

13 May 2009

ALMR WELCOMES PUBCO REPORT CALL FOR INDUSTRY REFORM

The Association of Licensed Multiple Retailers (*ALMR*) – the only national trade body representing small business interests in the pub and bar industry – has welcomed the report into pub companies published by the Business and Enterprise Select Committee

Commenting on the Report, Nick Bish, Chief Executive of the *ALMR* said, *“The relationship between the major, national pub companies and their tenants has come under tremendous strain over the past year. This is because the tied lease model has been insufficiently flexible to adapt quickly to the macro-economic downturn, resulting banking crisis and soaring operating costs. Today’s report published by the Business & Enterprise Committee accurately reflects the reality of today’s trading environment.”*

The report reflects many of the recommendations put forward by the *ALMR* in its written and oral evidence to the Committee. The *ALMR* has always sought to focus attention on the overall fairness of the pubco model - the fair division of profits within it and recognising the benefit to be derived by the lessee – and we are pleased that the Committee has picked up a number of our recommendations to address these issues. These include

- Choice of tied or free-of-tie leases: The Committee’s recommendations include a challenge to the national pubcos to offer a genuine choice when leases are reviewed or renewed to demonstrate the benefits of the tie. The *ALMR*’s evidence called for reform of the way in which the product tie operates for all FRI leases issued by national pub companies, for them to be available either with or without a product tie.
- Transparent rent calculations: The Committee recommends that the *ALMR*’s independent Benchmarking Survey should be used as an industry guide to the average costs of operating a business

However, the *ALMR* believes that the Committee’s concerns can be addressed without further reference to the Competition Authorities. The *ALMR* has seen evidence that the national pubcos are now willing to come to the table to discuss the very important issues of rent calculation models and dispute resolution. We believe this is achievable and would be a pragmatic solution to the current impasse.

The Committee’s report presents the industry with a unique opportunity to reform those relationships for the benefit of all our industry – and the *ALMR* urges all sides to grasp it with both hands.

ENDS

Notes to Editors

- *ALMR* is the only national trade body solely dedicated to representing the interests of pub and bar operators, and to providing them with business support and advice. It has almost 100 member companies, operating around 10,000 outlets.

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