

Response to a consultation on delivering the Government's policies to cut alcohol fuelled crime and anti-social behaviour

INFORMATION ABOUT YOU

COMPANY NAME OR ORGANISATION (if applicable)
Nook's Yard Ltd – a small artisan producer of Traditional Cider & Perry
Which of the following best describes you or the professional interest you represent?
A small or medium sized enterprise involved in the production of alcohol (up to 50 employees)
Please select one box from the list below that best describes where you live or where your organisation is based:
North West England

A MINIMUM UNIT PRICE FOR ALCOHOL

The Government wants to ensure that the chosen minimum unit price level is targeted and proportionate, whilst achieving a significant reduction of harm.

Consultation Question 1:

Do you agree that this MUP level would achieve these aims?

Yes	NO	Don't Know
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RESPONSE
<p>MUP on the basis of alcohol cannot distinguish Traditional cider made with a majority of freshly pressed apples, from mass-produced industrial cider, therefore it is not targeted. Traditional cider is an acquired taste, is served flat and warm and has a similar appeal to Real Ale. Young people, looking to get drunk quickly, prefer sweet and fizzy or "white" ciders. Traditional cider is therefore not responsible for youth binge-drinking problem in towns, yet risks being penalised by an indiscriminate and hastily considered policy.</p> <p>The proposal is disproportionate with respect to specific case of the sale of Traditional cider direct from the barrel at the farmgate. A MUP of 45p will see Traditional cider sold direct from the barrel at the farmgate almost doubling in price. The decrease in demand at this price change has not been modelled but will be significant, thus penalising an entire industry that has limited options compared to industrial producers with multiple brands and significant resources.</p> <p>The inconvenience and perceived inferior quality of Traditional cider will make identically priced substitutes more attractive, thus not significantly reducing harm to those who are dependent. Traditional cider sold direct from the barrel at the farmgate requires a specific trip to buy from a remote location, thus has an additional cost/inconvenience factor. Under MUP, for the same price, the consumer has a wider range of better quality cider in supermarkets. MUP will significantly increase price and reduce demand for Traditional cider, whilst increasing the attractiveness of alternatives, not decreasing.</p>

Consultation Question 2:

Should other factors or evidence be considered when setting a minimum unit price for alcohol?

YES	No	Don't Know
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RESPONSE

A Minimum Unit Price will significantly reduce demand and stop my plans for expansion.

Traditional cider and perry, as sold from the barrel at the farm gate, has a typical price per unit of under 30p - significantly below any suggested Minimum Unit Price. I fear that there will be insufficient demand for my traditional cider & perry at the suggested minimum unit price, thus stopping me from expanding my business in this way, and forcing other established cider makers to close.

A missed opportunity for preserving traditional Cheshire pear orchards with a unique product.

The local traditional orchards are historic, are a haven for wildlife and are unique in this area. They have been largely neglected because the fruit was thought to have no commercial value. However the fruit is suitable for making a perry – the only one made in Cheshire. The benefit of producing a local, and thus low cost product to be sold locally, would be removed if it I was forced to charge a high price. This high price would restrict local demand, so production would not be increased. This would remove any incentive for additional support and maintenance of local traditional orchards, resulting in their further decline.

Traditional cider cannot be made with a lower alcohol content.

Traditional cider, made from 100% freshly pressed fruit juice, has a natural alcohol content of around 6% to 7% due to the natural sugars present in the fruit. I cannot make a weaker cider by diluting with water, so as to increase the effective price per unit, as this then stops it being traditional or real cider, made in the centuries-old fashion.

An enforced price manipulates the market and possible unintended effects specifically within the Traditional cider market have not been considered.

The wholesale market for traditional cider is driven by distributors who buy direct from the barrel at the producer's farmgate at broadly retail prices. Increasing the retail price would make the producer consider whether the significant discount to the distributor was justified. They may increase wholesale prices, or stop selling wholesale given the enforced attractiveness of the retail price.

Consultation Question 3

How do you think the level of minimum unit price set by the Government should be adjusted over time?

Do nothing – the minimum unit price should not be adjusted.
The minimum unit price should be automatically updated in line with inflation each year.
The minimum unit price should be reviewed after a set period.
Don't know.

Consultation Question 4

The aim of minimum unit pricing is to reduce the consumption of harmful and hazardous drinkers, while minimising the impact on responsible drinkers. Do you think that there are any other people, organisations or groups that could be particularly affected by a minimum unit price for alcohol?

YES	No	Don't Know
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RESPONSE

Specifically producers of traditional cider based in rural areas, particular Somerset and the West Country, who are selling direct from the barrel at the farmgate to local communities, as they have done for generations. I grew up in Somerset and my parents still live there. In my experience of Traditional cider producing areas, "Binge Drinking" is predominantly an urban phenomenon and thus is geographically remote from the outlets for this type of alcohol.

IMPACT ASSESSMENTS

Consultation Question 34

Do you think that the Impact Assessments related to the consultation provide an accurate representation of the costs and benefits of the proposals?

A) Minimum unit pricing.	Yes	NO	Don't Know
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Consultation Question 35

Do you have any comments on the methodologies or assumptions used in the impact assessments? If so, please detail them, referencing clearly the impact assessment and page to which you refer.

YES	No	Don't Know
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RESPONSE

Table 9 in Impact Assessment on Minimum Unit Pricing (IA-MUP) states 86% of cider sold off-trade is currently sold below the proposed MUP of 45pence per unit (ppu). Therefore the cider sector is going to be the largest drinks sector affected. Despite this, the ScHARR model (Table 2 IA-MUP) gives no specific consideration to consumption changes for cider.

Such a significant oversight, relating to the entire sector most impacted by the proposals, cannot be allowed to be ignored without further research and consideration.

We conducted a survey of prices charged for traditional cider sold direct from the barrel at the farmgate – see **Appendix One**. The percentage increase in price from the average price per unit to 45p per unit was around 38% - a larger increase than all but one of the products in Table 15 IA-MUP. The elasticities have not been tested at this level and clearly a larger price increase introduces more variable for 2nd order effects which, as the Impact Assessment states "cannot be accurately predicted and are not considered in detail" (Page 15 IA-MUP).

This weakness of the IA-MUP needs to be considered and consultation responses *should* inform future modelling in this area. It would seem prudent to continue the research on the supply/demand and the impact on sales direct from the barrel at the farmgate of traditional ciders.

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There is no acknowledgement of the difference between traditional ciders, made with majority freshly pressed fruit by rural or small artisan producers, and mass-produced industrial ciders as listed in Table 15 IA-MUP. It is likely that the readily available industrial ciders are driving binge drinking, not the limited locally available traditional ciders.

My particular business sector will be impacted most, is least likely to be a cause of binge drinking, yet is given no explicit consideration by the Impact Assessment.

Page 15 IA-MUP states “MUP could incentivise producers to produce lower strength alcohol products”. This is not possible for traditional cider as its alcoholic strength is determined by the amount of sugar in the fruit which forms the majority of its composition. Sugar levels cannot be reduced without diluting and thus redefining the actual product. Traditional ciders will therefore be hit hardest by pricing based on alcohol content because of the way they are made.

We conducted another survey asking people how important the juice content was for Traditional cider – see **Appendix 2**. 95% of respondents said traditional cider should be made from over 85% fresh juice.

The consultation suggests that reducing alcohol content could reduce price charged and thus mitigate any decrease in demand for Traditional cider as a result of implementing MUP. However, the mechanism of reducing the juice content of Traditional cider will itself impact negatively on consumers’ perception of the product, thus also suppressing demand but via a different mechanism.

While industrial cider manufacturers have large product portfolios and could adjust branding/composition/pricing to minimise the impact MUP, a small traditional cider maker often only has a few different products which are not significantly differently positioned or priced. Therefore the traditional cider maker has very limited options to adjust his product portfolio to mitigate impact of MUP.

On this basis consideration should be given to some form of exemption from MUP to sales of traditional cider direct from the barrel at the farmgate, on the basis the fundamental business structure of small traditional cider makers.