

David v Goliath: Minimum Unit Pricing for Alcohol in Scotland

Rencontres de Santé publique France
2017



Alison Douglas
Chief Executive
Alcohol Focus Scotland

who we are

our mission

To play a leading role in creating a world where alcohol is no longer a major cause of harm.

our vision

A future free from widespread health and social harm caused by alcohol.

our approach

We build public, professional and political support for action to prevent harm by reducing alcohol consumption, in Scotland and beyond.

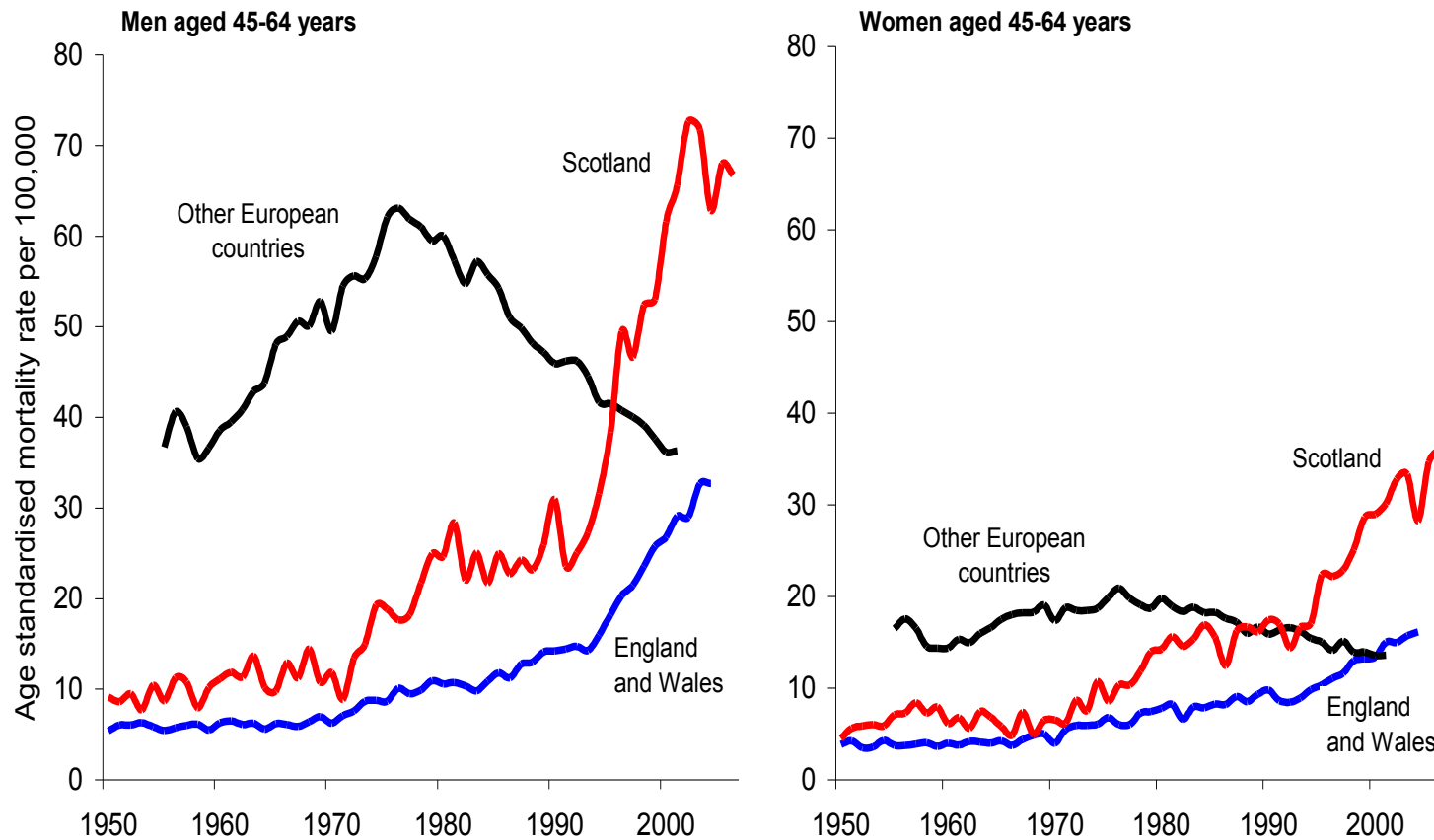
our values

Independent, equalities-focused, evidence-based, respectful and collaborative.

what we do



Chronic liver disease and cirrhosis mortality rates per 100,000 population, 1950-2006



Leon et al, The Lancet, 2007 (updated)

The Case for Change in 2008

Healthier

- 11% of A&E
- 1 death every 3 hours

Wealthier & Fairer

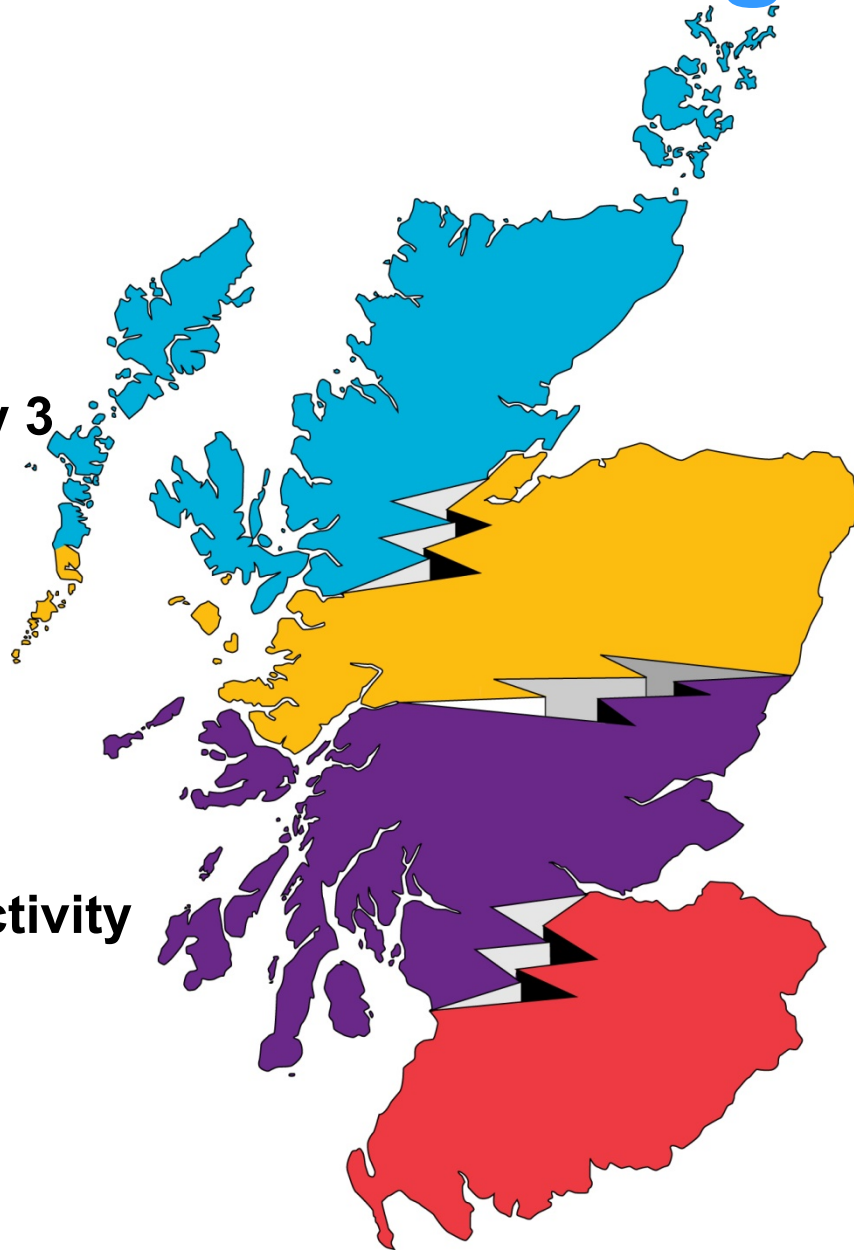
- £820m productivity loss

Safer & Stronger

- 49% of prisoners
- 63% of homicides

Smarter

- >65,000 children
- 1 in 3 divorces
- 31% of 15yr olds & 11% of 13yr olds



Economic Case

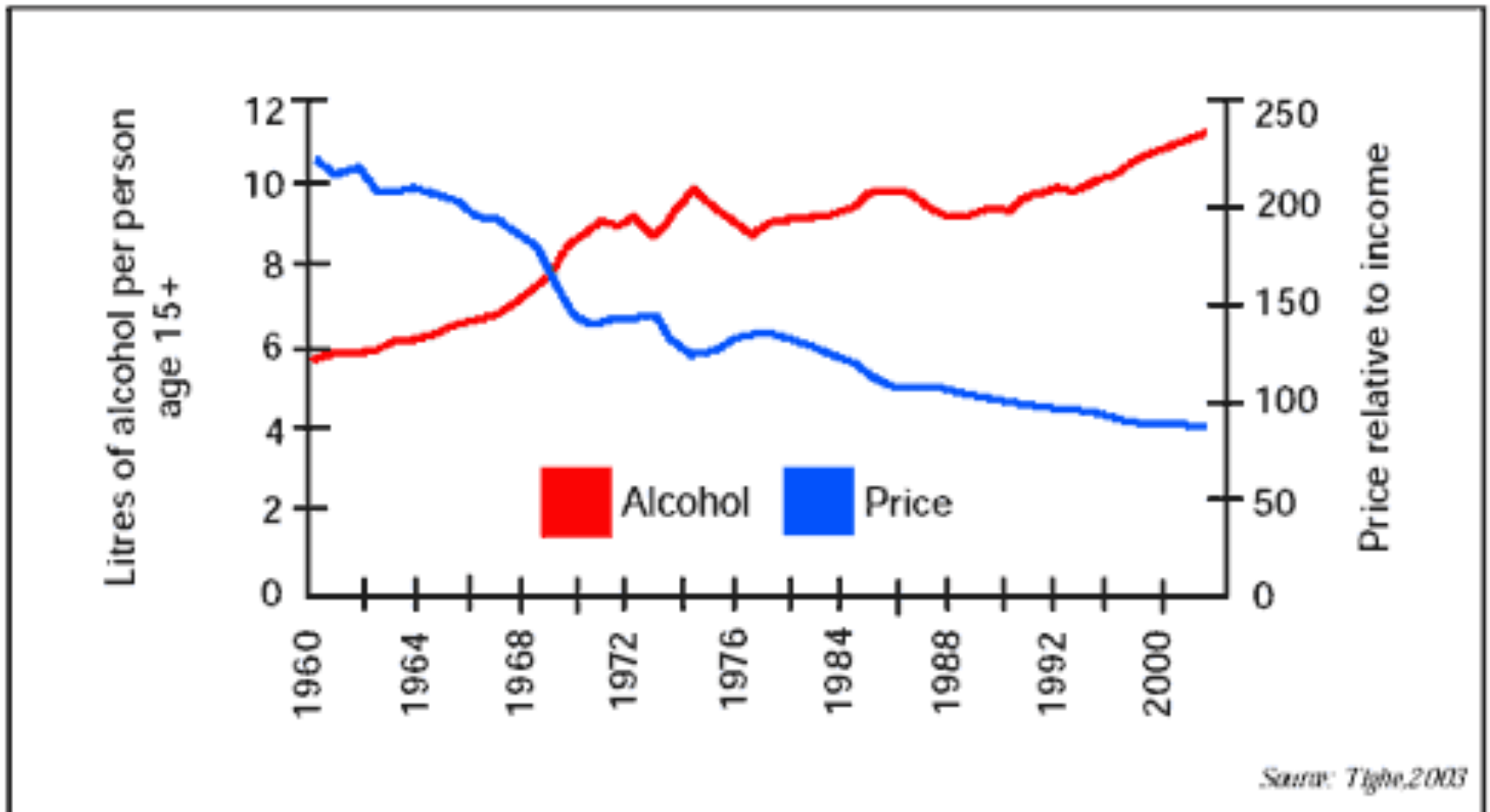
Annual financial costs of alcohol misuse

Health care	£268m
Social care	£231m
Criminal justice	£727m
Wider economic costs	£866m
Human costs	£1,465m
Total cost	£3,556m (€4,105m)

York Health Economics Consortium, 2010

Equivalent to £900 (€1040) for every adult
More than costs of education system

Relationship between price and alcohol consumption 1960-2002



Why Minimum Unit Pricing (MUP)?

- Scotland's alcohol problem getting much worse
- International evidence that price affects consumption (Wagenaar et al 2009, Rabinovich et al 2009)
- General assumption that taxation is best means to increase price
- BUT: Scotland does not control tax
- Looking for alternatives
- MUP is very simple
- The Ideal: MUP + Tax

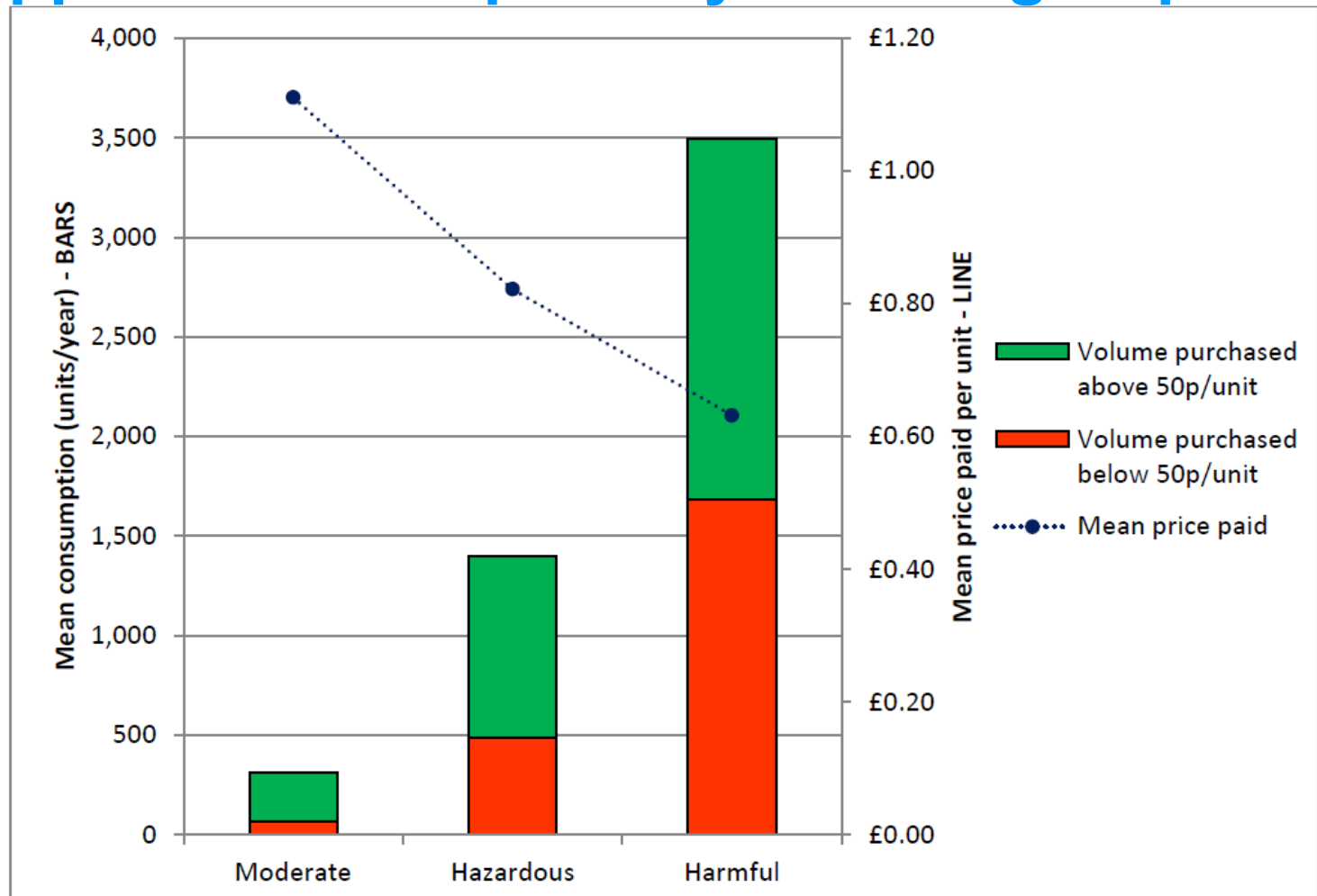


How does MUP work?

- It establishes a 'floor' price for a unit of alcohol (10ml or 8g)
- Applies to alcohol, not to products
- Applies to all premises
- Primary legislation is very simple: "Alcohol must not be sold at a price below its minimum price"
- Government has proposed 50p per unit (58 cent)
- Minimum price for a product =
$$\text{Price per unit} \times \text{Strength of alcohol} \times \text{Volume (litres)}$$
- Actual price is set in secondary legislation

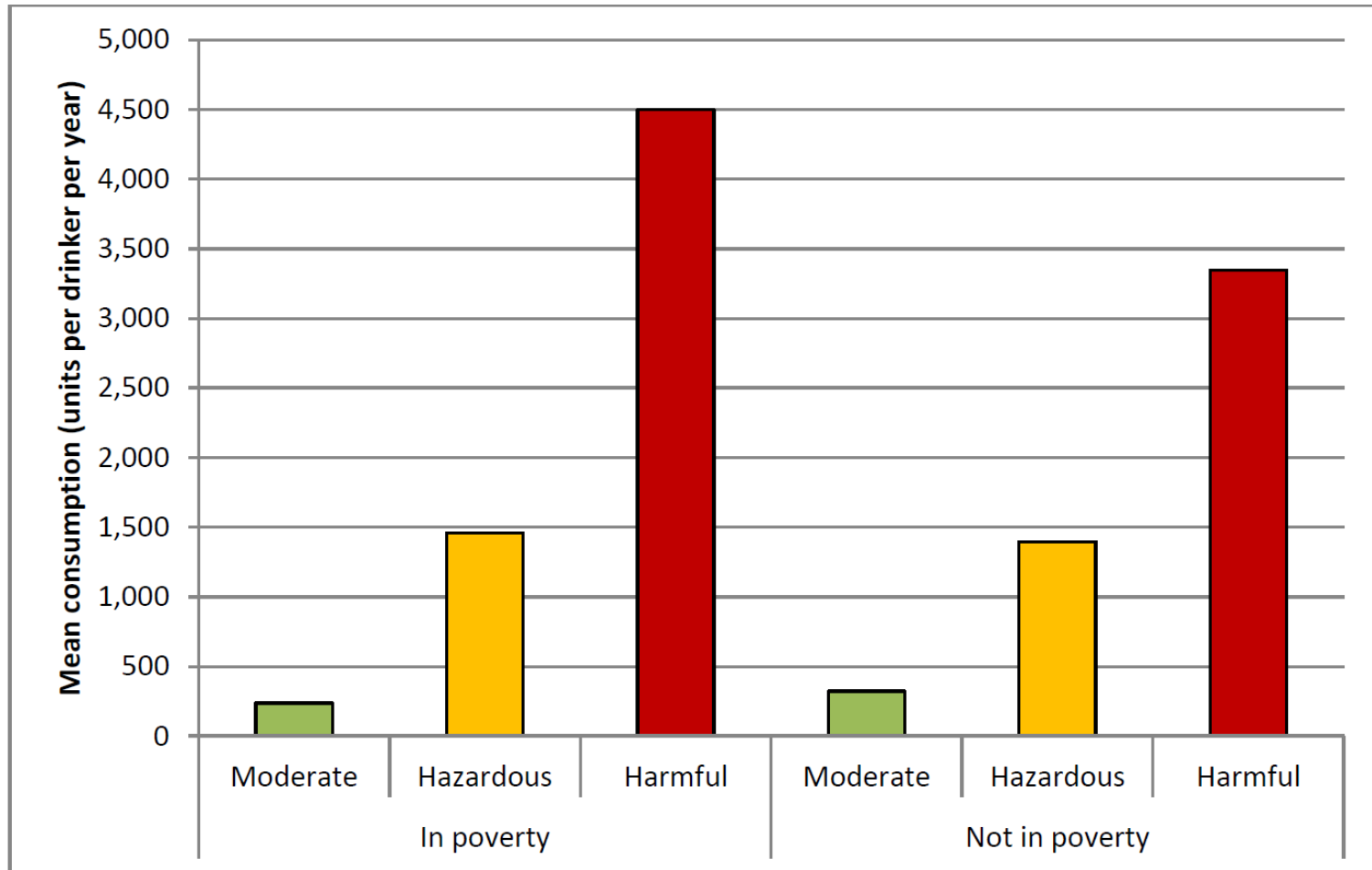


Mean consumption, units purchased under 50ppu and mean price by drinker group



Meier et al, University of Sheffield, 2016

Mean consumption by drinker group by income



Meier et al, University of Sheffield, 2016

Benefits of 50p MUP

Reduce consumption by 3.5%

Optimal effect by year 20

Deaths:

- 21 each year
- 2,040 fewer deaths in total

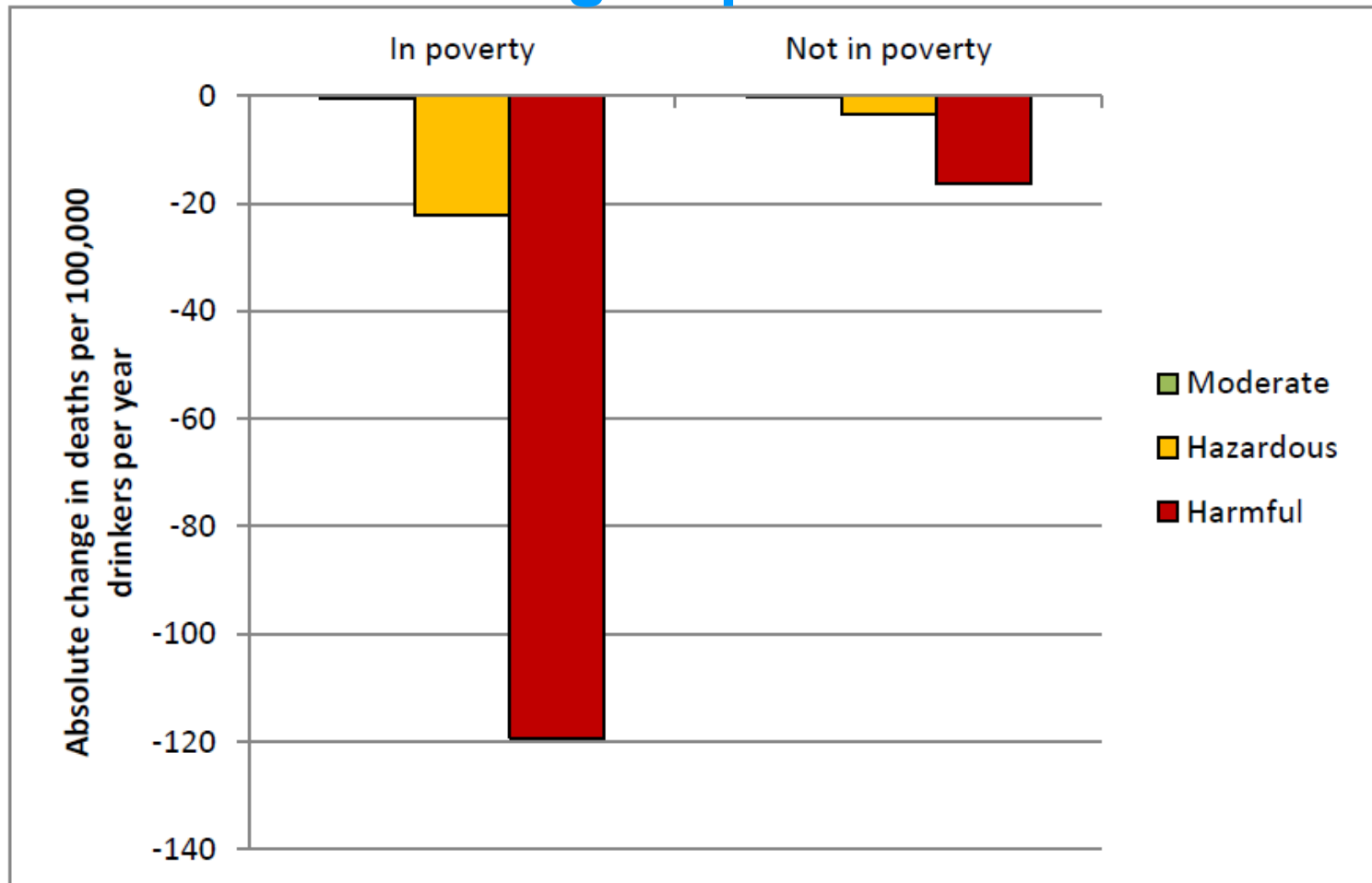
Hospital admissions:

- 2,042 each year
- 38,900 fewer in total



Equivalent to 28% tax rise

Change in deaths by drinker group and income group



Meier et al, University of Sheffield, 2016

Impact of MUP on Prices



White Ace cider
3 litres, 7.5% ABV
22.5 units of alcohol

Current price = £3.99 (€4.61)
New (minimum) price = **£11.25**
(€13.01)



Smirnoff vodka
1 litre, 37.5% ABV
37.5 units of alcohol

Current price = £15 (€17.34)
New (minimum) price = **£18.75**
(€21.67)



Chardonnay wine
750ml, 12% ABV
9 units of alcohol

Current price = £3.75 (€4.33)
New (minimum) price = **£4.50**
(€5.20)



Beck's beer
20 x 275ml, 4.8% ABV
26 units of alcohol

Current price = £10 (€11.56)
New (minimum) price = **£13**
(€15.03)

Industry position on MUP

- Not unified, although most oppose. (24/27 industry responses to government consultation)
- **Support:** Alcohol producers (Tennent's and Molson Coors); Pubco Punch Taverns (*qualified support*); and Scottish Licensed Trade Association (representing independent pub operators).
- **Oppose:** Global producers (Diageo and SABMiller), trade associations (Scotch Whisky Association (SWA), Wine and Spirits Trade Association), supermarket retailers (ASDA, Sainsburys, Co-op, Morrisons). European Spirits Organisation (CEPS) and Comité Vins (CEEV)

SWA 'front' industry opposition – claim MUP will damage an 'iconic' Scottish product.

Opposition's arguments

- Individual choice
- Minority problem
- Regressive measure: poor will suffer (& their children)
- Puts money in the pockets of the producers/retailers
- Contrary to free market
- Encourages other countries to penalise Scottish exports:
SWA: "could cost industry £500m in exports"



The Legal Questions for Scottish Court of Session

1. Is MUP a proportionate action in light of the Government's health objectives and free trade obligations?

Challenge focussed on whether aim of Government is to affect all 'at risk' drinkers or the heaviest drinkers.

2. Is Minimum Unit Price more effective and less trade restrictive than alternative methods, specifically, increasing taxation?

Challenge argued that existing tax powers could achieve the same effect

The Answers


1. It is reasonable to target both hazardous and harmful drinkers in a proportionate way.

2. MUP achieves health aims which tax cannot realistically.

Where are we now?

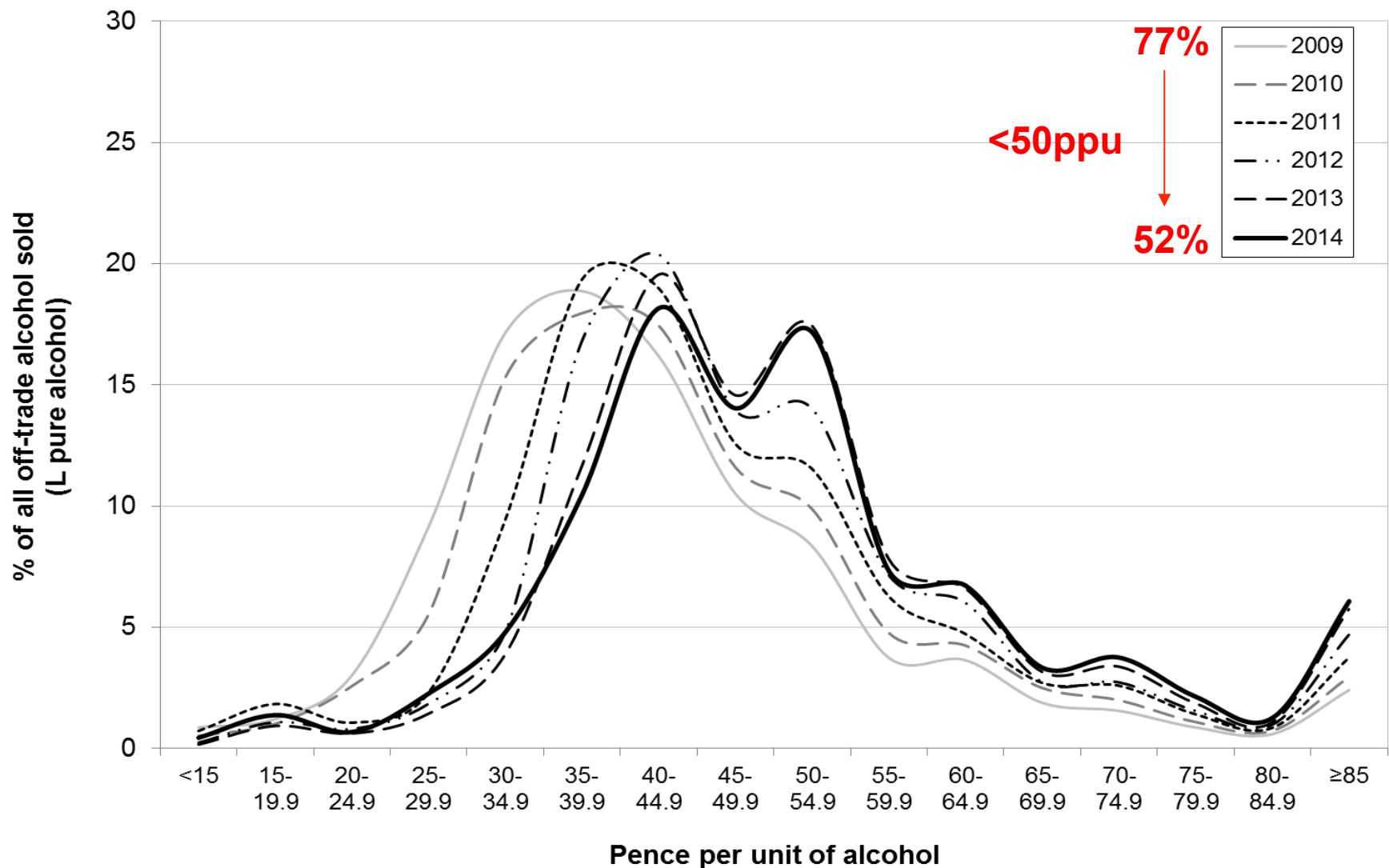
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|---|---|
| December 2016 | • Scotch Whisky Association appeal to UK Supreme Court |
|  | |
| 24/25 July 2017 | • UK Supreme Court Hearing |
| <i>Autumn 2017?</i> | • <i>Final judgement</i> |
| <i>December 2017?</i> | • <i>Secondary legislation to establish the unit price</i> |
| <i>Early 2018?</i> | • <i>Implementation</i> |
| <i>Review</i> | • <i>Report to Parliament of 'effect' of MUP within 5 years</i> |
| <i>Renew</i> | • <i>Legislation expires after 6 years unless extended</i> |

Success Factors

- A big problem
- Political leadership
- International evidence base
- First-class economic modelling for Scotland
- Obtaining sales data
- Building a coalition beyond public health
(Eg. police, children's organisations) 
- Understanding & differentiating opposition
- Prepare for legal challenge



Price distribution (%) of alcohol sold off-trade in Scotland, 2009-2014

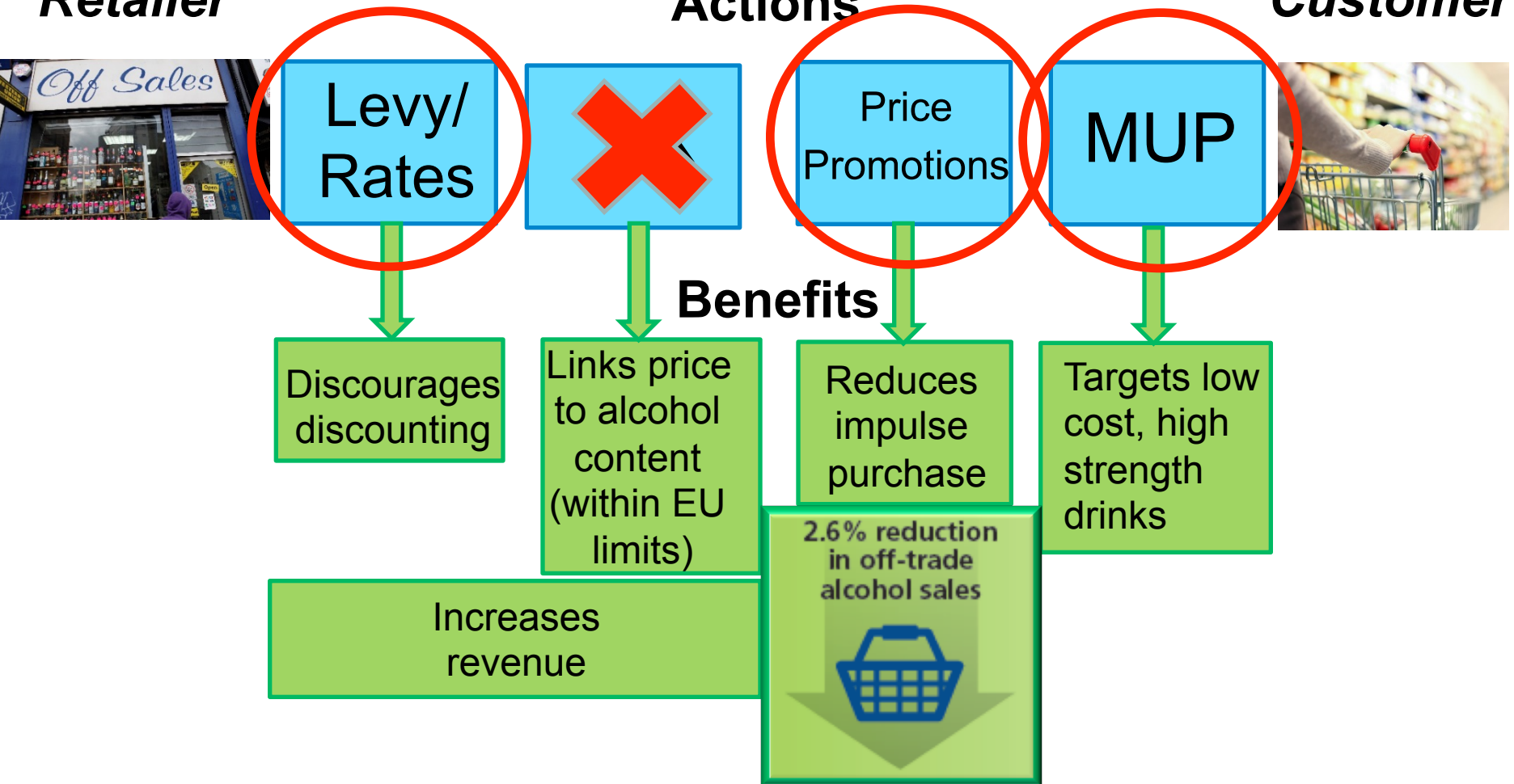


Price Interventions

Retailer

Actions

Customer



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