

“Whatever you do, make sure you tell somebody. And don’t just advertise in the pub” **Warrington licensee Martyn Clowery, page 34**

The economics of the fair pint

Brian Jacobs responds to claims that the anti-pubco Fair Pint campaign is in ‘cloud-cuckoo land’ in its bid to break the beer tie

Clive Williams, in his comment piece in this magazine, referred to “trade die-hards” who are living in “cloud-cuckoo-land” and “unfairly raising the hopes of many tied tenanted/leased licensees” (That’ll be the day, 24th July).

He was, of course, talking about our Fair Pint campaign, organised to ensure fairness for the many thousands of tied tenants who are struggling at the hands of their pubcos.

In that sense, I am happy to be called a die-hard. The pub industry is dying a slow death and I, along with others in the trade, am trying my hardest to stop it happening.

Clive Williams poses as an experienced and objective industry commentator. However, it would appear that he has never actually run a pub and it has certainly never been in his interest to ensure that tied tenants are no worse off than if they were free-of-tie. Indeed, he has founded three pubcos under this model.

He also claims that he can’t get his head around the economics of the Fair Pint campaign’s proposals. Well Clive, let me explain it to you.

Fair Pint was set up to expose the complete lack of regard that pubcos have paid to the Trade & Industry Select Committee’s (Tisc) 2004 inquiry and to persuade the government to take regulatory action to enforce its recommendations; these were, in a nutshell, for pubcos to come up with a voluntary industry code of practice or, in the absence of such action, Government to impose a statutory one.

As Clive Williams intimated, our campaign believes the only way to fulfil these recommendations is to remove the supply tie.

What Clive doesn’t seem to grasp, however, is that the enforcement of



Challenging the power of the pubcos: the official launch of the Fair Pint campaign at Westminster in May

the Tisc’s recommendations would not allow pubcos to simply replace the income lost from the beer tie with an equivalent increase in rent.

The profit assessment of the rental value would have to be calculated transparently and accurately to the satisfaction of both parties.

A divisible balance of 50%, which is recognised and accepted industry-wide, would then be used to calculate the rent level. Even where a pub’s current rent has been correctly valued, the maximum the rent could increase by in a free-of-tie situation would be half the cost of the tie, with the other half going to the lessee as additional profit.

It is undeniable that the pubcos would lose out in a free-of-tie situation, but then, they have been bleeding their tenants dry for years and will ultimately destroy the industry that we all love, for short-term gain.

So many tenants have spent their life savings improving pubcos’ assets, only to forfeit their pub because their tenancy agreement is non-viable.

Clive Williams also echoed the pubco mantra that it is ultimately the

“**it’s fair to say that matters have only got worse since 2004**”

tenants’ fault. The lessees freely entered into agreements with their pubco, and if they didn’t like the conditions, they shouldn’t have signed it in the first place.

All I can say is that the pubcos market the pubco/tenant relationship as a partnership. The reality, as many people will recognise, is very different. This was recognised by the Tisc, which stated that the tenant is in the weaker bargaining position and that pubcos should recognise that they have a responsibility to ensure they don’t exploit their position of economic strength. All tenants should be treated fairly, and rents should be reasonable and sustainable.

The words of the Tisc revealed shortcomings on the part of the pubcos, but it is fair to say that matters have only got worse since 2004.

Clive Williams also suggests that the MPs supporting the campaign are ill-informed and badly briefed. Not quite as strong as the words of Ted Tuppen, who described these MPs as “moronic”, but hardly a compliment to our Parliamentary supporters. He asks what they know about how the pub industry works.

Well, it seems that Mr Williams has no respect for or understanding of the democratic process. Maybe this is an alien concept to pubcos? Maybe he would also prefer the country to be run in much the same way that pubcos govern the pub industry?

Thankfully, MPs are accountable to their constituents and not the other way round. Fair Pint is purely and simply focused on achieving a fair deal for tenants.

Brian Jacobs is a member of Fair Pint’s steering group

■ *Clive Williams replies in next week’s Morning Advertiser*