

Alcohol (Minimum Pricing) (Scotland) Bill

Pricing mechanism

Scotch Whisky Association

We thank the Committee for allowing us the opportunity to submit comments on this paper. While we welcome the invitation to comment on the questions posed, our submission does not imply that we accept the principle or legality of minimum pricing.

The Scotch Whisky Association remains opposed to minimum pricing. It is untested, has not been introduced anywhere else and therefore claims as to its effectiveness are without substance. It is essential that if introduced, the minimum unit price that is set should be given sufficient time to demonstrate its impact, if any, including any unintended consequences. Its effectiveness, or lack thereof, would require to be measured against transparent and objectively evidenced criteria.

The relationship between producers and the off-trade retail sector over the sale and pricing of alcohol is highly complex. Contract terms vary hugely and are affected by the rates of excise duty and VAT; they also depend on a wide variety of issues including discounts for volume, meeting sales targets, listing charges and shelf positioning. Contracts can be long or short term. Regular changes in the minimum unit price would distort the contractual relationship between the producer, with the retailer wishing to pass the additional and unforeseen costs on to the producer/wholesaler.

Should minimum pricing be introduced, details on how the legislation will be implemented, inspected and enforced and the process by which Ministers effect any change should therefore be well understood and allow the licensed trade /industry a reasonable period of notice to implement any changes.

On this basis, and for the deficiencies highlighted in the paper circulated, inflation based changes are NOT appropriate. It should be remembered that any minimum price, including any changes, would need to overcome the legal barrier that a minimum pricing regime must be a proportionate measure. To date, no government has done so.

Proportionality may alter over time following changes in consumption, harm, the level of the minimum price, external issues such as tax, unintended consequences and the impact on different products depending upon the price set. An automatic mechanism for changing any minimum unit price cannot take account of these elements, each must be properly assessed before any change might be contemplated. Thus, only a full review can be considered as a review mechanism.

The frequency assumes that minimum pricing overcomes initial and ongoing existing legal obstacles.

We would also note the paper only set out two options, there may be more. We would hope the Scottish Government would hold a full consultation prior to coming to any decision on determining the mechanism for amending the MUP.

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