

THE GUILD OF MASTER VICTUALLERS

Meeting with Jo Swinson, Minister, BIS

Code of Practice

The Committee set up to consider the relationship between pubcos and licensees gave the industry a last opportunity for self-regulated reform

The Guild is of the view that self-regulation is not the way forward and it proposes that there should be a statutory Code to set down the rules which pub companies would have to obey and an independent Adjudicator to endorse and referee the Code

Serious consideration must be given to achieve the right balance of risk and reward.

The Guild is firmly of the view that there should be a free of tie option with an open market rent. The proposed basis of the tie and how it used to operate is that licensees pay more for beer (and other products) but pay a lower than market rent – but this stopped being the case and leases became unfair, based on hugely inflated beer prices and high rents.

If as the Pubcos maintain that the tie is a benefit to licensees then why should they not agree a free of tie option and let licensees ascertain for themselves whether or not the tie is to their advantage.

We are aware that the European Competition Law sought to regulate tied agreements with undertakings and block exemptions, the principle being that the disadvantage of being tied (high product prices) would be counterveild by lower rent. Essentially a principle that the tied tenant should not be worse off than if they were free of the tie. That is clearly not the case.

The Guild contends that the tied tenant should not be worse off than if they were free of the tie. Those who remain tied should have access to a guest beer of their choice and the tied arrangements for fruit and quiz machines(AWP tie) should be removed.

We are not advocating the abolition of the tie, it is simply ensuring that pub owning companies can no longer overcharge their tenants with extortionate beer prices and high rents.

Bill Sharp
National Parliamentary Committee Member
The Guild of Master Victuallers