

**GOVERNMENT'S TAX CLIMB-DOWN:  
EXTRA MINIMUM WAGE RISE  
COULD MAXIMISE PUB CLOSURES**

An extra increase in the minimum wage, to get the Government off the hook over its 10p tax rate fiasco, could maximise the number of pub closures - which are already running at record levels.

The warning came from a leading trade association, The Association of Multiple Licensed Retailers (*ALMR*), which is today - Thursday 24 April - holding its annual Business Day and AGM in London.

The prospect of an additional rise in the minimum wage has been raised by the Chancellor of the Exchequer (Rt Hon Alistair Darling MP) and the Secretary of State for Business & Enterprise (Rt Hon John Hutton MP). Together, they have asked the Low Pay Commission to consider changes to the minimum wage regime to benefit younger workers.

This initiative forms part of the Government's package to de-fuse the row over its abolition of the 10p starting rate of income tax. The package - including the minimum wage initiative - has been outlined in a letter from the Chancellor of the Exchequer to the Chairman of the Parliamentary Treasury Committee (Rt Hon John McFall MP).

*ALMR* is particularly concerned by the timing of the Ministers' announcement; it was only last month that the Government endorsed the Low Pay Commission's recommendations for the minimum wage rates which will apply from 1 October 2008. Moreover, the Commission's report, accepted by Ministers, highlighted the need for "a degree of caution" to be

adopted in setting minimum wage rates, in view of “the uncertain economic outlook”.

With the outlook becoming ever more uncertain, *ALMR* believes that future minimum wage rates must be based on firm economic evidence - not short-term political fixes.

Speaking at the Association’s AGM, its Chief Executive, Nick Bish, said:

“The minimum wage regime for next year was set only last month – with the Government accepting the Low Pay Commission’s recommendations.

It would be ridiculous for this ‘done deal’ to be reviewed so soon – and for political, rather than economic, reasons.

The Government is already hitting Britain’s pubs and bars with higher taxes, plus extra rules and regulations – with disastrous results.

Pubs are already closing at a record rate. An extra minimum wage rise would maximise the number of pubs going out of business.

Drinks duties have already been hiked to help fund the Government’s budget deficit. We shouldn’t have to bail it out, through an extra minimum wage rise, over the 10p tax rate as well.”

#### Notes for editors

- *ALMR* is the only national trade body dedicated to representing the interests of pub and bar operators, and to providing them with business support and advice. It has almost 100 members, operating over 15,000 outlets.

- Most *ALMR* members are small, independent companies operating 50 or fewer outlets. For instance, they include the Capital Pub Company and Geronimo Inns - both based in London - plus Lancashire-based Inventive Leisure which was named, earlier this year, as one of the UK's '100 Best Companies to Work For'.
- Pubs are closing in record numbers, after a ten-year period in which 300 new rules and regulations were introduced. Last month's Budget also increased drinks duties significantly, in real terms; moreover, the Chancellor announced that further big increases would follow from 2009 to 2013, inclusive.
- *ALMR's* Benchmarking data shows that employment costs represent a large and increasing proportion of outlets' total operating costs - particularly in the community pub sector.
- Ministers' acceptance of the Low Pay Commission's recommendations for Oct. 2008 – Sept. 2009 was announced, by the Commission, on 5 March 2008.
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