Who we are

The Wine and Spirit Trade Association (WSTA) represents 340 companies producing, importing, exporting, transporting and selling wines and spirits in the United Kingdom. Members range from major retailers, brand owners and wholesalers to fine wine and spirit specialists, logistics and bottling companies. We campaign for a vibrant and sustainable wine and spirit industry, helping to build a future in which alcohol is produced, sold and enjoyed responsibly.

Our original response to the call for evidence can be found here.

Consultation

1. Did you take part in any consultation exercise preceding the Bill and, if so, did you comment on the financial assumptions made?

   No, although we did respond to the call for evidence. Our submission to the Sport and Health Committee can be found above.

2. If applicable, do you believe your comments on the financial assumptions have been accurately reflected in the FM?

   Not Applicable

3. Did you have sufficient time to contribute to the consultation exercise?

   Yes

Costs

4. If the Bill has any financial implications for your organisation, do you believe that they have been accurately reflected in the FM? If not, please provide details.

   We believe the Bill will have significant implications for our members, both retailers and producers and have set out these costs in response to question 5.

5. Do you consider that the estimated costs and savings set out in the FM are reasonable and accurate?

   We have a number of concerns with particular costings of the Bill, which have been set out below.
Container marking: off-sales

WSTA does not believe that this policy will have significant effect on reducing harms associated with anti-social behaviour and youth drinking. The majority of young people now obtain alcohol from a close family member, an older friend or through a proxy-purchase\(^1\) and not as underage buyers. We do not support this proposal and would recommend it be replaced with targeted interventions, such as Community Alcohol Partnerships and the Scottish Government Alcohol Industry Partnership’s Proxy Purchase campaign.

The costings in the Financial Memorandum suggest that the implications for businesses will be small, when in fact this is not the case. Costs to local authorities it notes will include the purchasing and distribution of the marking equipment, however, it goes on to note that this will be recouped through higher licensing fees placed on already struggling businesses. With business margins being tight, small and medium sized sellers of alcohol will find it hard to absorb this kind of increase and may in fact be forced to shut down. There are already concerns about the transparency of the licensing fee system in Scotland, in terms of the cost recovery principle.

The Bill does not include an estimate of costs. However, the London Borough of Hillingdon\(^2\) ran an ultraviolet marking scheme for a three month period in 2009 for 16 off-licences and the costs associated with that project, which is similar to this, were substantial.

The specific cost of scheme components is listed below:

Labelling guns - £70 each x 16 = £1120

Ultraviolet, freeze resistant ‘invisible’ labels - £9.45 per role x 320 = £3024

Printing plates specific to each off-licence - £65 per plate x 16 = £1040

Looking at just the costings to provide UV labels for a single retailer, for three months, would equal £189, without including staffing wages. Multiply this for 12 months and the costing rises to £756 per year, excluding the costs of staff wages, guns or plates. The Hillingdon example we believe underestimates the costs associated with the scheme, as it only includes two national retailers within the 16 (who will sell a greater quantity of alcohol and thus incur greater costings) and also includes two restaurants (both of which will sell far less off-licence sales than the scheme suggests). With a total of 4969 off-licence premises\(^3\) in Scotland, this means a blanket container marking scheme for off-licence retailers would cost the sector £3,756,564 (not including staff costs, printing plates or labelling guns) most likely\(^1\)

---

\(^1\) ‘Only 4% of under-age consumers would attempt to obtain alcohol from a large supermarket main till compared to 74% that would attempt to obtain alcohol from their parents.’ – Rising to the Challenge
\(^2\) http://www.hillingdon.gov.uk/cttedocs/other_decisions/licensing/rep LICensing_23apr09.pdf
\(^3\) http://www.gov.scot/Topics/Statistics/Browse/Crime-Justice/PubLiquor/LiquLic201314
substantially reducing the margins of many businesses, which could impact employment or even the viability of stores.

A scheme such as this one has previously been piloted by Dundee City Council and Tayside Police, but had little impact. However, upon implementing a Community Alcohol Partnership in the Islington Borough of London\(^4\), of 32 retailers 100\% of them passed a proxy purchase test, whilst prior to the CAP being implemented, 37\% (10 retailers) failed the test. We see these targeted interventions as far more effective in terms of tangible results and costs. Just like a proposed container marking scheme, these schemes require engagement and commitment from retailers and industry but here the resources are spent more efficiently and generate tangible results whilst not impacting upon responsible retailers.

**Advertising Restrictions**

Advertising is a vital part of a thriving and competitive economy. In the alcohol industry it provides an opportunity for brand differentiation and to create brand loyalty. To further restrict advertising would place a serious burden upon producers and distributors.

The costs of advertising restrictions to the Scottish economy are hard to quantify yet significant and the restrictions placed within the Bill are incredibly strict and would likely lead to a cost of millions of pounds to the wider economy, not just producers but printers, graphic designers and outdoor advertising companies. Alcohol advertising is also a key factor in funding the upkeep of bus shelters.

The total spend on alcohol advertising for Scotland from 2010-2015 is in the region of £61,559,416\(^5\). This is merely ‘the spend’ on slots for advertising (media) and does not include the extra economic activity generated in design and production.

In 2014, alcohol advertising expenditure was £10,416,441, approximately 2\% of total advertising spending £579,876,534\(^6\). Outdoor advertising spending, at £2,731,433 was slightly higher at 5\% of the total spend, £54,261,893. As alcohol advertising therefore takes up a significant proportion of spend in Scotland, accounting for millions of pounds, impacting jobs along the entire supply chain from creative agencies and outdoor media companies as well as within alcohol producing companies themselves.

**Applications for, or to vary, premises licence: consultation and publicity**

The licensing application process is already incredibly burdensome on retailers in Scotland, with significant costs associated with starting a business, especially as the alcohol licence is so intricately linked with other licences necessary to operate a business, such as health and safety. We strongly object to any addition that will increase the cost of a licensing application at this point, as it punishes responsible


\(^5\) Source: The Advertising Association

\(^6\) Source: Nielsen Data
licensees and stunts entrepreneurship and retail sector growth. As noted in the memorandum, 90% \(^7\) of local authorities were already charging the maximum licence fee in Scotland. This measure should not further inhibit start-up business. A new supermarket store in Scotland provides a significant amount of employment to a locality.

Changing the publicity period to 48 days from 24 could seriously slow the opening of a store and lead to lost income and investment. Preventing a store from opening by making an alcohol licence unobtainable could result in lost wages and revenue of millions of pounds, especially in areas of low economic development which heavily rely on these employment opportunities. We do not believe these costs are successfully considered in the financial memorandum.

6. If applicable, are you content that your organisation can meet any financial costs that it might incur as a result of the Bill? If not, how do you think these costs should be met?

This Financial memorandum greatly underestimates the costs that these policies will place on retailers and producers of alcohol, stunting entrepreneurship, and doing little to address harms.

7. Does the FM accurately reflect the margins of uncertainty associated with the Bill’s estimated costs and with the timescales over which they would be expected to arise?

Not Applicable

8. Do you believe that the FM reasonably captures any costs associated with the Bill? If not, which other costs might be incurred and by whom?

No, we have outlined our concerns in response to question 5. We have particular concerns that the costs associated have not taken into account the negative impacts to Scotland’s economy as a whole, the jobs that rely on this economic activity and the fragile nature of the recovery from the fall in revenue created by the recent recession.

9. Do you believe that there may be future costs associated with the Bill, for example through subordinate legislation? If so, is it possible to quantify these costs?

We have outlined the expected costs above.

---

\(^7\) Financial Memorandum, pg 29 of Policy Memorandum.