

This should have been the Hospitality Association's Response to Price Rises by Lion and DB.

For immediate release.

As an industry body with faith in the free market the Hospitality Association respects the right of DB and Lion to set their prices as they see fit. In a competitive environment a supplier that raises their prices without justification will find competitors that can undercut them.

The problem in the New Zealand beer market is that the practices of the two dominant breweries deny hospitality outlets the option of changing supplier. Most of New Zealand's outlets are locked into contracts that tie them to one supplier in return for gifts in the form of product, cash or equipment. Terrified at the thought of doing without the largesse of the foreign-owned breweries, most of New Zealand's hospitality businesses become dependent on them. In a state of virtual serfdom, those outlets are at the mercy of suppliers who can change prices without the risk of losing business.

So the Hospitality Association calls for change in the nature of the relationship between breweries and outlets to enable competition in the supply of beer to on-premise outlets. Laws prohibiting anti-competitive practices need to be applied in the hospitality industry so that the foreign-owned breweries face the same risks when they raise their prices as suppliers in any other industry.

ENDS.