of the law, changed the culture. Consequently, the annual number of people killed in drink-drive accidents fell by over 60% between 1986 and 1999^x without the need to limit the extent of drinking or, for that matter, driving.

The Portman Group and its member companies have a long history of supporting alcohol education. They founded Drinkaware, the independent alcohol education charity, which recently secured a significant increase in funding from other areas of industry to further strengthen its campaigning work in the UK.^{xi} Portman Group member companies were also instrumental in establishing the Campaign for Smarter Drinking last year. This is an industry-funded social marketing campaign, worth £100 million over five years, aimed at encouraging more responsible drinking among young adults.^{xii}

5. Our views on the advantages and disadvantages of introducing a social responsibility levy on pubs and clubs in Scotland

As a drinks producer organisation it would be inappropriate to comment in detail on the merits or otherwise of this particular proposal as it concerns retailers.

We do, however, have a couple of observations about the principles involved in this proposal. First, if the purpose of such a fee would be to crackdown on irresponsible retail practices, surely any failings should be dealt with by licensing authorities in reviews of individual premises' licensing conditions.

Otherwise, the impression could be given that licensing authorities are gaining financially while allowing irresponsible practices to go unchecked.

Second, if the purpose is to create a levy on retailers to fund some of the costs of alcohol-related crime, disorder and health harms, in addition to their business taxes, the difficulty will be in creating a system that is fair to all. This is because of the complexity of apportioning responsibility for people's actions to specific retailers.

6. Our views on justification of empowering licensing boards to raise the legal alcohol purchase age in their area to 21

While acknowledging the logic behind the proposal, it seems improbable that this tactic would encourage a sense of personal responsibility among adults in Scotland. Restricting people's ability to purchase a product that they can legally consume appears to be a disproportionate policy measure. If 18 year-olds are trusted to vote, go to war and get married, they should be trusted to buy alcohol in a shop. It makes far more sense to enforce the current law more robustly than to change the age threshold for purchase.

7. Our views on promotional offers and promotional material in encouraging people to purchase more alcohol than they intended;

We are not convinced that action is required to curb volume-related discounts in the off-trade. We are acutely aware of the potential dangers of inciting consumers to purchase more alcohol than they might otherwise have chosen. We see a possible distinction, however, between the on-trade and off-trade because purchase in the former is always for immediate consumption whereas in the latter it is not. Incentives to purchase extra volume in the on-trade therefore almost inevitably impact on drinking patterns and thus run a higher risk of encouraging alcohol misuse. Because of this, we have issued a Help Note for producers (ANNEX B) on responsible volume-related discount promotions in the on-trade (in so far as producers have influence over such promotions) which seeks to ensure that promotions are designed and presented in such a way as to avoid encouraging excessive drinking. In the off-trade, however, the purchase of extra volume does not necessarily impact on drinking patterns; instead, consumers may choose to store their purchase and consume it at their leisure over weeks or months.

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- ⁱ p2, policy memorandum, Alcohol Etc. (Scotland) Bill
- ⁱⁱ p56 Scottish Health Survey 2008, The Scottish Government 2009
- ⁱⁱⁱ Rose, G (1992) *The Strategy of preventive medicine*. Oxford University Press. Oxford.
Tuck, M (1980) *Alcoholism and Social Policy. Are we on the right lines?* Home Office Research Study No 65. HMSO. London
Duffy, JC (1993) *Alcohol Consumption and Control Policy*. Journal of Royal Statistical Association. Series A (Statistics in Society), 156
- ^{iv} BBPA and HM Revenue and Customs, BBPA Statistical Handbook 2009
- ^v Working Together to Reduce Harmful Drinking: Chapter 5, "Pricing Beverage Alcohol," by Godfrey Robson, 2009 (www.icap.org/Publications/WorkingTogether)
- ^{vi} Manning et al., 1995; Kenkel, 1996; Heyman, 1996, 2000.
- ^{vii} Mäkelä, P., Bloomfield, K., Gustafsson, N.-K., Huhtanen, P., & Room, R. (2007). Changes in volume of drinking after changes in alcohol taxes and travelers' allowances: Results from a panel study. *Addiction*, 103, 181–191
- ^{viii} CEBR (2009) Minimum Alcohol Pricing: A Targeted Measure? June 2009, Centre for Economics and Business Research, London)
- ^{ix} p12 Safe, Sensible and Social – consultation on further action, Department of Health, July 2008
- ^x Department for Transport data, published at:
<http://www.statistics.gov.uk/STATBASE/ssdataset.asp?vlnk=3679>
- ^{xi} Drinkaware website: <http://www.drinkaware.co.uk/media/press-releases/2009-press-release-archive/drinkaware-receives-over-5million-in-support>
- ^{xii} <http://www.portmangroup.org.uk/?pid=26&level=2&nid=335>

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