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Llywodraeth Cymru
Welsh Government

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Dr Dai Lloyd AM
Chair of the Health, Social Care and Sport Committee

14 November 2017

Dear Dr Lloyd,

Thank you for your letter of 8 November following the cancellation of the Health, Social Care and Sport Committee meeting, where I was due to provide evidence on the Public Health (Minimum Price for Alcohol) (Wales) Bill.

I am writing with the Welsh Government's response to the questions you have posed regarding the Bill.

I look forward to attending the scrutiny session scheduled for 11 January.

Yours sincerely,

A handwritten signature in black ink that reads "Vaughan Gething". The signature is written in a cursive style.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Public Health (Minimum Price for Alcohol) (Wales) Bill

To note:

The Public Health (Minimum Price for Alcohol) (Wales) Bill (the Bill) proposes that the minimum unit price (the MUP) for the purposes of the Bill would be specified in regulations to be made by the Welsh Ministers. However, for the purpose of illustrating impacts and the associated costs and benefits, the below responses, like the Explanatory Memorandum which accompanies the Bill uses a 50p MUP as an example. Where research or analysis has used an alternative MUP (for example, 45p), this is highlighted. The specified MUP may be higher or lower than these amounts.

A definition for moderate, hazardous and harmful drinkers are outlined below:

Moderate drinkers are those who drink less than 21 units per week for men and 14 for women. As defined in the Meng et al. (2014) report: *Model-based appraisal of minimum unit pricing for alcohol in Wales*.

Hazardous/increasing-risk drinkers – Men who regularly drink more than three to four units a day but less than the higher-risk levels. Women who regularly drink more than two to three units a day but less than the higher-risk levels. As defined in the Meng et al. (2014) report: *Model-based appraisal of minimum unit pricing for alcohol in Wales*.

Harmful/high-risk drinkers – Men who regularly drink more than eight units a day or more than 50 units of alcohol per week. Women who regularly drink more than six units a day or more than 35 units of alcohol per week. As defined in the Meng et al. (2014) report: *Model-based appraisal of minimum unit pricing for alcohol in Wales*.

The responses below are based on the current case law at the date of response. When delivered, the Welsh Government will consider the detail of the Supreme Court judgment in the matter of *Scotch Whisky Association and others v The Lord Advocate and another*. This judgment is due to be handed down on 15 November 2017.

Public health case for the Bill

1) What public health outcomes does the Welsh Government expect to see from the introduction of minimum pricing for alcohol in Wales?

The Bill is aimed at reducing hazardous and harmful drinking in Wales and associated harm by introducing a minimum price for alcohol, thereby reducing the availability of cheap, high-strength alcohol.

We are expecting to see a reduction in alcohol-related deaths and a reduction in alcohol-related hospital admissions because hazardous and harmful drinkers tend to consume greater amounts of low-cost and high-alcohol content products.

All alcohol-related deaths are avoidable deaths, demonstrating the urgency for further action and further progress. We consider that the introduction of a minimum price for alcohol can make an important contribution to addressing the devastation caused by this preventable issue.

The Welsh Government previously commissioned the Sheffield Alcohol Research Group at the University of Sheffield to model the potential impact in Wales of a range of alcohol pricing policies. On 8 December 2014, the report, *Model-Based Appraisal of Minimum Unit Pricing for Alcohol in Wales*¹, was published. The modelling undertaken by the University of Sheffield concluded that minimum unit pricing policies would be effective in reducing alcohol consumption, alcohol-related harms (including alcohol-related deaths, hospitalisations, crimes and workplace absences) and the costs associated with those harms. For example, it was estimated that introducing an MUP would reduce alcohol-related deaths by more than 50 per year and reduce alcohol-related hospital admissions by more than 1,400 per year, if the MUP was specified as being 50p.

2) What measures will be used to evaluate the effectiveness of the legislation? Will an evaluation after five years give us a clear enough picture, given that some of the health impacts may only be seen in the longer term?

The Bill commits Welsh Ministers to laying before the National Assembly and subsequently publishing – after a period of five years from the commencement of the minimum pricing regime – a report about the operation and effect of the Act during that period. My officials are currently developing an evaluation plan and will commission work to support a full evaluation and review of MUP in Wales.

The Welsh Government will be monitoring a range of different indicators where we expect to see change, including, for example, the number of hospital admissions as a result of alcohol misuse and reductions in alcohol-related deaths. We will also be monitoring price data for different alcohol products, as well as the overall consumption of alcohol across the population and among different sub-groups, including hazardous and harmful drinkers who are the target of this legislation. Further consideration will be given to the content of the evaluation and review over the coming months, with a view to learning lessons from the evaluation and review being implemented in Scotland.

There is likely to be a time lag between the introduction of MUP and changes in individual behaviour. The Welsh Government considers that a five-year review is the earliest point at which the policy would be embedded and there would be sufficient data to assess its effectiveness.

¹ <http://gov.wales/docs/caecd/research/2014/141208-model-based-appraisal-minimum-unit-price-alcohol-en.pdf>

However, while some of the health impacts may need a longer period to be demonstrated, the Welsh Government considers that a review into the operation and effect after five years is proportionate and that there should be some indication of impact of the legislation at this point.

Competence

3) Can you explain, for the record, your position on the National Assembly's competence to pursue this Bill, the reasons for the Bill being introduced now, and your intentions following the pending Supreme Court judgment on the relevant Scottish legislation?

The Welsh Government is content that the Bill is within the National Assembly's competence on the basis of the current case law.

We welcomed the most recent judgment in the litigation surrounding the Scottish minimum pricing legislation, which rejected the Scotch Whisky Association and others' arguments that the Alcohol (Minimum Pricing) (Scotland) Act 2012 was incompatible with EU law. It was in accordance with this case law that the Welsh Government introduced the Bill to the National Assembly.

Although we were still awaiting the outcome of the appeal by the Scotch Whisky Association and others at the point of introducing the Bill to the Assembly, we did not want to lose any time in including the Bill in this year's legislative programme.

The Welsh Government has a window of opportunity to introduce this Bill under the existing Wales Act regime; this will change when the Wales Act 2017 comes into force in April 2018. By introducing legislation on minimum pricing in Wales now, we can realise change at the earliest opportunity and deliver health and wider societal benefits. We are taking action now by introducing legislation which we believe will save lives.

The National Assembly for Wales has legislative competence on a wide range of public health matters and this Bill is specifically concerned with the protection of life and health.

Members will be aware, however, that the Supreme Court has announced its intention to deliver its judgment in the matter of *Scotch Whisky Association and others (Appellants) v The Lord Advocate and another (Respondents) (Scotland)* on 15 November. When the judgment is received, careful consideration will be given to it and any implications for the Bill, by the Welsh Government.

The minimum unit pricing (MUP) approach

4) How will the level of MUP be decided? What further work is needed before the relevant regulations are made, and what are the timescales for that work?

The policy rationale for minimum unit pricing is well developed in Wales –two consultations have taken place. We first consulted on this issue as part of the Public Health White Paper *Listening to you: Your health matters* in 2014 and we undertook a five-month consultation on a draft Public Health (Minimum Price for Alcohol) (Wales) Bill in 2015. We have continued to engage with external stakeholders and the alcohol industry in the two years after the draft Bill was published. This engagement work will continue as the Bill progresses through the National Assembly and ahead of any decision taken in relation to the level of the MUP.

The Bill, like the draft Bill published for consultation in 2015, provides that the MUP for the purposes of the Bill will be specified in regulations to be made by Welsh Ministers, with the approval of the National Assembly, if the Bill is enacted. The Welsh Government's previous consultations have been on the basis of a MUP of 50p.

The University of Sheffield is currently updating its analysis of the modelled impacts of MUP in Wales and the full report, which will consider a range of possible levels of MUP, will be published in January 2018. Proposals about the level at which the MUP should be specified will be developed using this updated evidence and other factors, such as alcohol sales data; the affordability of alcohol and data about alcohol-related harm in Wales.

The Welsh Government is aware that the amount of MUP to be specified is a matter of considerable interest to both Members and stakeholders more widely. Consequently, there are a number of safeguards built into the proposals for specifying the amount, not least that the regulations to be made will require the National Assembly's approval.

At present, the Welsh Government is continuing to use an example MUP (mainly 50p) in the supporting documentation for the Bill, including the Explanatory Memorandum and Regulatory Impact Assessment. These documents also make it clear that the MUP which will ultimately be specified in regulations may be higher or lower than this amount. The Statement of Policy Intent sets out the policy intention for the subordinate legislation that Welsh Ministers would be empowered or required to make, under the provisions of the Bill.

As set out in the Explanatory Memorandum, the proposal is that the minimum pricing regime will come into force 12 months from the date of Royal Assent of the Bill. Ahead of that time, work will be undertaken to ensure that the price specified in the

regulations is appropriate and set at the level most likely to achieve the policy aim of reducing hazardous and harmful drinking in Wales.

5) What is the Welsh Government's intention regarding reviewing the level of MUP in the future – how frequently, for example, and by what mechanism will the MUP be reviewed/altered?

We will keep the level of the MUP under review to ensure it is set at the most appropriate level to secure the public health objectives of the Bill. We intend to undertake an internal review of the level of the initially-specified MUP after the first two years following the date of the bringing into force of the minimum pricing regime proposed by the Bill. If it is felt that the level of the MUP needs to be adjusted, any regulations amending this amount would be subject to the affirmative procedure.

The formal review after five years will focus on the operation and effect of the Act during that period. It will be informed by an ongoing programme of monitoring and evaluation.

6) What is the evidence base underpinning the proposals? How has the link between alcohol price, consumption and harm been demonstrated? In particular, what evidence shows that those who drink at hazardous/harmful levels will reduce consumption under a minimum unit pricing policy?

An MUP specifically targets those who are drinking at hazardous and harmful levels, as these are the drinkers who tend to consume cheap, high-strength alcohol.

Hazardous and harmful drinkers are also those individuals who have the poorest health outcomes – in relation to alcohol-related harm – and have the most to gain from this legislation. Evidence on the targeted effect of MUP is provided in the 2014 report on the impacts of MUP, undertaken by the University of Sheffield. This reported that across the whole population, if the MUP was specified at 50p, 38.4% of units purchased would be affected but this differed according to drinker type. For harmful drinkers, 46.4% of units were affected; 35.9% of units for hazardous drinkers and 23.5% of units for moderate drinkers.

The analysis by the University of Sheffield also showed that reductions in consumption differ by drinker type. It was estimated that harmful drinkers would reduce their consumption by 7% (293.2 units per year) with reductions of 2% for both hazardous (28.8 units per year) and moderate drinkers (6.4 units per year).

More generally, there is strong evidence to support the link between alcohol price and consumption and on the direct link between consumption and harms and this

evidence is summarised in the Explanatory Memorandum.² As alcohol becomes more affordable, consumption increases. As consumption increases, harm increases. The Welsh Government therefore considers that if we increase the price of the cheapest drinks, we can have an important impact on reducing levels of consumption and reducing alcohol-related harm.

As is highlighted in the Explanatory Memorandum, the demand for goods and services is strongly influenced by price and this is a relationship which extends to alcohol. The majority of research and analysis about alcohol and price suggests there is a causal relationship between the price of alcohol, the quantity of alcohol consumed and adverse health outcomes. Increasing the price of alcohol therefore provides a mechanism through which health improvement can be achieved.³

The Explanatory Memorandum also highlights a number of systematic reviews of the evidence base on the impacts of price on consumption which support this conclusion. For example, paragraph 104 of the Explanatory Memorandum, cites the systematic review by Wagenaar et al. (2009) examining the relationship between measures of beverage alcohol tax or price levels, and alcohol sales or self-reported drinking.⁴ This found a total of 112 studies demonstrating alcohol tax or price effects and specifically highlighted that these effects are large compared to other prevention policies and programmes.

In 2014, the Advisory Panel on Substance Misuse (APoSM) published a report reviewing minimum unit pricing and its potential to deliver change and reduce consumption in Wales. In summary, upon reviewing the MUP literature and taking into account the expert evidence presented to it, APoSM recommended that minimum unit pricing should be introduced to address alcohol-related harm in the vulnerable groups most affected by hazardous and harmful levels of drinking. It considered that while MUP (and the evidence for it) has been criticised, nevertheless the evidence base is extensive, and the modelling of the effects of MUP in a UK context is well-founded and robust. APoSM considered that the effects of MUP would be different for different subgroups of the population: therefore MUP enables those drinking alcohol more harmfully or hazardously to be targeted, with smaller effects on moderate drinkers, particularly those with low incomes.

² See section on “Evidence related to price and alcohol” – beginning on page 27 of the Explanatory Memorandum.

³ Hobday, M., Gordon, E., Meuleners, L., Liang, W. and Chikritzhs, T. (2016) The effect of price increases on predicted alcohol purchasing and decision and choice to substitute. *Addiction Research and Theory*. Volume 24.

⁴ Wagenaar, A., Salois, M., and Komro, K., (2009) Effects of beverage alcohol price and tax levels on drinking: a meta-analysis of 1003 estimates from 112 studies. *Addiction*, Volume 104. Pages 179–190.

7) Have other strategies to reduce the affordability of alcohol been looked at? Why does the Welsh Government consider that minimum unit pricing will be the most effective approach?

Yes. The 2014 Sheffield Model, as commissioned by the Welsh Government, considered the estimated impact of the ban on selling alcohol for below the cost of duty plus the VAT payable on that duty. It concluded this ban would have a negligible impact on alcohol consumption or related harms.

The Explanatory Memorandum also specifically looks at the evidence on taxation and explores the extent to which taxation could target hazardous and harmful drinking, as compared with the introduction of an MUP.

Evidence suggests that higher taxation would not be as effective at tackling the Bill's objective as introducing MUP. The Welsh Government considers that taxation alone (as it currently stands in the UK) will not target and reduce levels of hazardous and harmful drinking in the same way as introducing an MUP for alcohol.

Minimum unit pricing aims to increase the price of very cheap and strong alcohol, therefore limiting its affordability amongst hazardous and harmful drinkers who tend to consume the cheapest alcohol. Higher taxation will not guarantee a minimum price for alcohol as retailers can absorb tax increases by off-setting them against the cost of other products. An MUP on the other hand, will guarantee that alcohol is not sold below a certain level. While taxation does increase the price of alcohol, it does not provide the same opportunity to reduce levels of hazardous and harmful drinking as MUP. Furthermore, taxation (if passed on to consumers) would increase the price of all alcohol. Therefore, moderate drinkers would also be impacted by an increase in taxation.

The 2014 Sheffield modelling suggests that harmful drinkers purchase more of their alcohol below an example MUP of 50p per unit at all income levels (harmful drinkers in poverty buy 42% of their alcohol below 50p per unit compared to 21% for moderate drinkers in poverty, harmful drinkers not in poverty buy 28% of units below 50p compared to 14% moderate drinkers not in poverty). Thus MUP would change the price of approximately a fifth of the alcohol purchased by moderate drinkers in poverty, whereas an increase in taxation would affect the price of all.

As part of their updated analysis of the impacts of MUP, the University of Sheffield are also considering the increase in the level of taxation that would be needed to deliver the same health outcomes amongst hazardous and harmful drinkers as a 50p MUP.

Alcohol duty is set at a UK level by the UK Government. It is not devolved and the Welsh Government is not seeking the devolution of powers to set alcohol duty.

Wider impact on consumers

8) One of the criticisms of minimum unit pricing is that it won't just target those drinking at harmful levels, but that it will impose additional costs on a majority of people who drink responsibly. What impact does the Cabinet Secretary expect the Bill to have on moderate drinkers?

Research estimates that there will be a minimal impact on moderate drinkers as a result of introducing an MUP for alcohol. The modelling work undertaken by the University of Sheffield in 2014 for example, estimated the impact of MUP on moderate drinkers will be minimal. The Sheffield Alcohol Research Group research showed that moderate drinkers constitute 74% of the drinker population, but consume only 28% of all alcohol.

Specifically, the introduction of an MUP targets specific drinks – namely, cheap, high-strength products. These types of products are more likely to be drunk by those drinking at hazardous and harmful levels, as the evidence cited in answer to question seven demonstrates.

The University of Sheffield also showed that spending changes would differ across the population, with harmful drinkers estimated to spend an extra £32 (1.1%) per year but moderate drinkers' spending increasing by £2 per year (0.8%) based on a 50p MUP. Furthermore, consumption changes would differ across the drinker population. Based on a 50p MUP, analysis in 2014 estimated that harmful drinkers will consume 293 fewer units per year but moderate drinkers will only reduce their consumption by six units per year.

9) The Explanatory Memorandum acknowledges that minimum unit pricing is likely to affect dependent drinkers. What assessment has been made of the need for additional services to support those who are dependent on alcohol?

This Bill is targeted at protecting the health of hazardous and harmful drinkers who tend to consume the greater quantities of low-cost and high-alcohol content product. Dependent drinkers are only a small proportion of these drinker groups.

Nevertheless, we acknowledge the concerns raised by some that for those drinking at particularly harmful levels (and who are consuming cheap, high-strength alcohol products affected by an MUP) the risk of withdrawal will potentially be greater – particularly if they only have a set amount of money to spend on alcohol. We are working closely with alcohol treatment service providers in Wales and will also draw lessons from the planned evaluation of similar legislation in Scotland, which involves a specific study of the impacts of MUP on harmful drinkers.

We would also emphasise that MUP is only one part of the Welsh Government's wider and continuing strategic approach to tackle alcohol-related harms. Alcohol

policy in Wales involves a variety of approaches, which taken together, aims to educate people about the dangers of excessive alcohol consumption and to drink responsibly.

The details of other existing and policy actions by the Welsh Government are detailed in the Explanatory Memorandum and form part of the Welsh Government's 10-year substance misuse strategy for tackling the harms associated with the misuse of alcohol, drugs and other substances – *Working Together to Reduce Harm*.

10) What is your response to the concern that minimum unit pricing is a regressive measure that will impact most on those in poverty?

People living in poverty are disproportionately likely to abstain from alcohol or drink very low amounts – and people living in poverty who abstain from alcohol or are moderate drinkers will be minimally affected by the introduction of an MUP for alcohol.

People living in poverty drink less on average than those above the poverty line. Moderate, hazardous and harmful drinkers in poverty drink 4.9; 25.9 and 71.7 units per week respectively, compared to 5.6; 28.2 and 79.8 units per week for those not in poverty. MUP will have an impact on hazardous and harmful drinkers living in poverty.

As an illustrative example, in 2014 the University of Sheffield estimated that for harmful drinkers in poverty, 42% of all units purchased are purchased below 50p, compared to 28% for those not in poverty. For moderate drinkers, the figures are 21% for those in poverty and 14% for those not in poverty.⁵

For those drinking at hazardous and harmful levels, people on a low income or who are living in deprived areas are more likely to suffer from a long-term illness, as a result of drinking too much. An MUP for alcohol can potentially reduce levels of hazardous and harmful drinking in these groups, meaning the risk of alcohol-related harm would be reduced.

People in the lowest socioeconomic groups who are harmful drinkers will accrue the greatest health benefits from the policy, as a result of anticipated reductions in the consumption of alcohol.

A 50p MUP was previously estimated by the University of Sheffield to have greater reductions in deaths and hospital admissions per 100,000 drinkers for those in poverty than those not in poverty: five fewer deaths and 120 fewer hospital admissions per 100,000 drinkers for those in poverty, compared to two fewer deaths and 50 fewer hospital admissions per 100,000 drinkers for those not in poverty.

⁵ <http://gov.wales/docs/caecd/research/2014/141208-model-based-appraisal-minimum-unit-price-alcohol-en.pdf>

11) How will the impacts of the Bill on low income and vulnerable groups be monitored and mitigated?

We understand and have noted the concerns raised by some regarding potential adverse impacts, which could arise as a result of the proposals set out in the Bill. For example, there have been concerns expressed that low-income households which consume low-cost alcohol will be unable to trade down and that household budgets could be affected if harmful and hazardous drinkers continue to consume alcohol at the same level as before MUP was introduced. We are also aware that some stakeholders have raised concerns that as some vulnerable groups reduce their consumption (in light of an increase in the price of alcohol) they may experience withdrawal and may need to access support services or hospital treatment to relieve and help manage the symptoms of withdrawal.

While these concerns are understood, within the Explanatory Memorandum we highlight that we do not expect large numbers of people to be accessing services in light of withdrawal from alcohol. For harmful drinkers, an MUP of 50p is estimated to reduce mean weekly consumption by 7.2% – or an estimated 5.6 units per week. It is unlikely that this type of reduction would result in a significant number of people requiring treatment for withdrawal. Nonetheless, even if we do see an increase in the number of people accessing substance misuse services as they reduce their levels of consumption, what we also expect to see is a reduction in alcohol-related deaths. This is something that we intend to monitor closely.

It is also important to recognise that MUP is not intended or expected to work in isolation. We will work with relevant stakeholders to signpost relevant services ahead of the implementation of MUP. We need to ensure people are accessing the support and services which are already in place. We will be working closely with Area Planning Boards to ensure local services are as responsive as possible to the needs of low income and vulnerable groups. Substance misuse treatment services are readily available with an improving trend for waiting times in this area.

The impacts of MUP on low income and vulnerable groups is an issue we will continue to consider both as the Bill proceeds through the National Assembly and as MUP is implemented.

Substitution effect

12) What is known about the consumption of unrecorded alcohol in Wales? Does Sheffield University's modelling work take account of this? ('Unrecorded alcohol' might include home-made or informally produced alcohol (legal or illegal), smuggled alcohol, alcohol intended for industrial or medical uses, and alcohol obtained through cross-border shopping (which is recorded in a different jurisdiction)).

We are not aware of any evidence that suggests the introduction of minimum unit pricing specifically will lead to an increase in the consumption of unrecorded alcohol (including home-made or informally-produced alcohol, smuggled alcohol, alcohol intended for industrial or medical uses and alcohol obtained through cross-border shopping) but this is something we intend to monitor closely.

We do not consider that any increase in price resulting from the introduction of MUP is likely to be sufficient to incentivise these kinds of activity, which are not currently a significant problem in Wales.

The Advisory Panel on Substance Misuse (ApoSM), in its 2014 review of the potential of MUP in a Welsh context, concluded that "individual production is deemed unlikely for the most vulnerable groups of drinkers, not least because of the time required for the fermentation process and the cost of the necessary equipment."

13) What level of risk is there that the introduction of minimum unit pricing could result in an increase in consumption of illegal or dangerous alternatives? How will this be monitored?

The Welsh Government acknowledges the concerns raised by some that there is a risk that consumers could potentially switch to illegal drugs or new psychoactive substances, following an increase in the minimum price of alcohol.

We consider this risk to be low, as illegal or untested substances are qualitatively different to the legal consumption of alcohol and most people would not consider them a valid substitute. Nonetheless, this is something we intend to explore further with the Advisory Panel on Substance Misuse (APoSM). The panel has previously commented: "Some consumers may substitute other psycho-active products for alcohol". APoSM also states that: "Evidence of the extent of such behaviour is scarce, although it suggests only a very small proportion of problematic drinkers, who already have other substance misuse issues, would respond in this way."⁶

⁶ Welsh Government Advisory Panel on Substance Misuse (APoSM) (2014) Minimum Unit Pricing: A Review of its Potential in a Welsh Context. Report Published July 2014.

Research published by Alcohol Research UK in 2015, which was based on a longitudinal study of dependent drinkers in Scotland, found that there was very little evidence of substituting other substances (such as drugs) for alcohol or the consumption of illicit alcohol, when household income had reduced following the introduction of changes to the welfare system.⁷

This is an issue we will continue to consider as MUP is implemented.

Impact on Local Authorities

14) How have you assessed the capacity of local authorities to enforce the minimum unit pricing regime? What additional support do you intend to provide (including financial support and guidance) to ensure local authorities are able to carry out the functions imposed on them by this Bill?

We have worked closely with local government to date about the local authority-led enforcement regime set out in the Bill. This regime will build on existing structures to ensure the best use is made of local knowledge and expertise, which is already in place across Wales.

The Welsh Government understands it will be important to ensure that local authorities are appropriately resourced when it comes to the enforcement of the Bill, particularly in terms of local authorities undertaking inspection and enforcement activities over and above that which would be taking place as part of existing inspection regimes.

As a result, within the Explanatory Memorandum, we have indicated that the Welsh Government will provide £150,000 to local authorities for this “over and above” inspection and enforcement activity during the first year of implementing the legislation; £100,000 during the second year and £50,000 during the third year.

Welsh Government officials are currently in discussion with the Welsh Heads of Trading Standards about the resourcing implications for the enforcement of the legislation, particularly in the early stages of implementation and I will provide a further update to the committee as these discussions progress.

15) Section 16 of the Bill allows an authorised officer of a local authority (authorised by a warrant under section 14) to enter a dwelling with additional persons and equipment. What safeguards are in place to prevent abuse of the section 16 power when an authorised officer of a local authority enters a dwelling by warrant and may take such other persons and equipment as the officer considers appropriate?

⁷ http://alcoholresearchuk.org/downloads/finalReports/FinalReport_0128.pdf

The Welsh Government considers the proposed enforcement regime would achieve a fair and proportionate balance between the rights of anyone affected by any powers of entry and the effective enforcement of the proposed MUP regime. We are satisfied that the enforcement regime proposed by the Bill is compatible with the European Convention on Human Rights or is capable of being exercised in a manner that is compatible.

Section 16 of the Bill makes supplementary provision about powers of entry. Consequently, an authorised officer could only exercise the power under section 16(1) to take other persons and equipment with him or her as the officer considered appropriate if entry was permitted under sections 13, 14 and 15 of the Bill and was in a matter consistent with the objectives of the Bill's enforcement provisions. There are various safeguards built into sections 13, 14 and 15.

Section 14 of the Bill makes provision about warrants to enable local authority authorised officers to enter dwellings. However, a warrant may only be issued where a Justice of the Peace is satisfied there are reasonable grounds to believe an offence under section 2 of the Bill has been committed and it is necessary to enter the premises for the purpose of establishing whether such an offence has been committed.

There are also safeguards built into section 16, including, if the occupier of the premises entered by virtue of a warrant is present, then the authorised officer must inform the occupier of the officer's name, produce evidence of his or her authorisation and supply a copy of the warrant to the occupier.

In addition to the various safeguards built into the legislation, the enforcement powers given to authorised officers will operate in the context of various other existing safeguards such as the Human Rights Act 1998. Likewise, the Police and Criminal Evidence Act 1984 Code B, to which those charged with the duty of investigating offences, will be required to have regard. This code also provides well-established general guidance which further places clear emphasis on acting in accordance with the Convention rights.

Impact on retailers, including cross-border issues

16) The Regulatory Impact Assessment describes a 'degree of uncertainty' about what the alcohol industry's response to the introduction of minimum unit pricing might be. Is there a risk that, if the introduction of minimum pricing results in increased profits for the alcohol industry (as predicted by the Sheffield model), this could undermine the policy intentions of the Bill?

As the committee notes, the Sheffield model estimates that under all modelled policies considered in 2014, revenue to retailers was estimated to increase. However, that same model concluded that MUP policies would be effective in

reducing alcohol consumption, alcohol-related harms (including alcohol-related deaths, hospitalisations, crimes and workplace absences) and the costs associated with those harms.

Therefore, the Welsh Government does not consider this will undermine the policy intentions of the Bill, which is primarily to reduce hazardous and harmful drinking in Wales through a reduction in the availability of cheap, high-strength alcohol.

17) Can you clarify whether/how minimum unit pricing would apply where a person living in England orders alcohol products that are delivered from within Wales - both from a retailer based only in Wales, and also from larger UK-wide retailers?

This is a public health measure concerned with hazardous and harmful alcohol consumption in Wales. Consequently, the section 2 offence would apply to the supply of alcohol from qualifying premises in Wales and to the authorisation of the supply of alcohol from qualifying premises in Wales, to a person in Wales.

To summarise, this means that where alcohol purchases are delivered to a customer and the licence for the qualifying premise is held in Wales, the Bill's provisions would apply to all sales delivered to Wales, but would not apply to sales delivered to an address in England.

18) What assessment has been made of the impact on UK-wide retailers who will have to operate a different pricing regime in Wales to that in England and elsewhere in the UK?

The Regulatory Impact Assessment for the Bill contains an assessment about the impact on retailers. This assessment acknowledges there are likely to be compliance costs for retailers in relation to implementing the MUP regime. Estimated total compliance costs for retailers in the off-trade include: £756,400 in the first year to fully familiarise with the requirements of the legislation and changing prices, plus £75,000 annually for ongoing compliance and familiarisation (see table two, part two, Regulatory Impact Assessment).

In addition, paragraph 285 of the Regulatory Impact Assessment highlights the fact that larger businesses which operate UK-wide may incur costs associated with a different pricing and promotion regime in Wales. The cost of re-pricing and labelling at the point of implementation is not considered to be excessive, as these stores regularly re-price their products, including in response to changes in alcohol duty at short notice. However, these costs are unknown.

It will ultimately be for each UK-wide retailer to consider how they will comply with the minimum pricing regime proposed by the Bill. However, as the Bill proceeds through the National Assembly and as it is implemented, we will work closely with the alcohol and retail industry, particularly through the Welsh Government's Alcohol Industry Network, to raise awareness and to discuss this further.

19) Is the introduction of minimum unit pricing likely to encourage consumers to cross the border to buy alcohol in England, and will this have a negative impact on Welsh businesses, particularly in border areas?

Cross-border shopping already exists but we believe the impacts of introducing an MUP will be minimal.

It is recognised that different regimes in Wales and England may have an effect on consumer behaviour, depending on the willingness and ability to travel, along with the price differential compared to the costs of transport. But, for the majority of the Welsh population, purchasing alcohol in England would incur both a time and travel cost. This cost is likely to outweigh any savings on the price of alcohol.

We also know that the majority of hazardous and harmful drinkers are not living in areas close to the Wales-England border. A 2015 analysis shows that cross-border shopping in Wales occurs more in rural areas in the central border region, rather than the urban areas in the north and south border regions, where drinking patterns are heavier. This analysis is included as part of the Competition Assessment in the Explanatory Memorandum.

Minimum unit pricing targets the proportion of drinkers who consume hazardous or harmful quantities of alcohol, who are more likely to be purchasing alcohol for immediate consumption. It is considered this will reduce the incentive to travel further than they would normally, to avoid paying more for their alcohol as a result of an MUP.

Nonetheless, we recognise that in some areas of Wales, there may be people who decide to cross the border and purchase alcohol in England. But we anticipate this would be small in scale and would not undermine the overall effectiveness of the Bill as a public health population measure. For example, the estimated impact of a 50p MUP on moderate drinkers (74% of the drinker population in Wales) in terms of spend, in 2014, was an increase of £2 per year. We consider this amount is unlikely to change shopping habits significantly.

The Welsh Government will nevertheless be providing guidance to both retailers and enforcement officers about the proposed new regime. We are already engaging with retailers and the alcohol industry through the Welsh Government's Alcohol Industry Network and my officials will also be meeting with representatives of the Welsh Retail Consortium.

20) Will the introduction of minimum unit pricing have a disproportionate impact on smaller businesses, who may face higher implementation costs for example?

We accept there will be some implementation costs associated with the introduction of an MUP but we believe a large amount of retailers will be able to absorb these costs with the overall benefit from an increase in revenue. The modelling undertaken by the University of Sheffield estimated that revenue to retailers would increase across all policies considered, with an increase in revenue to retailers of £27m per year if the MUP was specified at 50p.

The Welsh Government will work with all retailers, including small businesses, during the implementation of the proposed MUP system to minimise costs, wherever possible.

21) What guidance and support does the Welsh Government intend to provide to retailers, and why this is not set out on the face of the Bill?

The Welsh Government will be issuing guidance regarding the Bill to assist an understanding of the proposed new regime. This guidance will not be set out on the face of the Bill as it will form part of the implementation process. The Welsh Government will rely on its existing, general powers to issue that guidance.

As set out in the Explanatory Memorandum, the Welsh Government will also be investing more than £100,000 in communications during the first year of implementation. We are planning to issue supporting materials, such as an online minimum price calculator and publicity materials, which will help retailers understand the legislation and its implications in terms of the alcohol products they sell.

In addition, plans are in place to provide training for local authority staff, which will focus on the requirements of the legislation and its enforcement in Wales.