



House of Commons
Business And Enterprise
Committee

Pub Companies

**Third Special Report of Session
2008–09**

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The Business & Enterprise Committee

The Business & Enterprise Committee is appointed by the House of Commons to examine the expenditure, administration, and policy of the Department for Business, Enterprise & Regulatory Reform.

Current membership

Peter Luff MP (*Conservative, Mid Worcestershire*) (Chairman)
Mr Adrian Bailey MP (*Labour, West Bromwich West*)
Roger Berry MP (*Labour, Kingswood*)
Mr Brian Binley MP (*Conservative, Northampton South*)
Mr Michael Clapham MP (*Labour, Barnsley West and Penistone*)
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Lembit Öpik MP (*Liberal Democrat, Montgomeryshire*)
Mr Anthony Wright MP (*Labour, Great Yarmouth*)

Powers

The Committee is one of the departmental select committees, the powers of which are set out in House of Commons Standing Orders, principally in SO No 152. These are available on the Internet via http://www.parliament.uk/parliamentary_committees/parliamentary_committees

Publications

The Reports and evidence of the Committee are published by The Stationery Office by Order of the House. All publications of the Committee (including press notices) are on the Internet at <http://www.parliament.uk/bec>

Committee staff

The current staff of the Committee are: Eve Samson (Clerk), Libby Davidson (Second Clerk), Janna Jessee (Inquiry Manager), Louise Whitley (Inquiry Manager), Anita Fuki (Senior Committee Assistant), Eleanor Scarnell (Committee Assistant) and Jim Hudson (Committee Support Assistant).

Contacts

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Developments since the Committee's Report

1. We published *Pub Companies*, our Seventh Report of the current session¹, on 13 May 2009. Normally, we would expect to receive a Government Response before the House rose for the summer adjournment. However, there have been significant developments since we reported. It appears likely that CAMRA will launch a super-complaint to the OFT, and the ALMR² is working with an industry group to negotiate changes in the industry. An early Government Response would not be able to consider the outcome of these developments, and the Government might be constrained in what it said because of the reality or even the likelihood of a super-complaint.

2. We are also aware that the industry has appeared to accept the need to change in the past, and has failed to do so. We have no intention of “letting the industry off the hook”; we believe that a premature response might do this. We have accordingly written to the Minister for Further Education, Skills, Apprenticeships and Consumer Affairs proposing that the Government delays its response until after the summer adjournment. That letter is appended to this Report.

3. We also take this opportunity to clarify one of our earlier conclusions. Paragraph 190 of the Report says:

Since the OFT is unwilling to initiate an appropriate investigation, we recommend that the Secretary of State uses powers set out in section 159 of the Enterprise Act 2002 to refer supply ties in the public house industry to the Competition Commission for a market investigation. ...

We stand by the spirit of that conclusion, but it simplifies the legal position and unfortunately cites the wrong section of the Act. It would have been better expressed as:

We recommend that the OFT be invited to make a reference to the Competition Commission to investigate the adverse impact of supply ties in the public house industry. If the OFT is unwilling to initiate such an investigation, we recommend that the Secretary of State uses the powers set out in section 132 of the Enterprise Act 2002 to refer supply ties in the public house industry to the Competition Commission for a market investigation...

4. We recognise that it may take some months for the industry to reach consensus on proposals for change or for any super-complaint to be considered, and there have been suggestions that we should request a six month delay. We do not think it is appropriate at this stage to set such a timetable. We are keeping developments in the industry under review, and will consider the matter again in October.

¹ HC 26-I

² Association of Licensed Multiple Retailers

Letter to the Minister for Further Education, Skills, Apprenticeships and Consumer Affairs

I am writing about the Government Response to the Committee's recent report on pub companies. Normally, we would expect a reply within two months of publication. However, in this case the Committee proposes that the reply should be delayed, at least until October, when we can assess the situation again.

We understand that CAMRA is likely to launch a super complaint with the Office of Fair Trading. We are also aware that there are industry efforts to reform the relationship between lessees and pub companies. We would prefer to wait and see what progress is made on these developments rather than have an early and necessarily incomplete reply.

I must also take the opportunity to clarify one of our conclusions. In paragraph 190 we said "we recommend that the Secretary of State uses powers set out in section 159 of the Enterprise Act 2002 to refer supply ties in the public house industry to the Competition Commission for a market investigation." We stand by the spirit of that conclusion, but it simplifies the legal position and unfortunately cites the wrong section of the Act. It would have been better expressed as:

We recommend that the OFT be invited to make a reference to the Competition Commission to investigate the adverse impact of supply ties in the public house industry. If the OFT is unwilling to initiate such an investigation, we recommend that the Secretary of State uses the powers set out in section 132 of the Enterprise Act 2002 to refer supply ties in the public house industry to the Competition Commission for a market investigation...

We trust you will take this to into account in the eventual response.

I would also welcome the opportunity to meet you to discuss our report before the summer adjournment.

Peter Luff MP
Chairman of the Committee
23 June 2009