

BBPA CHARTER IGNORES OVERCHARGING OF TENANTS BY THE PUBCOS CAUSING ALL THE DAMAGE AND INJUSTICE IN THE SECTOR SAYS GMB

GMB is organising an official industrial action ballot of the tied tenants for an official dispute to secure lower wholesale prices

GMB today commented on the manifesto published today by The British Beer and Pub Association and the Society of Independent Brewers which sets out new ways to promote and support British pubs currently closing at a rate of more than 50 a week.

Paul Maloney GMB National Officer for tied tenant members of the union said “**This BBPA manifesto for pubs totally ignores the trade dispute over the overcharging of tenants by the pubcos which is causing all the damage and injustice in the sector. GMB is organizing an official industrial action ballot of the tied tenants for an official dispute to secure lower whole sale prices. See Notes below for details.**

The recent OFT report concluded that the average tied lessee is being overcharged by pubcos by around £12,000 per annum. The OFT position is that this is a trade dispute not a consumer matter. To remedy this, for 25,000 tied pubs, would cost £300m per annum. In 2008 the top 5 pubcos made profits before interest and tax of £1,456m so they can well afford to charge lower wholesale prices to stop the overcharging.”

End

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Notes to Editors

Note 1 Paul Maloney, GMB National Officer with other GMB colleagues, met with the UK National Committee of The Pub Revolution in London on 4th November 2009. He issued a statement on what had been agreed after the meeting. He said “ **GMB and the Pub Revolution carefully noted that although the OFT had concluded that pub lessees were being overcharged by pubcos (See note 1) by an average of £12,000 per annum (See Note 2) that a remedy to this was outside the remit of the regulatory authorities. While GMB and the Pub Revolution do not accept that it is outside the regulatory remit they noted that the pubcos vigorously oppose any regulatory road being opened up to resolve the issue of overcharging which the pubcos refuse to acknowledge.**

GMB and the Pub Revolution carefully noted that OFT had concluded that the contractual issues that gave rise to this overcharging are matters to be dealt with in negotiations between pubcos and lessees. The OFT position is that this is a trade dispute not a consumer matter. GMB and the Pub Revolution agreed to

seek to progress matters on the basis of the OFT conclusion that the issues in contention form part of a trade dispute.

GMB and the Pub Revolution agreed to work together to further this trade dispute towards an initial negotiated settlement to alleviate the economic hardship and injustice facing tied tenants.

As a first step it was agreed that members of the Pub Revolution will become members of GMB. They will join up with tied tenants already members of the union in autonomous pub revolution branches to be run by tied tenants. It was also agreed that members of the UK National Committee of the Pub Revolution will be the senior lay postholders in the initial GMB pub revolution branch.

It was agreed that, in furtherance of the trade dispute in the industry, GMB will organize a nationwide official ballot to seek a mandate for official industrial action by tied tenant members in the industry. The aim of the action by the tied tenants is to secure negotiation with pubcos to achieve very substantial cuts in wholesale prices and a resolution to a wide range of grievances experienced by the tied tenants at the hands of the pubcos middle managers and their agents like Brulines.

It was agreed that the senior lay postholders in the GMB pub revolution branch should begin immediate consultation with members on what form the industrial action should take if members vote to give a mandate for action and when the action should happen. It was agreed to look at action that would, where possible, seek to involve the support of pub customers.

GMB and the Pub Revolution National Committee noted that if the OFT figure of £12,000 for overcharging per year is accepted as correct – which they both consider is an underestimate – then to remedy this, for 25,000 tied pubs, would cost £300m per annum. GMB and the Pub Revolution National Committee noted that in 2008 the top 5 pubcos made profits before interest and tax of £1,456m so they can well afford to charge lower wholesale prices to stop the overcharging. (See Note 3)

It was agreed that I for GMB would issue a statement after the meeting and that GMB press office would deal with all future press enquiries for the Pub Revolution branches.”

The Pub Revolution source added after the meeting “This alliance with GMB is undoubtedly the biggest news this trade has seen since the Beer Orders 1989, and will have an historical impact on the future of the industry.

We believe that The Pub Revolution is capable of bringing enough of UKs tied tenants to the GMB under the same umbrella. Parliament has given tied tenants legal immunity in trades disputes when we are members of an independent and registered trades union. There is no doubt in our minds that pub tenants need to use this immunity to free themselves of the yoke of the pubcos and GMB agrees with this.

To our members it's important that we are recognised in this industry as a united front and that we move forward in a powerful way, not limping off with our tails between our legs after the OFT cop out.

We will be able to retain our identity and autonomy as a powerful organized body within the GMB's democratic structures. We will be able to bridge the inequality of bargaining power between pubcos and lessees and force the pubcos to negotiate and offer us a fair deal. When we have a ballot for action our leaders will make themselves known."

2 The major pubcos pubs, run by tenants tied to the landlord, are owned by 7 pubcos - Admiral Taverns Ltd, Enterprise Inns, Fuller Smith & Turner, Greene King, Marston's, Punch Pub Company, and S & N Pub Enterprises. The tenants are obliged to buy some or all drinks they sell in the pubs from the pubcos at inflated prices.

3 The recent OFT report concluded that the average tied lessee is being overcharged by pubcos by around £12,000 per annum or £230 per pub per week, after higher "wet rents" and lower "dry rents" are factored into the equation(pages62 to 64). The OFT concluded that this overcharging has not resulted in higher retail prices to consumers and attributes higher retail prices in tied pubs as being down to them being nicer pubs (page 60). The OFT also concluded that lessees being overcharged by pubcos is something that is outside the remit of the competition authorities to remedy(page 6).

4 In 2008 Profits before interest and tax (EBIT) for big 5 pubcos were as follows

	EBIT / Operating profit		
		2008 (£m)	
	Enterprise Inns	502	
	Punch	561	
2008/09	Greene King	216	
	Fuller	29	
	Marstons	157	
	Total of the 5	1,465	