



Dear Gemma

The Waen Brewery is a member of the Association of Welsh Independent Brewers, which will be making written and oral submissions on behalf of the brewing industry. Our submission is intended to give an additional perspective from a business that has been trading less than one year and focuses on our location in Mid-Wales.

There are several points to make which would help the independent brewing sector in Wales not only survive but to grow and develop. The most prominent being access to consumers.

On-Sales

Powys has a very low population density and large towns can have typical populations of three to six thousand. Newtown, which is the closest to the Waen Brewery has a population of approximately 11,000.

Pub ownership is largely with PubCos (Enterprise Inns, Punch et al) which appear to have less interest in the quality of the management than the income generated through selling keg beers at inflated prices to their lessees. Whilst some of these chains have deals with SIBA DDS* very few of the Welsh outlets have access. In fact, it is believed less than 25 pubs for the whole of Wales! Even those that do have access are incentivised to avoid the use of DDS since the sales rarely count to area managers targets. The outcome of this is that it is difficult to sell beer locally, where higher margins and better payment terms can be maintained. A significant proportion of the cask ale output of the Waen Brewery is sold to English Distributors.

Action on ensuring the local pub is available to local breweries is not only important to the brewers, but contributes in terms of:

- the environment, lower distribution miles
- tourism, with visitors enjoying local product availability and attracting additional beer tourists. (in our short time of trading we have been visited 3 times by CAMRA groups.
- the rural economy, profits generated are kept within the local economy
- consumer choice, this encourages use of pubs and drives overall quality improvements with the retailer

To highlight this point, the local pub in the village where we live is owned by Scottish & Newcastle, and try as we might, our local consumers can not buy their favourite Waen Brewery beer in their local. Instead, they are presented with bland keg beer and very little choice. The village can barely sustain one pub leading to no competition and the owning company holding a local monopoly. Residents have attempted to buy the premises on several occasions, all unsuccessfully.

WAG could ensure that all retail premises (pubs, shops, restaurants etc) require a demonstrable inclusion of local producers through planning and rates linked benefits.

Also, encourage rural community ownership of resources: pubs, shops/post offices and even energy generation, through the provision of a nationally co-ordinated advice and support structure and specific planning rules. Community ownership can lead to better utilization of resources and a natural market for local producers.

* the Society of Independent Brewers and their commercial arm Direct Delivery System whereby pub managers can access SIBA members products for direct delivery from the Brewer



Beer Duty is a key factor in enabling smaller breweries to co-exist with larger ones. Progressive Beer Duty has led to an expansion in the microbrewing industry but could be enhanced further to improve consumer choice. A zero duty rate for low production rates similar to that applied to cider production would could easily be introduced since this would have negligible impact on Treasury income.. A move to lower duty rates for on-sales would support better pub attendances and lead to more responsible drinking and other social benefits.

Off-sales

There seems to be a never ending expansion in the number of large national or international retail brands appearing in rural communities. Whilst this might be good in terms of diversity of product lines and general price completion, it can not be good for the rural economy or social health of our communities.

1. They often sell big brand beer (particularly lager and modern alcopops) at prices which are clearly loss-leaders, barely covering the duty rates. It is very difficult for small businesses to compete and as responsible brewers, we are more interested in selling smaller quantities of quality products rather than fuel binge drinking.
2. Access to the multiples is both difficult and undesirable. It is incredibly difficult to gain contact with the right people since the individual store manager has no influence of product sourcing. Also, if one is able to gain access, the pricing and volume demands are too challenging for small producers.
3. Products are brought into the area from afar, bought by local consumers and the profits taken centrally elsewhere. Surly this is ultimately a net outflow of capital.

Our opinions on levelling the playing field and ensuring conflicting aims can be balanced are not new or radical. They do, however, require decisive action and support from government.

- a) Minimum pricing: reduce binge drinking and make the current gulf between on and off-sales prices of alcohol less pronounced. The choice between popping in to the local or drinking at home less based on cost. This is good for the community.
- b) Planning conditions to source a percentage of products within a reasonable distance to the store. In Newtown, a 20 mile radius would include at least four microbreweries.
- c) Ensure farmer's markets and publicly funded events such as food fayres are licensed, well presented facilities are provided and advertising is comprehensive.

Yours sincerely

Sue Hayward

The Waen Brewery