

# DÁIL ÉIREANN

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AN COMHCHOISTE UM POIST, FIONTAIR AGUS NUÁLAÍOCHT

JOINT COMMITTEE ON JOBS, ENTERPRISE AND INNOVATION

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*Dé Máirt, 30 Meitheamh 2015*

*Tuesday, 30 June 2015*

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The Joint Committee met at 1.30 p.m.

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## MEMBERS PRESENT:

Deputy Dara Calleary,	Senator David Cullinane,
Deputy Seán Kyne,	Senator Michael Mullins,
Deputy Anthony Lawlor,	Senator Hildegard Naughton,
Deputy John Lyons,	Senator Feargal Quinn.
Deputy Peadar Tóibín,	

In attendance: Senator Imelda Henry.

DEPUTY MARCELLA CORCORAN KENNEDY IN THE CHAIR.

## BUSINESS OF COMMITTEE

### **Business of Committee**

**Chairman:** Apologies have been received from Deputy Áine Collins and Senator Mary White. I propose that we defer private business until after the discussion with the Vintners Federation of Ireland and Mr. Greg Mulholland, MP. Is that agreed? Agreed.

### **Employment in the Pub Sector: Discussion**

**Chairman:** I remind members, visitors and those in the public gallery to please ensure their mobile phones are switched off for the duration of the meeting as they interfere with the broadcasting equipment, even when in silent mode.

We will now commence our discussion with the Vintners Federation of Ireland and Mr. Greg Mulholland, MP, chair of the cross-party group on the pub in the UK, on how the UK has approached the problem of stimulating employment in the pub sector. I welcome Mr. Greg Mulholland, MP, and Mr. Pdraig Cribben, CEO of the Vintners Federation of Ireland.

Before we commence, in accordance with procedure I am required to inform our guests that by virtue of section 17(2)(l) of the Defamation Act 2009, witnesses are protected by absolute privilege in respect of their evidence to the committee. If they are directed by the committee to cease giving evidence on a particular matter and they continue to do so, they will be entitled thereafter only to a qualified privilege in respect of their evidence. They are directed that only evidence connected with the subject matter of these proceedings is to be given and are asked to respect the parliamentary practice to the effect that where possible, they should not criticise or make charges against any person, persons or entities by name or in such a way as to make him, her or it identifiable. Members are reminded of the long-standing parliamentary practice to the effect that they should not comment on, criticise or make charges against a person outside the Houses or an official, either by name or in such a way as to make him or her identifiable. I remind the joint committee's guests that the presentations should be no more than five minutes in duration. The presentations submitted have been circulated to members and I invite Mr. Mulholland to make his presentation to the committee.

**Mr. Greg Mulholland:** I thank the Chairman for the welcome, the joint committee for inviting me and members for their attendance. This is my first time before a parliamentary committee in Ireland and it is a real pleasure. I have been a member of select committees in the UK Parliament for the past ten years but am here in my capacity as the chair of the cross-party Save the Pub Group, which I established with other Members from all political parties back in 2009. We did that because we were concerned about the rate of pub closures in the United Kingdom and the reasons behind that. A document I have to hand for circulation to members is the mission statement we published as an all-party group in 2009, which would provide members with a sense of our work on some issues on which we have been campaigning. I have taken a real interest in this issue and have become something of a champion for these issues. Clearly, the joint committee's particular interest is the economic impact of measures governments can take which are pub-friendly and that can have a direct effect on jobs and I will restrict my comments to those areas in the five minutes allotted to me.

It is important to state, before so doing, that while there are huge similarities between pubs in the United Kingdom and the Irish pub and the role it plays in the community and nation of

Ireland, there also are highly significant differences between the pub sector in the two countries and it is important to bear that in mind. When it comes to the issue of jobs and economic impact in particular, we are looking at the taxation policies and this has been a real focus for us as group in recent years. I am well aware of the double whammy here in Ireland with the 23% VAT rate on alcoholic drinks, which is offset slightly by the 9% VAT rate on the hospitality industry. Incidentally, that is something for which we are campaigning in the United Kingdom but for which we are not meeting with any success thus far. As members are aware, we have been successful with regard to beer excise duty. Until recent changes in the United Kingdom, the two countries have had among the very highest beer excise duties. Moreover, through organisations like the British Beer and Pub Association and the Campaign for Real Ale, CAMRA, members should please follow up with me regarding any information they seek and I will provide factual information to them from the various surveys. However, it was clear from surveys that the price of a pint in the on-trade in pubs was causing a decline because it was making it less attractive to go to the pubs. Moreover, while the beer excise rises through the beer duty escalator, which we have had in place for a number of years, was also affecting the off-trade and supermarkets, the latter in particular were able to absorb them and often did not increase their prices at all. Consequently, after a long-fought campaign, we managed to have the beer duty escalator abolished and since then, we have had two further cuts in beer duty. We actually have achieved a cut in beer duty. I will provide the joint committee with some research, as ultimately one must be able to back up one's facts, and research was carried out before the third and most recent cut in beer duty by the Centre for Economics and Business Research, which I will happily share with members. It is estimated that 26,000 jobs were created from the abolition of the beer duty escalator alone, which is highly significant. A lot of those jobs are in brewing, as opposed to pubs because clearly, the tax is levied at the producer level but many medium-sized breweries, in particular, were unable to invest in their plants and staff. The abolition of the duty escalator has also led to higher investment. It is estimated that in 2014 investment was £61 million higher than it would have been if the duty escalator had been maintained and the price of a pint was 16 pence lower before the third cut in beer duty than it would have been under a beer duty escalator. This has led to 750 million more pints being sold in the on-trade and clearly this increase has had a significant effect. These estimates were calculated before the third beer duty and further research will be done on the effects of the duty cuts which have provided further significant and good news.

The other issue directly related to pubs is the business rate relief which has been extended to pubs, although the Save the Pub Group would like it to be directly focused on pubs.

There is clear, cold, hard evidence that the reduction in beer duty to a much more competitive level in the United Kingdom compared to European competitors has had a direct effect, not only on helping to restore confidence in the pub sector but also in terms of further investment and direct jobs.

**Deputy Dara Calleary:** I welcome Mr. Mulholland and Mr. Cribben. I note Senators Henry and Hayden are present in the Gallery.

I am intrigued by the existence of a cross-party Save the Pub Group in Britain. I assume this is an informal group. Will Mr. Mulholland outline how it operates?

While we all agree with Mr. Mulholland on duty and excise, the position of the off-trade versus the on-trade is another important issue and one which Mr. Mulholland did not discuss in detail. The position in Ireland is similar to that in the United Kingdom in respect of the freedom available to the off-trade, particularly the multiple supermarkets, to use alcohol as a price

leader, thereby undermining the supply chain that is the local pub and the responsibility that applies to premises selling alcohol.

The asset of community value, ACV, concept is an interesting one. How long has this been in place and how many pubs have gone through that system? What impact have changes to beer duty in the United Kingdom had on business levels in pubs?

Pubs in Britain are frequently tied to one supplier, which is not the case here. Mr. Mulholland made a number of proposals in this regard.

**Mr. Greg Mulholland:** Deputy Calleary raises a number of issues which I could probably spend the entire session discussing. Members should not worry as I do not propose to do so. The Deputy asked about the Save the Pub Group. I am visiting Ireland to share the group's experience and potentially make contacts. I visited the Scottish Parliament, Welsh Assembly and Northern Ireland Assembly to discuss the possibility of similar groups being formed and it is wonderful that the next place I am visiting is the Republic of Ireland.

I am aware that Ireland does not have a system of all-party parliamentary groups. We are a formal all-party parliamentary group which is constituted through the rules pertaining to all-party parliamentary groups, which have a certain number of Members of Parliament from the various parties. We have officers selected along those lines. Ultimately, we set ourselves up as a campaigning group with a specific set of aims. I have our 2010 remit, which leads me nicely on. I will read briefly from the purpose and mission statement of the group. It states that the purpose of the Save the Pub Group is to "bring together Members of the House of Commons and House of Lords who want to add their voice to the efforts to preserve and protect the British pub". The group shares a belief that "British pubs are important to the country's history and heritage and are hugely important to the communities they serve".

To pick up on another point the Deputy made, the Save the Pub Group also believes that the traditional public house provides a sociable and controlled drinking environment, which is important in encouraging responsible and sociable drinking. We continue to push this message strongly as it is one that has been lost to a great extent to both nations.

We have not agreed a policy on supermarket pricing because there are different views on that thorny issue. The price differential is very significant and surveys show people are opting to drink at home because of the very low prices available in supermarkets. My own view is that below-cost selling of alcohol is entirely wrong. I have pushed the Government in the UK and its predecessor to deal with the issue, and we have had some success in so far as legislation was passed. However, that legislation does not really deal with the problem because it is effectively concerned only with taxation issues, without any reference to the cost of production and distribution of the product. I am still pushing both Government and industry to come up with a workable below-cost selling ban. We have considered minimum pricing, which I understand is also under consideration here, but that brings one into the realm of having to decide what level to choose and considerations such as whether it is an arbitrary level and whether what is being done is punitive. While we all want to encourage responsible drinking, we do not want something that is deliberately punitive. We will continue to push on that particular issue.

The assets of community value, ACV, scheme which was introduced in Britain by the last Parliament under the Localism Act is an interesting initiative that gives communities the ability to seek to list not only pubs but also local shops and other community facilities. So far, the number of pubs listed is not huge, at between 600 and 700, although it has gone up in the past

few months. Communities must go through a listing submission process with the local authority and applications are sometimes turned down. However, the opportunity is there to put a community bid together. It is a fairly weak power in that the bid can be ignored, but it does present something of a roadblock to those situations where a local pub is lost without communities having a say. One of the greatest problems in terms of pub closures in the UK is the situation where supermarket chains are buying pubs, including profitable pubs, simply because they want to impose a store on local communities. We have absurd permitted development rights which allow that use class to go through without the need for planning permission and with communities having no say. Where indebted property companies own pubs, it often suits their needs to sell them, even where they are profitable and viable concerns. The ACV scheme was partly brought in to deal with that particular threat, but we are still campaigning for greater protection and an end to all permitted development rights.

Ireland is very lucky not to have this type of issue with property companies, which has proved a disastrous economic experiment in the UK. It was essentially a scam and is, in fact, referred to by many campaigners as the “Great British Pubco Scam”. It came out of an attempt to facilitate more competition for consumers through the introduction of beer orders back in 1989, at a time when the six largest brewers had a stranglehold on the market. The situation in Britain is very different from that in Ireland in that we have many smaller brewers, including very small brewers, who were struggling to access markets. It was the right thing to do to try to tackle that but, unfortunately, there was no restriction on non-brewing companies. As a consequence, large pub companies were set up which did not brew beer and which proceeded to buy up thousands of pubs. The problem is that they then borrowed money against an overvalued estate, that is, an asset with an artificial value. When the property market collapsed, it proved disastrous, with the two largest pub-owning companies now in billions of pounds of debt. That is a significant problem which the sector in Ireland does not face, although there are, of course, different issues here.

The introduction of beer duty would not automatically result in lots of pubs being able to stay open. However, it would send a strong signal that governments and parliamentarians value pubs. It is easy to say how much we value pubs and the brewing industry’s great products, including, in Ireland’s case, the great Irish whiskeys and stouts. Putting those things into practice is often something that Ministers are more reluctant to do. The experience of beer duty in the UK is that it does restore confidence among businesspeople. There were huge celebrations among licensees and trade representatives following the abolition of the beer duty escalator three years ago and the first cut in beer duty and a sense that this was, perhaps, doing a lot to stem the decline in the British pub sector. One of the exciting things for Ireland is that because it has a much less complicated pub sector with, generally, freehold ownership, as long as producers commit to pass on any reduction in excise duty - I am sure they would do so because it is in their interests to do so - this will have a direct and predictable benefit for the producing-brewing sector. I note, although this relates only to a small part of the market, that as in the case of the rest of the western world the craft beer market is now opening up in Ireland.

The only issue we had with the beer duty was that the property companies, because they were in huge debt, would pocket any reductions in beer duty. We had to really push to ensure this did not happen. Ireland does not have that problem and, as such, it will be able to ensure a more sensible and reasonable level of beer duty, which will have a much more positive economic effect on beer producers and will then be passed down directly through the chain to individual licensees and the customer, which is crucial.



**Deputy Seán Kyne:** I welcome Mr. Mulholland and Mr. Cribben to the committee and thank Mr. Mulholland for his presentation. Mr. Mulholland referred in his opening remarks to the many similarities between the UK and Irish pub trade, particularly the rural pub sector, although I am not too familiar with rural UK. I am sure the witnesses are aware that the laws in relation to drink driving and so on have been tightened up over the past number of years. Perhaps they would comment on how this has impacted on the UK trade in terms, in particular, of whether rural taxis or designated driver schemes have been introduced. I am sure that as in the case of rural Ireland, this has had an impact on rural areas in the UK.

It was mentioned that the cut in beer duty has had the impact of increasing sales. Is that reflected across all regions of the UK or is there a correlation between the improvements and the economy in particular regions *vis-à-vis* other areas? Has that analysis been undertaken? Is there a genuine correlation between the reduction in duty and the increase in sales?

**Mr. Greg Mulholland:** I thank the Deputy for his questions. Rural pubs is a particular concern in Ireland, particularly in the context of the tourist appeal of the Irish pub in many areas. We have not pursued the possibilities of taxi licences for pubs or schemes in terms of designated drivers and so on, although I think that is a measure it would be interesting to look at in relation to rural areas. What has happened in the UK, and I think is worth looking at, is the Pub is the Hub scheme, which is not a government initiative but it is supported by government. It is a charity supported by a number of organisations which works with communities, villages and licensees to enable them to diversify their business, adding new things such as shops and so on. It is ironic that we are now moving towards the old Irish model of the grocer and pub being co-located, which is not something we did in the past in the UK. We are trying to enable diversification, including in relation to post offices in the context of the recent threat to that sector. I would suggest the committee look at the work of Pub is the Hub, in respect of which I am happy to facilitate links.

Also, there has been a presumption in planning law to seek to protect a last pub in a village. Clearly, there are villages that may have had two, three or four pubs, and once it is down to one pub, it is in planning guidance in the UK that the pub should have greater protection than other pubs, and that is clearly sensible. It is not an absolute and perhaps it could go further.

It is important to say, on the other side of that coin, that sometimes the so-called pub and beer industry in both countries must accept that pubs will not always be great direct income generators, and there are some areas where the pub may only provide a living for someone and their family. It may not be at all appealing to a larger company or suppliers. It is important to look at the community worth and the fact that pubs are still contributing very significantly and directly to local communities. In the UK we have figures from the British Beer and Pub Association indicating that every pound spent in a pub provides twice the value to the local economy of a pound spent in a supermarket. People who run bed and breakfasts and local shops tell us that if a pub closes, it makes a village less attractive and it is damaging to tourism, so more must be done to ensure there are ways, through some initiatives that we are implementing and that are being implemented here, to help pubs to survive.

We have seen a very exciting increase in community pubs, and that has not yet happened here. The Plunkett Foundation helps communities to put a bid together and formulate various models to run a pub, including but not limited to co-operatives. There are now some thriving community pubs, and some of these may not make more than a wage for the person behind the bar, although that may be enough for that person and their family. It could become a viable public house for the future and, crucially, it will continue to help the wider economy; it will still

encourage people to use the bed and breakfasts, hotels and other tourist attractions. Without the pub, the place would suffer, and then we would be on a very dangerous downward spiral. It would be useful to bring some of those ideas together.

On the beer duty question, the answer is, “I do not believe so.” The figures I have provided are national figures. I can speak to the people in the Campaign for Real Ale, CAMRA, and the British Beer and Pub Association to see if any regional figures are being pulled together. If they have been, I will certainly be happy to share them with the committee.

**Senator Feargal Quinn:** It is interesting to hear the Mr. Mulholland’s point of view. I must admit my own bias, as I have been in the supermarket business all my life. I have listened to him being “anti-supermarket” in almost everything he said. Britain and Ireland have the highest alcohol prices in Europe, to the best of my knowledge. It seems to me that if we are going to encourage competition, we really should be encouraging supermarkets to sell alcohol rather than discouraging that. Mr. Mulholland has advocated a campaign of saying “No,” and is almost saying that those who run supermarkets are very nasty people who cut prices, sell below cost, etc. I argue that this is in the interests of the community and the community needs an interest such as that. Competition is very useful and should continue. We love to have pubs, by all means, but they must adjust to compete with supermarkets. The public wants the best value, and that does not just mean price; it is price plus spirit, choice and service. I can go back 50 years to a time when there was not such choice. Supermarkets have done a marvellous job in bringing in that choice. We should encourage them to continue.

**Chairman:** I ask members to check their phones, as there seems to be some interference.

**Mr. Greg Mulholland:** I thank the Senator for his comments. I am not anti-supermarket in the same way that I am not against pub companies. I am against abusive practices, and we can see a host of abusive practices by pub companies. Legislation is now in place to deal with some of those practices which are anti-competitive. When any large company gets such a dominant position and has such resources that it can bully everyone else out of business, be they dairy farmers or communities, that is anti-competitive practice. Supermarkets that open up in a market town and encourage the closure of village shops in order that there is no competition clearly represent anti-competitive practice. I am not trying to put the genie back in the bottle. There are those in the UK, and they are almost all licensees, who would say it would be great if we could turn the clock back to when supermarkets were not allowed to do this and we had off-licences and off-sales of alcohol but that is not going to happen. We must be realistic. It is a bit like the smoking ban, which most people think is a positive development, although it has damaged some pubs. That ban will not be reversed either. It is anti-competitive to sell alcohol below cost, to sell it at a cheaper price than bottled water. That is irresponsible and immoral. If people are playing fair and the price comes down to competition, that is great, but when that is not the case and such a strategy is deliberately used simply because people can afford to do so, that is not great. It is not competitive and it is not proper business.

Regarding my comments about supermarkets, particularly the imposition of supermarkets in a building that was a pub and often one that has been there for many years and was wanted by a community, one can say that is the supermarket’s fault but it is not as it comes down to the weakness of the British planning system, which is what we have been saying. Companies will exploit weaknesses in law and regulation, which is why we need to tighten up, improve and change the law and regulation. I am happy to get a good priced, decent quality, bottle of wine at a supermarket, so that is not an issue. The issue is that if instead of encouraging young people, as they are growing up, to go out with their father, mother or grandfather to enjoy a

pint in a pub in a sociable responsible atmosphere, we go down the route of having very cut-price alcohol sales, which is simply seen as a means to get intoxicated and is not associated with sociable atmosphere, that can be dangerous. That does not represent competition. It is not what the supermarkets may intend. The licensed trade in every country is always the most regulated sector of business, and it should be. The supermarkets are not sufficiently considering the amount of alcohol that they retail. We must be honest about that. I do not want to stop them selling alcohol, nor do I support a high minimum price in the way that some of the health lobby do to have punitive pricing. The evidence shows that does not make a big difference to problem drinkers. That is not the way forward either. However, we need to stop below-cost selling of alcohol and in the UK we certainly need to deal with the planning issues and those issues are related to planning rather than being anti-supermarket. It will mean that people will get the chance to have a say if they want their pub to be turned into a supermarket without it being decided in two head offices of two giant companies both based hundreds of miles away. Such strategies are anti-community and often anti-competitive.

**Deputy Peadar Tóibín:** I welcome the witnesses. I have some knowledge of this issue as I was close to setting up a craft brewery about 15 years ago and I have done considerable research on the sector although some of it is a little old at this stage.

With respect to a supplier power structure in Ireland, there is quite a degree of supplier power here in that there is a small number of suppliers in general and they exert considerable influence over their customers. The position was worse a number of years ago, even to the point that many pubs were fearful of taking on taps from some of the craft breweries in that they would get less attractive contracts and deals from the larger breweries. However, that has subsided somewhat at this stage.

I agree with what Mr. Mulholland said. Alcohol is a special type of product in that it has great social uses but it also has great social dangers, so it has to be treated slightly differently from other types of products. My view is that the on-trade market is far more attractive for many reasons. There is greater safety in the consumption of the products and there is added social value. We have had major retrenchment in the last years, with thousands of jobs lost and hundreds of pubs closed.

What has the British Government done to promote whiskey distilleries and craft breweries? There has been a focus on tax, especially for the Scottish whisky sector. Have any other steps been taken? Are there any key performance indicators of the success of those steps, such as the number of jobs saved or created?

Is there anything in British legislation that ties business rates to the profitability of the business, or that brings in an element of progressiveness? In respect of the tied structure, I believe the healthiest market structure in this area would be perfect competition between the pubs themselves and perfect competition between the suppliers. In other words, there would be a large number of independent suppliers and pubs. That would be best for the consumer as it would create diversity, variety and good competition on price and quality.

**Mr. Greg Mulholland:** Those are some very good questions. The Deputy's last point is very interesting. One could imagine a fantasy pub sector with the Irish pub ownership structure, which is nearly all freehold, and the British beer sector, which is booming and enjoying huge competition. There are small breweries knocking on pub doors and new breweries opening every month, yet many of them cannot get into the large pub companies because they cannot afford to sell at the very low prices those pubs insist on. Often, breweries cannot afford to sell



even in their local village, if none of the pubs there is freehold. It is a stark contrast.

I am interested to hear about the Deputy's experience of craft brewing; perhaps he was 15 years too early as it is all the rage now. It was Gordon Brown who brought in the progressive beer duty - the small brewers' rate relief - which started a resurgence at the bottom end of the British brewing industry. The growth has been quite remarkable. In September 2014, for which I have the figures here, there were 1,285 breweries in the UK, the vast majority of which were in Great Britain with more in England than anywhere else. To plug my own area, west Yorkshire has the single largest concentration of breweries of any county in the country.

The range of beer being brewed now is extraordinary. The majority of it is still cask ale, although there is a new trend for craft keg beer, which is more akin to the craft beer brewed over here or to American-style beer. British brewing has been going through the most extraordinary resurgence in quality and quantity. That type of beer nearly died out in the 1970s through the dominance of the large brewing companies at the time. They decided to turn away from the traditional cask conditioned product for cheaper keg versions of the British bitters. Lager also became a popular drink, as it did here. At the same time we have seen the decline of the pubs.

It is not entirely popular, it must be said, because some of the medium sized brewers do not believe it is fair that they do not get any relief. There are some calls to make it a sliding scale, so everybody gets relief on the first quantity of beer that they brew and one does not get this cliff edge, which can prove a disincentive for some brewers to expand from being a micro brewer to being a medium sized brewer. Clearly, one does not wish to have anything in taxation that produces a disincentive to grow but it is important to have that so we will continue to have the quality and choice of beer. Incidentally, it is now generally produced far closer to the pubs that serve it, which is more environmentally friendly. Also, there is a trend among people both here and in the UK to want local produce of all types, and that is to be welcomed.

That is the significant thing that has been done. There has not really been a promotion of craft beer. Governments would say that they support brewing and the current and last governments would say that the biggest way they did that and showed confidence in British beer was through cuts in beer duty. It was very significant in terms of the message it conveyed and the confidence it produced in the sector.

There is far less linkage with the lucrative scotch whisky industry and the on-trade, although it is clearly a big seller in the on-trade. Most of the focus from the UK Government tends to be on exports rather than promoting it in the on-trade and, indeed, there are always efforts in supporting the Scottish whisky industry in that regard.

With regard to business rates, the small business rate relief being extended has certainly helped many pubs. The Save the Pub Group would like to see, potentially through the assets of community value initiative, a specific rate relief given to community pubs where the community pub can show that it has that role in the community, as genuine community pubs do in that it supports charitable work, community organisations and sports teams. It is necessary to find a way of doing that but we would like to see something specific in the rates system in the UK.

A campaign was launched recently to try to address the high business rates that many pubs are charged, and the Save the Pub Group has pledged to support it. Clearly, business rates is a big issue for many UK publicans. There is something of an irony here because it is being led by the British Beer and Pub Association, which is the representative body of the big players, the large pub companies and large breweries. The irony is that it was the British Beer and Pub

Association which put the current rates regime in place by proposing it in the first place. At the time, it was a way of enabling the pub-owning companies to take a greater share of the income from the pub. Now, it works very significantly against licensees. That is one of the ironies from that debacle, but we are keen and we will work with that association and others to try to get a fairer system of rates which, as the member said, more directly reflects the income and the profit in the pub. The current very complex system, on which I can share more information with the committee, does not do that.

**Deputy Anthony Lawlor:** I welcome the witnesses. I wish Mr. Cribben the best of luck in his ongoing talks with the LVA. The next time he appears before the committee there might be a joint body rather than two separate bodies.

I wish to raise a couple of points. I have always been opposed to below-cost selling because the manner in which many below-cost sellers, including supermarkets, are taking advantage of the VAT rebate means that taxpayers are indirectly subsidising the drink. I am delighted that we have introduced legislation to provide for a minimum cost for each unit of alcohol. I am aware that a similar arrangement is in place in Scotland, but does Mr. Mulholland envisage that it will be extended to the entire UK as a means of controlling the sale of alcohol in supermarkets?

I must say that what is happening here on the craft beer side of things is really exciting. Many micro-breweries are producing craft beer in various locations throughout the country. In fairness to the Minister, in the last budget he increased the number of hectolitres that can be produced before additional excise duty needs to be paid. That has been welcomed by the craft brewers that are found all over the country.

I travel to Mr. Mulholland's part of Yorkshire once a year for a race meeting in York. I have noticed that for more and more pubs in the UK, the food business is as important as the drink business. I see that happening here as well. Perhaps, as part of a cultural shift, people are getting used to eating out rather than cooking. Does Mr. Mulholland have any thoughts on how we can improve and increase that business? As a certain skill set is needed, we need to consider how we can address the shortage of chefs in this country. I am sure that problem is being encountered within the food-serving pub trade in the UK as well.

I agree with Mr. Mulholland that many pubs are merely surviving. In many cases, the problem is where they are located. I understand there was a time when there were more pubs than houses in Dunmore, County Galway. That has changed dramatically in recent years. There has been a rationalisation of the trade and a shift in the culture. I see this in my own town of Naas as well. There are just six or eight pubs there now, whereas there were 15 or 20 pubs in the town ten or 15 years ago. Based on his experience in the UK, how does Mr. Mulholland believe we can address the problem of pubs closing down in certain areas? How can we make a change so that pubs are more likely to operate on a vibrant community basis, in the manner to which he has alluded, rather than being lost to their communities? If a post office is closing people will protest outside it, but very little notice is taken when a pub is closing, even though in most rural areas it is the link that enables people to communicate with one another. We do not see that happening. Does Mr. Mulholland agree we could be doing something on that to encourage more of them to stay open? It may be possible to link in with other services as well.

**Mr. Greg Mulholland:** The Deputy has made a number of interesting and important points. I will be watching with interest to see what happens here with regard to below-cost selling. The debate on that is still raging, including within the sector. There are people within the so-called industry who are absolutely opposed to a prohibition on below-cost selling because potentially

they could benefit from sales. Some producers are less opposed to it because they object to supermarkets being able to sell their products at a price that they consider to be too low. There is generally strong support for a ban from licensees. The problem in this regard lies in how one picks the minimum price. For that reason, I hope we will work towards a genuine definition of what it means to sell below cost. I think the costs of production and distribution should be taken into account, as should taxation. I believe that would help us to stamp out the very low-price sale of alcohol in supermarkets without necessarily picking an arbitrary figure. Doctors would like it to be pitched at a very high level because they believe that would put people off drinking or they would drink less. Not only does that not necessarily help some problem drinkers, even though it might reduce consumption, there is a danger that it could damage pubs if it is too high a figure.

I share the point on the VAT rebate. It is a scandal and needs to be highlighted more. In terms of craft beer, it was very interesting to hear that Ireland is going down the route of doing something similar to what we call the progressive beer duty for smaller producers. I am interested in seeing what impact that has because there is a global move towards locally produced craft beers. No one will threaten the dominance of Guinness in Ireland but people want choice, and there is no reason there cannot be a range of different types of beer. That is to be encouraged.

The issue of food is interesting because food is much more important to many pubs than it used to be, in particular rural pubs in the UK which serve Sunday lunches and other meals. That is to be welcomed and I am not aware that there is a shortage of chefs, but there is a crisis in curry houses in the UK because of changes to the immigration rules, which mean we may not have enough qualified chefs for our curry houses. If one goes to a pub in the UK that does not do food, one might go from the pub to a curry house.

Deputy Lawlor referred to visiting York, which is a fascinating example of what is happening. It is a very popular tourist destination. Pubs are opening there in locations which were not formerly pubs, and the same is happening in Leeds and a number of other places. There are various reasons for that. A Leeds brewery opened a new pub in York in recent years. People often find they cannot get their hands on pubs owned by large companies, even if they are not doing particularly well, and often buy a shop which they convert into a pub. That is strange, at a time when other pubs are closing.

There has been a large increase in micro pubs for that reason. If one buys a shop, one pays significantly less in rates because of the size of the building. One can have a fairly small bar, which is often more akin to a traditional Irish bar, with a counter and a limited offering that does not include food. Such pubs are very successful. In the UK debate is shifting. It is not true to say that a pub cannot do well unless it serves food. Certain pubs are reliant on food, but it is exciting that there are now many smaller pubs which do not serve food and do better for not doing so because they specialise in beer and people go to them for that reason. There needs to be a balance and that depends on a particular pub.

On the question of pub closures, it is about giving a community the opportunity to seek to save a pub. That means finding someone else to run it or running it themselves. In Ireland the challenge, because of pubs being freehold, is that if a family decides they no longer wish to run a pub and want to turn it into a house that can be more problematic than a distant pub company which people may not like or know deciding to close a pub against the will of the community. That is why the assets community value initiative is interesting. It gives a community the right, not necessarily to buy a pub, but to have a say and to seek to put a community bid together.

It is a very complex sector in the UK and there are many positive stories. I mentioned a brewery in Leeds. Many such small breweries are taking on pubs, and are actively seeking to do so because they are doing very well. They are often prevented from doing so because of the ludicrous amounts property owning companies seek to sell them for, and that is why they are often sold to Tesco, Sainsbury's or the Co-op. There are people, certainly in the UK, who are prepared to take on pubs that other companies have deemed non-viable. All we are arguing for is that the process be seen through: if someone wants to take on a pub and can barter a fair and market price they should be allowed to do so. That is something we are pushing for. With those rural pubs, there is a need for some provision in the planning laws to prevent it from closing if it is the only pub in the village. That is an issue that would have to be worked through within the realities of Irish planning law, an area in which I am not expert. The pub is a hub initiative. It should be possible to get more services into a pub - to combine it with a shop, a post office and so on - and to work together with other businesses and get support, mainly from local councils, with some government-backed schemes. We need to ensure these pubs do not close in the first place because they are so important for the wider economy in rural areas.

**Senator Michael Mullins:** I welcome our visitors. We all want a vibrant pub trade in which families can continue to make a living. Mr. Mulholland mentioned the food side of the business. What percentage of UK pubs serve food? Are the health and safety regulations on the provision of food strict? Sometimes we get complaints that Ireland is possibly over-regulated in terms of food provision. What are individual UK pubs doing to attract new customers to the local pub for a pint, thus discouraging people from consuming more alcohol at home? What was the political reaction to the tax reduction for beer? I imagine there might be an adverse reaction to reducing tax on beer, particularly as we are just emerging from a difficult economic climate. If there was one element of the Irish pub that Mr. Mulholland would like to bring back to the UK, what would it be? If he were to advise us to transport something from the UK to Ireland, what would it be?

**Mr. Greg Mulholland:** I cannot tell the committee the percentage of pubs serving food, but it would certainly be the majority. As I have made clear, I am pleased that the pub has a future that is not necessarily in the form of a pub restaurant. It is a little bit similar to how things are in Ireland: when we use the word "pub," this can cover some things that are substantially different. Some of the figures that are bandied about include bars, which we in the pub sector group would not necessarily recognise as being pubs or having that intrinsic community value. Food is important in pubs, but it is great that there are many pubs that are doing well without it, focusing on the beer side of things. They may well have snacks and pork pies and so on but they are not food-led.

There are often grumbles about various elements of red tape and regulation. I am probably not the best person to speak to from that point of view in the sense that I represent a campaigning organisation, not a licensee representative body. I can certainly seek organisations that could give the committee that information. I am not aware of a huge number of complaints about problems serving food in pubs. It is certainly something that companies of all sizes that own pubs encourage their licensees to do. With regard to individual pubs, ultimately, pubs are competing against each other, unless they are the last pub in the village, and even then they still need to attract people. Clearly, they are businesses that need to attract people. The pubs that is getting it right is providing the customer with what he or she wants in terms of the range and quality of beer but also the ambience. Often, if it is a food-led pub, it is the quality of the food, be it simple Sunday lunch fare or something more fancy. There are some fantastic operators in the United Kingdom, as there are here.

It has been frustrating to see a real problem in the UK with the lease-tied system, which is operated in particular by large companies. This is something Ireland does not have, and it goes back to the issue of competition. I have seen many heartbreaking examples in which people have worked extremely hard, been very good operators and provided what the customers wanted but not got the support from the pub-owning company, and the price of success was to see their rent go up, so that however hard they worked, they could not make the pub sustainable on the terms under which they were being offered it. We legislated in November last as a result of our big campaign and we hope that will start to become a practice of the past. We want to see these great operators doing well and really making an effort to attract customers in so that they choose to go to the pubs rather than, as was stated here, choosing to sit at home and watch a DVD with a four-pack of lager. There is work to be done by operators, by everyone in the trade and, to some extent, by governments, both national and local, to get the message out that well-run responsible pubs are important for tourism, for the economy and for communities and should be supported.

**Chairman:** I thank Mr. Mulholland.

**Mr. Greg Mulholland:** If I may, Senator Mullins's last question deserved an answer. He asked what would I bring over to the United Kingdom from Irish bars. I dare say we will visit at least a few Dublin pubs later on and I hope I will come back and visit some pubs in rural areas, as I did some years ago. One of the wonderful aspects is the difference between the two countries, which is all about history in the end. It is due to the very different ways in which pubs emerged. The public house in the United Kingdom emerged from people literally opening up their front rooms to allow others to drink there to supplement their income. One forgets that it was not a big industry; it was to supplement their income. Then there is way the Irish pub developed, with the spirit grocers and so on. There is nothing better than going into a traditional Irish bar where one has a group - generally, but I hope now not always, men - just sitting in conversation at the bar. In previous times they would have been smoking, but not now. It is the ambience created by that. There are a few very basic pubs or bars in the United Kingdom and, certainly, that is the sort of thing I love.

One point I must make is that, despite my being the chairman of the Save the Pub Group in the United Kingdom, there is no pub called the Mulholland Bar or the Mulholland Arms, whereas in Ireland there are quite a few. I have not yet visited one. Something I would certainly like to import is a pub called Mulholland.

With regard to the best aspects of the English pub, and the uniqueness of those I call "English" specifically, I particularly love mid-terrace locals. One of my own locals is mid-terrace. It is literally a terraced house between other terraced houses. One would not get that anywhere else. It has a certain quality. Another is a beautiful pub garden in an English pub in one of the attractive rural areas. That is something we do particularly well. However, there are always things that we can learn. We must make these linkages so that we learn the best things in the pub sector. Those of us in parliament who care about these matters are learning about the positive things each country is doing that can help support and preserve pubs.

**Chairman:** I thank Mr. Mulholland and Mr. Cribben for coming here to engage with the committee today. It is an area in which we all are interested and one that we support, and we want to see the continuation of the pub in our communities for all of the reasons that they so eloquently outlined here today.

That concludes our business in public session. I propose we go into private session to deal



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with housekeeping matters. Is that agreed? Agreed.

The joint committee went into private session at 2.45 p.m. and adjourned at 3.10 p.m. until 1.30 p.m. on Tuesday, 2 July 2015.