

Response to Consultation on introduction of a minimum price per unit of alcohol

April 2011

Introduction

The Northern Ireland Independent Retail Trade Association has over a 1300 members from the independent retail grocery and food sector in Northern Ireland who generate in excess of £3 billion turnover every year and employ over 30,000 staff.

NIIRTA welcomes the opportunity to contribute to this review – as it will have a direct impact on the majority of members, and consequently suppliers and those employed – and have actively encouraged members to complete the on-line questionnaire on an individual basis to ensure this source of statistics is fully representative.

Northern Ireland is a small business economy with at least 98% of all businesses classified as ‘small’. Within this, the independent retail sector is the biggest sub-sector.

Consultation Response

NIIRTA welcomes the launch of a joint consultation on minimum pricing by the Department for Social Development (DSD) and the Department for Health, Social Services and Public Safety (DHSSPS).

Commercial Competition

There is clearly a need to address the increasing problem of unfair competition which is destroying many independent retailers as the large multiples use the alcohol sales as a tactic to generate trade, fully aware that smaller rivals cannot compete and therefore driving them out of business. These multiples account for approximately 70 per cent of all alcohol sold, and is often used as a loss leader to attract trade. This is a tactic which small businesses cannot match nor one with which they can even adequately compete.

Therefore the proposals to introduce a minimum price for alcohol has the potential to help to improve the market by improving the conditioning for small businesses, essentially by helping to address two key difficulties – competing with the bulk-buying power that large firms currently enjoy and tackling the unfair competition caused by the use of loss leaders.

However, NIIRTA recognises that these measures will not mean that the situation will change immediately for the better - even with a minimum pricing structure in place, most large supermarkets will often still be able to sell their products more cheaply than small shops. Instead customers will benefit from a fairer market allowing small businesses to compete on service and variety where they often have the edge over large supermarkets.

Health and the Community

The availability of cheap alcohol has had a serious negative impact on health amongst many in the community. Likewise it has also fuelled a rise in antisocial behaviour – a particular problem for many small businesses, in particular retailers. This is confirmed time and time again by the PSNI and whilst NIIRTA has previously welcomed the greater attention being in addressing this problem from a policing perspective, it is through proposals such as those contained within this consultation that the underlying causes can begin to be dealt with.

There is an opportunity for Northern Ireland to take the lead in introducing such legislation.

Pubs of Ulster, who have successfully campaigned on this issue over a long term period have proposed that local legislation needs to go further than the recent proposals set out by the Home Office for England and Wales, where the proposed minimum price was based on duty plus VAT resulting in a price of 21p per unit for beer and 28p per unit of spirits. Instead it proposes that those drafting legislation in Northern Ireland should take into account expert advice and extensive evidence that suggests that the price should be much higher, at least 50p per unit.

Social Responsibility Levy

On the issue of proposals for the introduction of a 'social responsibility levy' NIIRTA does not accept that this should be applied to small businesses, who would be disproportionately affected in comparison with those large multiples who could easily afford to contribute a little extra in light of the huge quantity of alcohol they sell each week, and indeed if they are sufficiently resourced to accept losses of their alcohol sales then a small additional levy for social responsibility could surely be absorbed.

While accepting not all retailers operate within the law, the idea of a social responsibility levy means it would hit the overwhelming majority of retailers who do operate within the law. There is already strong legislation in place to punish retailers who break the law. This should be rigorously enforced before imposing additional costs on small businesses.

The proposed levy would also affect the same group of businesses who are facing rising costs across all fronts and therefore an additional levy would be a burden too far at this time.

It has also been suggested that this could set a precedent if those retailers who sell alcohol paid for the social costs of its effects. Without stretching the point too far, one might

reasonably say should the retailers who sell tobacco pay towards the running costs of the NHS for the effects of smoking related conditions? Should fast food companies pay for the effects of obesity? Small business people, who are legitimately going about their business and are already paying business rates, should not be penalised in this way.

Conclusion

The misuse of alcohol is a blight on the community and in many instances it is the retailer who is at the forefront of the negative consequences it often induces.

There can be little argument that the huge growth in large retailers offering heavy discounts has fuelled significant growth in the quantities being purchased and consumed. It is they who sell the vast majority of the alcohol now purchased in Northern Ireland and it is they have yet to live up to the responsibility that this brings.

The system that is in operation in Northern Ireland has largely excluded the independent retail sector from the selling of alcohol and this has placed the sector at an immediate disadvantage. From a commercial point of view if measures are introduced which raise the minimum price of alcohol it will have a impact in redressing the balance, although there is still a long way to go.

The resultant anti social behaviour from misuse is often manifested most clearly in the communities that independent retailers serve, be it through violence against staff and customers, damage to property or general antisocial behaviour. Tough action to challenge these problems is to be welcomed.

NIIRTA believes that there will be an inevitable growth in the selling of alcohol from disreputable sources and therefore if the new proposals are to be effective they must be supported by robust action from the enforcement agencies, principally HMRC and the PSNI.

More importantly, from a health perspective, any measure which will help to reduce the irresponsible consumption of alcohol will be welcomed by NIIRTA.

NIIRTA looks forward to working with both the DSD and DHSSPS to promote measures to improve social responsibility in relation to alcohol consumption. It is key that the two departments work effectively together, and with businesses, to deliver public policy which will improve social and commercial value for all in the community.

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