



ACS Submission: Draft Public Health (Minimum Price for Alcohol) Bill

ACS (the Association of Convenience Stores) welcomes the opportunity to respond to the Welsh Government's consultation on the Draft Public Health (Minimum Price for Alcohol) Bill. ACS represents 33,500 local shops across the UK including One Stop, McColl's Retail, Spar UK and thousands of independent retailers. As a sector we employ over 407,000 people and in the first two quarters of 2015 the local shops invested £293 million in the UK economy.

Minimum Unit Pricing

ACS is not convinced that the introduction of Minimum Unit Pricing (MUP) will have a significant impact on alcohol related harm. We believe that tackling alcohol related harm is more complex than the introduction of an increase in price. Instead, tackling alcohol-related harm must be done in partnership with all stakeholders to instigate long term change in drinking behaviours.

We do however have serious concerns about the additional administrative and financial burdens that the introduction of MUP would have on retailers. We recommend the Welsh Government continue to focus on using existing powers under the licensing system and targeted funding at local level to tackle alcohol related harm.

Our key concerns about the proposed MUP of alcohol regulations include:

- It is not a targeted approach to tackle alcohol-related harm.
- Limited evidence to support claims that MUP will reduce alcohol consumption.
- Acts as a blunt instrument instead of focusing more on drinkers who would need more support to curb their consumption.
- Additional burdens for businesses that operate across the United Kingdom
- Limited business impact on the convenience sector

Alcohol Consumption

ACS supports the Welsh Government's aims to tackle alcohol-related harm. We are an active member of the Welsh Government Alcohol Industry Network (WGAIN) and we support and fund initiatives working in Wales, like Community Alcohol Partnerships (CAPs) (discussed later). We believe that significant progress has already been made in preventing alcohol-related harm across the UK and in Wales.

This is evident from the drop in alcohol consumption levels across Wales and the UK in the last 10 years. Consumption levels across the UK population have dropped significantly¹ between 2005 and 2013. The percentage of those binge-drinking has also fallen from 18% in

¹ ONS: Drinking Habits Amongst Adults 2013

2005 to 15% in 2013². In Wales specifically, adult binge-drinking rates fell 2% in one year from 26% in 2013-14 to 24% in 2014-15³. The exist programme of policy work and partnership working is already making a difference.

Convenience Retailers and MUP

Convenience retailers have a considerable interest in the regulatory and voluntary framework surrounding the sale of alcohol. Alcohol sales in the UK convenience market, on average, account for 13.8% of total sales⁴. Retailers take their responsibility for the sale of alcohol very seriously and have proactively worked with the Welsh Government to create both a regulatory and voluntary framework to deliver responsible retailing and marketing of alcohol products.

The majority of alcohol sold in convenience stores would be unaffected by the introduction of a MUP but as this policy has not been introduced anywhere else in the world we do not know how it will impact on prices. We expect there will be limited business impact on convenience stores in terms of prices of alcohol products. However, we expect a significant impact in relation to implementation and compliance.

Legal Issues

Lack of devolved powers for the licensing system in Wales makes proposals for MUP challenging. The Welsh Government does not currently have devolved powers over the alcohol licensing system but is proposing to implement a MUP as a new mandatory licensing condition. The Welsh Government must clarify the legality of their proposals.

Legal discussion about MUP at European level makes the implementation of this policy difficult. The Advocate General of the European Court of Justice has given a recent opinion on MUP suggesting it could break European trade law. The recommendation from the Advocate General was for members states to exhaust all other possible public policy options, like tax mechanism, prior to introducing a MUP. A final decision from the European Court of Justice on MUP is expected before the end of 2015.

We recommend that the Welsh Government continue to take a targeted, multi-agency approach to tackle alcohol-related harm, specifically focusing on preventing underage and proxy sales, tackling the illicit trade and continuing to educate consumers.

ACS has answered the relevant consultation questions below:

Question 1

What do you think of the proposal to introduce legislation that would introduce a minimum unit price for alcohol in Wales?

² ONS: Drinking Habits Amongst Adults 2013

³ Welsh Health Survey 2015

⁴ ACS Local Shop Report 2015

(i) Do you think this proposed legislation will help strengthen the existing actions being undertaken by the Welsh Government to reduce alcohol consumption and alcohol related harm?

ACS is unconvinced that MUP would be an effective measure in reducing alcohol consumption and alcohol-related harm. MUP is a blunt instrument that will affect all drinkers and not target harmful drinks. ACS recommends that the Welsh Government prioritise work that is already being done, in collaboration with industry, to reduce alcohol consumption through local partnerships, educating consumers, reformulating products and increasing enforcement action against irresponsible retailers.

Partnership Working

Retailers have taken proactive action to tackle alcohol-related harm. The alcohol industry has worked with the Department of Health to take one billion units of alcohol out of the market by reformulating and introducing low strength products. Retailers have implemented age verification schemes including 'Challenge 25', which slashed underage sales rates of alcohol. The Retail of Alcohol Standards Group (RASG), made up of alcohol retailers in the UK, have issued best practice guidance to their members, which encourages best practice and sets out the many legal requirements retailers already have to adhere to.

ACS and other industry bodies fund local initiatives such as Community Alcohol Partnerships (CAP)⁵. CAP bring together local retailers & licensees, trading standards, police, health services, education providers and other local stakeholders to tackle the problem of underage drinking and associated anti-social behaviour. There are currently 88 CAP schemes in across the UK, 4 of which are located in Wales⁶. ACS is committed to working with partners to see more CAPs established in Wales, and we would welcome any support that the Welsh Government could offer in promoting these effective partnerships. Successful schemes, like CAP, are industry funded and voluntary. We have concerns that the introduction of intrusive legislation such as MUP may disincentive the industry from funding important initiatives that make a real difference to communities.

Non-Duty Paid Alcohol

The Welsh Government should consider tackling the illegal trade as part of its strategy to tackle alcohol-related harm. It is notable that there has been little enforcement against the illicit trade. ACS is worried that MUP will only add further pressure on already limited enforcement resources. However, the introduction of MUP could mean that it makes it easier for enforcement officers to identify non-duty paid alcohol.

We do not agree with the Welsh Government's view in Paragraph 142 of the Explanatory Memorandum which states that illicit alcohol is "not currently a significant problem in Wales". HMRC currently estimate that the Exchequer has lost £1.2bn in duty from illicit alcohol⁷.

⁵ [Community Alcohol Partnership](#)

⁶ For further information, see <http://www.communityalcoholpartnerships.co.uk/>

⁷ HMRC Measuring Tax Gaps Report 2015

We therefore urge the Welsh Government to also look at the problem of irresponsible retailers selling non duty paid alcohol and associated alcohol harm problems with these premises. Research from Portsmouth Council has shown a strong correlation between retail premises selling non-duty paid alcohol at low costs and breaching other licensing conditions. The audit of off trade premises by Portsmouth Council found that out of 156 stores, 28 stores were found to be selling products that the Portman Group had noted that are not for the UK market, which suggests possible links to duty fraud.

Local authorities already have the power to revoke licences of premises selling non-duty paid alcohol and we would like to see this used more frequently. ACS is working with HMRC by chairing the Joint Alcohol Anti-Fraud Taskforce Illicit Trade at Retail Level Working Group to encourage local authorities to use their existing licensing powers to remove licences from retailers involved with duty fraud.

Question 2: What is your view on the evidence presented within the Explanatory Memorandum? For example,

(a) that the affordability of alcohol is a key driver in relation to the amount of alcohol consumed and the effects on alcohol related harms?

ACS believes that there are many drivers that relate to alcohol consumption across the world. We do not believe that the introduction of MUP in Wales will have a significant impact on the already declining alcohol consumption rates. Countries in Europe that have some of the highest alcohol prices also have the highest alcohol harm rates, like Ireland and Sweden. Tackling alcohol harm is more complicated than increasing product prices.

(d) that MUP would not increase the price of every drink, only those that were being sold at a rate below the set minimum unit price for alcohol (for example, 50p)?

Alcohol sales for convenience retailers on average represent 13.8% but convenience retailers do not sell large quantities of low cost alcohol. Therefore, the introduction of MUP is unlikely to affect the majority of products within stores.

Question 3: Considering the evidence in the Explanatory Memorandum, what are your views on the likely impacts including, the costs and benefits that introducing a MUP for alcohol might have on:

(b) retailers;

(e) local authorities;

Retailers

MUP will bring a training burden for retailers to ensure staff aware of the new law and its implications for them and the business. It is not simply about ensuring the prices on the shelf are not in breach of the law, but also how they handle more complex customer transactions such as promotions, vouchers or refunds; all of which will require a procedural overhaul.

Retailers operating across the UK will be hit with additional costs at implementation which the RIA does not consider to be excessive “as these stores regularly price their products at short notice”. We believe that the RIA underestimates the cost that national retailers will experience, as they will be burdened with a separate pricing system for Wales than the rest of the UK.

Local Authorities

Local Authorities already have limited capacity and resources to enforce against alcohol-related harm. The focus should remain on tackling the illicit trade than on legitimate retailers adhering to the law.

Question 5: What effects do you think MUP for alcohol would have on children and young people in Wales generally?

MUP would have a limited effect on children and young people given the success of retailers in preventing young people getting access to alcohol. The success of preventing underage sales in the off trade has resulted in an increase in proxy purchasing where family members or others buy alcohol on behalf of young people. Data shows that young people are more likely to access alcohol by being given alcohol from parents (17%), friends (15%) or by asking a stranger to purchase it for them (11%)⁸. It is unlikely that changes to alcohol pricing will have a significant impact on young people’s ability to access alcohol.

Partnership working has proved successful tackling alcohol-related harm among children and young people. A number of Community Alcohol Partnerships have reported success by tackling alcohol related youth anti-social behaviour, with a 39.5% reduction in alcohol-related youth anti-social behaviour in Brecon. While CAPs in East Edinburgh saw a 12.5%-25% reduction in alcohol seizures from young people.

Question 8: What are your views on the proposed offences that apply to alcohol retailers who supply or authorise the supply of alcohol at a price below the MUP?

As stated previously, we are concerned about the complex regulation that would be required to implement a MUP for alcohol. The complexity of implementation will be around the promotion of alcohol products included in the regulations. These promotions are often time sensitive and may reference other products i.e. meal deals. The enforcement of the policy will make pricing difficult for retailers and consumers to understand. Moreover the pressures on local authority budgets will make it a significant challenge to enforce individual promotions in the 3,000+ convenience stores in Wales. Most challenges will be faced when MUP is implemented. These problems will occur again if MUP was increased in the future.

For information on this submission, please contact Julie Byers, ACS Public Affairs Executive at Julie.Byers@acs.org.uk or call 01252 515001

⁸ HSCIC Smoking, Drinking and Drug Use