



Unlocking Pubs' Potential –
All-Party Parliamentary Beer Group Inquiry
Molson Coors Submission (10 May 2019)

About Molson Coors

1. Molson Coors is one of the world's largest brewers and has a significant presence in the UK with over 2,285 employees and breweries in Burton-on-Trent, Tadcaster, Burtonwood, Sharp's brewery in Cornwall, and Aspall cyder house in Suffolk. Our UK&I Head Office is in Burton-on-Trent and we have regional offices in Edinburgh, London and Belfast. Our National Contact Centre is in Cardiff.
2. Molson Coors has a market share of around 19% of the UK beer market and a portfolio that includes Carling, Coors Light, Doom Bar, Pravha, Staropramen, Worthington's, Cobra, Rekorderlig and Aspall. Our range of low- and no-alcohol products includes Cobra Zero, Bavaria 0.0% and Rekorderlig no alcohol.
3. Our operations form a significant contribution to the UK pubs and brewing sector which contributes £23 billion per annum to the UK economy in economic activity¹.
4. Molson Coors welcomes the opportunity to respond to this inquiry and are proud to supply pubs across the UK.

Summary

5. Pubs bring a range of benefits to local communities, including employment, the provision of local services and acting as a hub for community cohesion. However, there are various challenges currently facing pubs that threaten the part they play in Britain's culture and heritage.
6. One of the key challenges pubs face today is high rates of alcohol duty. Since 2008 the changes to alcohol duty have caused extensive damage to British pubs, with more than three pubs closing a day across the country². To rectify this and support British pubs the Treasury should adopt a cut in duty, which evidence shows will be broadly revenue neutral.

The benefits pubs bring to local communities

7. The benefits pubs bring to local communities are threefold:
 - 7.1. employment, particularly of under-represented groups;
 - 7.2. provision of local services; and
 - 7.3. boost community cohesion and tackle isolation.
8. Ultimately, pubs are a vital part of the fabric of British society. They ensure diverse communities are brought together, provide jobs right across the UK and can help deliver key local services.

Employment

9. Pubs are a major employer in the UK, accounting for 597,350³ direct jobs across the country. This equates to £5.2bn in wages, producing £9.63bn of GVA. There are a further 109,210 indirect jobs and £2.5bn in indirect wages, producing £4.94bn of GVA.

¹ BBPA 2018 Budget Submission

² <https://beerandpub.com/statistics/pub-numbers/>

³ BBPA Local impact of the UK beer and pub sector



10. The pub industry employs those that tend to be underrepresented in the workforce, with around 43% of the beer and pub workforce under 25, compared to only 12% in the overall economy⁴. However, the industry is also gender representative, with 53% of those employed identifying as female⁵. Additionally, jobs in pubs provide a great deal of flexibility, with 57% of positions part time, whilst many are in rural areas, small towns and villages where other local jobs can be limited. Jobs in pubs are also spread right across the country, including in regions that have significantly lower employment than in the high-employment South-East.
11. Ultimately, breweries and pubs provide much needed employment in areas that would otherwise have limited local jobs, particularly for young people and those looking for flexible working arrangements.

Community hubs

12. The longstanding connection that local pubs have with their communities is demonstrated by the 2018 British Beer and Pub Association's Long Live the Local campaign, which in just two months saw the petition signed by more than 80,000 people with 30,000 people writing to their local MP to support local pubs.
13. Pubs are a key community hub and the Government has previously recognised that responsible drinking brings a number of societal and economic benefits for the UK.
14. Pubs form an integral part of British culture, increasing social-cohesion, facilitating friendships and business engagements, whilst fulfilling an iconic role in tourism. Indeed, pubs bring the UK's diverse communities together and act as one of the top three places to visit for tourists coming to the UK.
15. At a time when social isolation is rising, with almost a fifth of the population stating that they are always or often lonely⁶, the importance of pubs in local communities cannot be overstated. This is also backed up by academic research, with a study by Oxford University highlighting the benefit of pubs for people's sense of individual well-being⁷. The important role pubs play stems from their position as hubs for groups ranging from football teams through to scrabble clubs. Indeed, the Carling 'Made Local' campaign⁸ demonstrates the pride people have in both their local communities and local pubs.
16. Pubs are also important focal points for music. The recent Slaves music video hosted at a pub in East London, which was supported by Carling, demonstrates the important role British pubs play as music venues and highlighted the cultural damage that results if such institutions close⁹. The 'Made Local' campaign has also supported the people, bands and venue helping keeping live punk music alive in Swansea¹⁰.
17. The declining high street coupled with cuts to local services have led pubs to take on a greater role as a provider of local public services. Since 2001 the 'Pub is the Hub' campaign has worked with over 500 pubs to deliver public initiatives and have also worked with local communities to buy pubs so that they do not fall into disrepair or are redeveloped.

⁴ BBPA 2018 Budget Submission.

⁵ BBPA 2018 Budget Submission.

⁶ <https://www.campaigntoendloneliness.org/loneliness-research/>

⁷ BBPA 2018 Budget Submission

⁸ <https://www.carling.com/your-stories>

⁹ <https://www.longlivethelocal.pub/music>

¹⁰ <https://www.carling.com/swansea-sound>

18. Through the 'Pub is the Hub' initiative, pubs have delivered services including Post Offices, school meals and community digital access – demonstrating the key role pubs now play as providers of local services.¹¹

Key challenges facing pubs

19. Three pubs are closing every day in the UK, with the total number of pubs in the UK now below 50,000. This represents a 17% fall since 2000, with over 10,500 pubs closing their doors¹².

20. Increases in alcohol duty since 2008 have made a pint in a pub less affordable for hard working people. Even taking into account support for alcohol duty since 2013, the larger increases between 2008 and 2012 mean the net effect is that consumers have contributed £5.4 billion more in excise duty over the last six years than if there had been inflation increases. Indeed, currently one in every three pounds spent in a pub goes to the Treasury. This increase in beer duty is one of the factors that has led to the price of a pint increasing by 36% between 2010 and 2017¹³.

21. The UK has one of the highest Beer Duty rates in Europe. In fact, Beer Duty in the UK is three times higher than the EU average, and 12 times higher than that of Germany or Spain. This has been the result of decades of creeping increases. The result of this disproportionate rate is that the UK pays 40% of the Beer Duty in Europe, whilst drinking only 12% of the beer.

On a 5% ABV pint of beer:

- Finland pays the most Beer Duty in Europe at 81 pence
- The UK pays the 3rd most at 54 pence
- Italy pay around the average at 18 pence
- Germany only pays 5 pence – the 26th lowest in Europe¹⁴

22. Other leading brewing nations like, Germany and Belgium have worked to protect their industries and have far lower Beer duties than the UK. Similarly, other countries have invested in the pub, brewing and wider hospitality sectors by reducing various taxes to ensure the industries thrive.

23. The high duty rates on beer mean that the weighted average price for consumers is higher for beer when compared to other drinks with a higher ABV. As beer is most commonly drunk in pubs, this provides a further explanation as to why less people are drinking in pubs, and therefore ultimately why pubs are continuing to struggle.

24. The current Business Rates system is complicated and disproportionately impacts pubs, which pay 2.8% of the total rates bill yet contribute only 0.5% of rate-paying business turnover¹⁵. Pubs also pay 4% of turnover in rates, which is the highest of any sector¹⁶. Business Rates have been identified by pub managers as one of the biggest threats to their business and are a leading factor in pubs closing, with 8% of businesses becoming unviable after Business Rate revaluations¹⁷.

¹¹ <https://www.pubisthehub.org.uk/case-studies/>

¹² <https://beerandpub.com/statistics/pub-numbers/>

¹³ BBPA 2018 Budget Submission.

¹⁴ <https://www.longlivethelocal.pub/beertax>

¹⁵ BBPA response to Treasury Committee inquiry on 'The impact of Business Rates on business'. Available [here](#).

¹⁶ BBPA response to Treasury Committee inquiry on 'The impact of Business Rates on business'. Available [here](#).

¹⁷ 2018 UKHospitality Christine & Co Benchmarking Report

Solutions

25. A cut in alcohol duty would keep a pint affordable for hard working people, thus ensuring pub visits rise and local community pubs are protected. For the Treasury, the impact of a modest cut to beer duty would be broadly revenue neutral, as although duty receipts would be lower, the knock-on effects of increased sales and employment taxes would balance this out.
26. The 2018 Oxford Economics Report shows that a 2% cut in beer duty would lead to:
 - 26.1. 5,087 more jobs;
 - 26.2. £93 million tax break for the pub and brewery sector; and
 - 26.3. £84 million extra Government revenue.
27. In addition to changes to beer duty, further measures should be implemented to protect British pubs, as they are a vital part of the economy and a key draw for tourists. Further programmes and schemes to encourage pub visits, which also help reduce isolation and promote community engagement and interaction, should be considered by the Government.

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