



Northern Ireland
Assembly

Committee for Communities

OFFICIAL REPORT (Hansard)

Licensing and Registration of Clubs
(Amendment) Bill:
Northern Ireland Retail Consortium

12 November 2020

guidance from the Chief Medical Officer (CMO) on all our products. It is now on all own-brand products in all the major retailers. That is supported by shelf-edge labelling that reinforces the messages on unit labelling. Our members are big contributors to Drinkaware, the independent trust that coordinates campaigns on young people drinking and problem drinking. We invest heavily to ensure our compliance with the licensing obligations to operate as responsible retailers. We have always supported targeting and applying sanctions to irresponsible retailers, but we also support proportionate and evidence-based regulation. Poorly targeted measures that place major burdens on retailers, regardless of their approach to alcohol, will ultimately affect consumers by reducing choice and value. It is a lot like the COVID stuff: it does not matter what you sell; it is how you sell it and whether you sell it safely and responsibly. We adhere to the Portman Group best practice codes for packaging and promotions and the Advertising Standards Authority (ASA) codes on advertising.

We need a licensing system that not only addresses the adverse consequences of alcohol misuse and irresponsible sales but allows decent and responsible operators to run their business free of excessive and unnecessary burdens. We welcome the Government's better regulation aim. From the outset, we said that we were willing and more than happy to work in partnership.

I will look at some of the things that are mentioned in the proposed legislation. We do not believe that there is an evidence base for restrictions on advertising in supermarkets and off-sales. It will stifle our promotion of local Northern Ireland brands. We have not seen any clear evidence in support of that proposal. The licensing regime in Northern Ireland for the off-trade is already restrictive, and the sale and promotion of alcohol is highly regulated through legislation and voluntary agreements. Limiting that promotional material is unnecessary and ineffective. In Scotland, the same measures have failed to make any impact on reducing alcohol harm. They have, however, created the anomalous position where it is legal for one retailer to advertise alcohol in the vicinity of another retailer's store and vice versa but illegal for each retailer to advertise alcohol outside their own stores. The suggestion proposes no restrictions for alcohol producers or pubs, many of which display visible external advertising of alcohol. We can see no reason that that would be allowed to happen in a pub car park but not a retailer car park. We need to learn lessons from Scotland as any new regulations come in. The original proposals in Scotland would have required retailers selling newspapers that included alcohol advertising to sell them from the alcohol aisle and banned free in-store magazines that included alcohol advertising. We need a common-sense approach to that. We need clarity on what "a promotion" is. A large proportion of the issues faced in Scotland are around the lack of clarity on the definition of "promotion". That has led to a lack of consistency in approach from local licensing standards officers.

There is also a need for clarity on whether generic unbranded signage stating that a premises sells alcohol counts as promoting the sale of alcohol. Some of our members have convenience-model stores that have alcohol licences. Convenience-model stores that hold licences need to be able to communicate to their customers that they sell alcohol. We believe that the proposal will have an impact on the growth of indigenous NI products, which we promote very heavily to the local audience. There is a growing number of brewers and distilleries, from whom, I know, you will receive evidence in the coming weeks. They are one of the pillars of the Department for the Economy and the Department of Agriculture's agri-food key growth area for the Northern Ireland economy. Advertising local brands in the local market is a key way of expanding the product, and any restriction on that will have a negative knock-on effect for those producers.

I am glad to say that we do not oppose any prohibition to self-service, so long as it applies to vending machines rather than click-and-collect services. One thing that we have seen, particularly over the COVID crisis, is that people have wanted to get deliveries or do click and collect. One of the major retailers is providing click and collect now — something that they thought that they would be doing in eight years' time. We think that click and collect is fundamentally different from a vending machine service and hope that that will be recognised by the Committee and the Minister.

We go above and beyond what is set out in the voluntary code of practice. There has never been a successful challenge to any retailer under the voluntary code. That shows that we are responsible retailers. We have serious concerns about the approval of codes, because the operation of codes is not subject to Executive scrutiny in the same way as licensing legislation is. The provision would effectively delegate responsibility away from the Executive and could see those codes developed, amended or extended with less consultation or scrutiny.

We believe that our high standards surpass the measures laid down in the current voluntary code. One of the things that we have been keenly against in all the devolved Assemblies and Parliaments across the UK is the precedent that has been set for paying for self-regulation. The current voluntary

code has a secretariat and is governed by the hospitality sector to the retail sector. An effective code of practice requires an in-depth understanding of the sector that it governs. It cannot be in competition with that sector, if there is a code, in the same way that we have lots of conversations in the NIRC membership and wider retail about what best practice is. A lot of people are saying that this is a race to the bottom. However, if you look at what retailers have been doing, especially over the past five years, you see that it is a reach and a race to the top. What they are trying to do is to outdo each other on responsibility. We have seen that not only on alcohol but, over the past eight months, in response to the COVID restrictions. Any code panel must be wholly independent, including the secretariat. It would not make sense for agri-food processors to provide support to the Groceries Code Adjudicator, nor would it make sense for your Committee to have members who were all from one party. It just does not work. Also, the secretariat must be beyond possible reproach. Our members are commercial companies, and it must be shown that their issues are impartially protected.

Loyalty schemes are an interesting one. We found it hard to understand any evidence for the policy of removing alcohol from loyalty schemes. Our understanding is that the push for that is to stop people going into a licensed premises — it is along these lines — and using a loyalty card to buy 20 shots or that sort of thing. That is not what happens in retail off-trade. We would like to bring forward an amendment that would make sure that responsible retailers and responsible purchasers of alcohol in the off-trade are not penalised for that. It does not work, given what has been said in Scotland and Wales. They have said that there is no correlation and that they will not bring forward such a provision. It is the same for the Home Office official guidance. There is a real problem here because Northern Ireland consumers could be at a disadvantage. Take the Co-op membership card, the Sainsbury's Nectar card and even the Tesco Clubcard: you could have the anomaly that, if you bought alcohol in one of those shops in England, Scotland or Wales, you could get points on your loyalty card but could not do so here. We have the paradox that one national scheme is very confusing to understand. Implementing a second-class loyalty scheme because someone predominantly shops in NI is high impossible. It would take a couple of years to bring in, and, for the vast majority of retailers, it would not be worth the hassle, so we would end up losing out. Given the amount of money that you would have to spend to get the loyalty points to buy a bottle of alcohol, it really does not make sense for it to be seen as in any way instigating or adding to problem drinking; in fact, it means, quite simply, that people in Northern Ireland will be disadvantaged if they are not able to accrue points on a loyalty card, no matter which retailer it is.

I just want to give a heads-up on what else is coming down the line. The Health Minister, as you know, has stated that, during this term, he will bring forward a consultation on minimum unit pricing. Any changes to alcohol legislation must be taken into consideration with those proposals. We are not opposed to the principle of minimum unit pricing in Northern Ireland. I know that that comes as a surprise to a lot of people. We need to make sure that there is a way of delivering it responsibly, and I do not just mean by retailers. I mean that we need to ensure that we are not creating booze cruises, North and South, because of a differential. The main point is that we will work with the Executive, the Department of Health and the Minister of Health to bring that in in a sensible way. There is not really the need for an overt belt and braces approach.

I reiterate that we are very willing to work with government at all levels to promote things like healthy eating and the responsible consumption of alcohol, and we have a track record on what we have been doing that I can proudly stand over. However, these proposals would put an unwelcome burden on consumers and responsible retailers of alcohol for little, if any, return.

You will have noticed that we have no objections to or will not even mention the extension of hours: that is for the on-trade. We will welcome whatever the Minister and the Committee put forward. For us, it is about making sure that responsible retailers and responsible drinkers of alcohol are not penalised.

The Chairperson (Ms P Bradley): Thank you, Aodhán. You are the first witness to brief us on the Bill. I am sure that there will be a thread of commonality with some people and others will be of the completely opposite opinion. It is good to get this started.

I have a few questions and comments. The first is on the formal codes of practice. I know from what you said today and from your briefing paper that there are concerns about those. I did not understand those real concerns until you started to explain them today. Currently, a voluntary code is in place. As it stands right now, does it work effectively, in your opinion? Is it robust enough?

I do not know whether I read it in your submission or somewhere else, but we are taking a different approach to the rest of the UK. May I ask about that, Aodhán?

Mr Connolly: On the voluntary code, we are not part of the code, and none of our members sits on code body. I used to have a lot of interaction with the code body, but there has not been much lately. Its effectiveness can be seen in what it has done on irresponsible advertising and promotions, but those have been for places like nightclubs, where it has been quite stringent and hard when it has had to be. As I said, over the past few years since the inception of the code, there have been complaints, but no complaints against supermarkets or retailers have been upheld. If that is the way that we were going, we would look at a separate code for retailers and try to hold ourselves to the high level that we are already have. As for Northern Ireland codifying and putting it on a statutory basis, my understanding is that this would be the first part of the UK to do it on that basis. There has been little evidence to show what difference that would make. The biggest thing is that already, from Challenge 25 to the work that we do with the Advertising Standards Authority and the Portman Group, our standards are impeccably high. You must remember that this is not only about being able to retail alcohol but about reputational issues. Retailers are risk-averse when it comes to their reputation, and they have always tried to hold themselves to a higher standard. That is one reason that this approach has not been taken in England, Scotland and Wales and why we feel that it should not be taken in Northern Ireland.

The Chairperson (Ms P Bradley): I will ask a brief supplementary. In your opinion, there is little evidence to show why this should be included in the Bill. I am asking for your opinion here: do you have a theory as to why it has been included in the Bill?

Mr Connolly: Different sectors have asked for it, going back almost 12 years. Part of it is about competition. That happens. It is also about being seen to do something. The way in which we work on all this is on an evidence base. Everything has to be evidence-based decision-making. We have not seen any evidence that this proposal makes a difference, especially since the high standards to which we hold ourselves are above what the voluntary code states. That is borne out by the fact that, in the whole lifetime of the voluntary code panel, there has not been one successful challenge to retailers.

The Chairperson (Ms P Bradley): Thanks for answering that, Aodhán. From a Committee perspective, anything that we do here will be based on evidence that we gather. That is why we need to probe a bit further.

I want to move on to loyalty schemes. When I first heard about loyalty schemes being in the Bill, my automatic thought went to a place that I have been in before, where you buy a card for £10 and you get four gins and two tonic waters or something like that. That is what I thought of when I first heard the word "loyalty", and I understood why you would do away with that. However, now that you have brought to our attention the store cards, such as the Tesco Clubcard, the Sainsbury's Nectar card and the Marks and Spencer Sparks card, where you get extra if you pay by credit card, I understand how difficult it would be to introduce that in Northern Ireland.

I want to ask you about vending machines. I understand that ID is required for click and collect, but there are ways round that. Someone has to show ID in order to collect whatever they have ordered, but I have never come across any vending machines anywhere that I have been. Where would you see those, Aodhán? Are they in hotels?

Mr Connolly: A lot of the time, they are in hotels. You do not often find them here. Their use has been growing across the UK and Europe on a small basis. If you are away somewhere for the weekend, and you find yourself at 2.30 am and you cannot get a drink, suddenly you are able to get as much as the change in your pocket or your card allows you. I understand the reasoning behind that measure. As far as machines and loyalty cards are concerned, I can see the thought process around it. However, when the legislation was drafted, it did not take the wider effects into consideration. That is part of the legislative process, which is why I am here to give feedback.

The proposal on vending machines must not stop click and collect. Click and collect is really important, especially during the COVID crisis, because it allows people to feel safe to go to collect their groceries. It removes people from stores, so it has a good effect.

On loyalty cards, it is exactly as you said. As far as I understand it, the thought process behind it is to remove the cards that can get you 20 shots or cards that cost a tenner and can give you three gins and three tonics or whatever. The knock-on effect is that it affects loyalty points. Some people need their loyalty points — Nectar, Tesco Clubcard points or whatever — and they use them at certain times of the year for school uniforms and so on, because you get increased value when you use them in-store, but you do not get that increased value when you are trying to buy alcohol. On the Co-op card, it

affects not only the person with the card but charities, because a certain amount of that Co-op membership card loyalty scheme goes to local charities. That is the way that it is run.

My point is that this is not what the proposed legislation was supposed to do. If we were to try to have a separate scheme for Northern Ireland, the complexity of the computer logistics that would be needed to make sure that alcohol did not get points on those schemes would render it useless, and you could see that, quite simply, the schemes would not be available here.

The Chairperson (Ms P Bradley): Marks and Spencer is the same with its Sparks card. A percentage of what you spend goes to your nominated charity, so there would be wider implications there. We will have to give consideration to that.

On click and collect, the Bill deals with deliveries of alcohol when the person must be over 18, show ID and all that sort of stuff. My parents had a place in America for many years. I remember my mum ordering a round of drinks on her sixty-fifth birthday, and she was automatically asked for her ID. That is what they do in America. We are all very used to being asked for ID when we go travelling, yet we think that it is bit strange here that somebody should ask you for ID.

Mr Connolly: That happens now. If you are getting alcohol in your delivery and are lucky enough to look under 25, Challenge 25 kicks in and you have to be asked for your ID. With click and collect, if there is alcohol, people will be there. In the majority of places, people bring your delivery out to you. If there are lockers and there is alcohol in your order, people will be there as well. So it is already happening here. When it comes to vending machines or any sort of delivery or collection, we have to make sure that we do not throw the baby out with the bathwater. It is right to stop irresponsible things, but we still need to be able to have responsible retailing and responsible consumption and allow consumers to do it in that way.

The Chairperson (Ms P Bradley): Thank you, Aodhán. It is a wee while since I have been asked for ID *[Laughter.]*

Mr Easton: Hi, Aodhán. How are you?

Mr Connolly: Hello, Alex. Long time, no speak.

Mr Easton: I know. Thanks for your presentation and for demonstrating the responsible attitude that you are taking to alcohol; that is good to see. There are a few issues that I want to get my teeth into a wee bit. You mentioned that promotional and advertising materials on alcohol in shopping centres or retail shops does not really have an effect on excess drinking and stuff like that. Are you saying that there is no evidence of a need for this proposal to be included in the Bill?

Mr Connolly: Yes, that is the way that we see it. We have been looking at it through what has happened in other areas. The biggest problem has been in Scotland. It is very clear that the Scottish measures have failed to make any impact on reducing alcohol harm. The measures are not seen as reducing alcohol harm. They have, however, raised the anomalous position where, as I said, one retailer can advertise outside another retailer and that is fine, but they cannot advertise outside their own premises. There is also the anomaly whereby a third party, such as a brewery, a drinks company or even a brand, can advertise in the vicinity of stores, and the retailer can be held responsible. There are quite a few anomalies, even in what constitutes a promotion. There is a lack of consistency from local licensing standards officers. It really harms the business model for convenience stores that have a licence. They have a sign to say that they sell alcohol, and it is quite an important part of their business model. For us, there is no evidence that it does any good, but there is evidence that it does some harm to responsible retailers.

Mr Easton: I am glad that you brought up loyalty cards. I had not thought about the potential knock-on effect whereby, if we have a different scheme to the rest of the UK, there is no point in having loyalty cards here, and you would have to spend millions to make us different. That is an interesting point, so thanks for bringing it up.

Mr McCann: It is interesting. A big lot of what needs to be asked has already been asked, and they are all good points.

Good morning, Aodhán. How are you? Maidin mhaith.

Mr Connolly: Good morning, Fra. Again, long time, no see.

Mr McCann: Trying to determine what is right and what is not right in the sale of alcohol poses many difficulties. The last time that we looked at the issue was in the middle of the rage of downtown nightclubs opening until 4.00 am and crazy pictures being shown on TV. It is difficult. There are people whose genuine fear means that, for health and many other reasons, they believe that there should be restrictions. On the other hand, there are people who genuinely believe that there is a happy medium to be found somewhere.

We hear all the time about how the Scottish model has not had an impact. Obviously, we need to get a model that is right for here. We also need to consider models that have not worked in other places. If we take those into consideration, and you tell us what has not worked in the past and what is the best way to deal with this, that may keep us on a steady footing. I know that, from a health perspective, you could talk to lots of people who believe that aspects of alcohol drinking have a huge impact on the health service. However, retailers, publicans and club owners believe that there is demand out there for the product that they sell. How do you balance the two?

Mr Connolly: I completely agree. We would always ask for a tailored, proportionate, evidence-based approach to the issue in Northern Ireland. It is about more than what retailers do; we need to look at the consumers of the future. There needs to be an education piece about drinking responsibly. It was not around when I was at school. Some things have started off. Good work is being done by the Public Health Agency (PHA) and others. However, there is a need to look at that education piece. There is a need to look at a partnership approach: the community alcohol partnerships. We believe that they should be rolled out more across Northern Ireland because they involve the PSNI, schools and health agencies, and there is a better understanding there not only of how things work but the particular problems in an area. You have to remember that, while Northern Ireland is a very small place, every city, town and village has its own flavour and its own problems. That is why that community approach is hugely important.

Minimum unit pricing is one measure that has been seen to be making a difference in Scotland. The last time that I was before the Committee, I said that we did not know whether minimum unit pricing would work or whether we wanted it to be brought in. You will notice that my tune has changed. What we say now is that we want to work with the Government, the Department of Health and the Minister to bring in minimum unit pricing in a way that works for retailers as well as addressing health concerns and delivering the benefits that the Minister and Executive want to see.

It is not that we are trying to shoot down any idea that comes along. We want a proportionate, evidence-based response that is tailored to Northern Ireland, has a partnership approach and produces the results that are needed.

Mr McCann: I have a brief follow-up question, Chair. It is interesting. Usually, in other aspects of trying to make life better for people, we advise the two opposing sides to come together, sit down and work out how to do that, and we will create the legislation. Do retailers and alcohol producers sit down with the health people to work that out? You may find that there is a common approach. We know that we are not going to ban all alcohol or make it open season and let people drink in whatever way they want to drink. Do meetings take place that would allow a common approach to be taken to deal with that?

Mr Connolly: Unfortunately not. As I have said to you before, the partnership approach is my preferred approach in all things. You get more done with a cup of tea and a smile than by blasting it in the papers and slagging each other off. That conversation needs to happen more often. Once in a while, we have conversations with the Department of Health on everything from alcohol to food and nutrition. There is a fundamental competition element to this, though, involving on-trade and off-trade, and even within pricing. You cannot have that conversation about pricing; that is just how the competition rules work.

The conversation about a joined-up approach, best practice, learning from each other and having higher standards is severely lacking. Whether you are a producer, a retailer or in the on-trade, it will be very hard to have those conversations before April next year because, quite simply, between Brexit and the current COVID situation, there is very little bandwidth for dealing with anything else. However, in principle, as you know, I am very happy to talk to anyone about this, and it makes sense to do so, especially if we are looking at community alcohol partnerships. That is not just with the commercial side but with the PSNI, the Department of Health and others, even councils, which have a responsibility in this area.

Ms Armstrong: Hi, Aodhán. How are you?

Mr Connolly: Hello, Kellie.

Ms Armstrong: It is nice to speak to you again. Aodhán, you mentioned your voluntary code: may I tease that out a little more? Also, on the basis of previous discussions, I will talk to you about the perception of supermarkets among some of your members. Will you explain a wee bit more about what your voluntary code includes and what we should be mindful of? You mentioned Challenge 25. What else is included?

Mr Connolly: The voluntary code is separate from us. It was written by Hospitality Ulster and includes manufacturers and the on-trade. I converse with them regularly enough, quite simply because some people make complaints about the off-trade and retailers, and I want to be there to help to smooth things over and explain their point of view.

We hold ourselves to the Portman Group standards. All our members are signed up to those standards, which set how alcohol is sold. We adhere to the Advertising Standards Authority code, which is, of course, about how you advertise in a responsible way, and we work on Challenge 25, which is not just in-store but includes click and collect and delivery. When you put all those things together, we invest hundreds of thousands, if not millions, every year to make sure that our front-line colleagues — the people who have to do the hard work; not, like me, the talking — understand the rules and our responsibility as retailers and are able to put that into practice. God knows how many people have been ID'd and felt that they should not have been, but that's the rules, and those are the standards that we hold ourselves to.

Ms Armstrong: Thank you. I got ID'd in my local supermarket recently, and I was delighted *[Laughter.]* You mentioned click and collect and the standard that you guys have. Many of us have heard anecdotal evidence of people phoning a taxi firm or somebody else to buy them booze and deliver it to their house. How do your supermarkets prevent that?

Mr Connolly: Someone attempting to leave with crates and crates of booze will not be allowed to do so. That is, quite simply, the way that it is. Anecdotally, we have heard about dial-a-drink happening, especially over the first lockdown. I have not heard anything yet in this lockdown, but, then again, it is a bit too early to have had things fed back to me. Quite simply, it is illegal. They should not be doing that. Not only is it the irresponsible and overpriced retailing of alcohol but, if we are looking at it in purely monetary terms, it has a detrimental effect on retail. The bigger thing for us is the reputational risk. We have those standards to stop people loading three or four trolleys, paying and putting the crates in the boot of their car for sale. That is not what we are about, and, as I said, that is illegal. If the legislation knocks deliveries and irresponsible retailing on the head, it will be very welcome, but we need to recognise those who operate Challenge 25 and ensure that a responsible adult is in the house. The other thing is that we do not deliver at 2.00 am or 3.00 am. I am happy that our standards are high in that area. It is just how we now prevent what is, essentially, illegal.

Ms Armstrong: Are cash and carries within your membership or a separate entity? People who buy drink in bulk at cash and carries could go on to deliver.

Mr Connolly: They are not within our membership. In some areas where there has been a drop in alcohol sales, the speculation is that it is because people are loading up at cash and carries. I do not have evidence for that. That is anecdotal, so I do not know. Cash and carries are not within my remit.

Ms Armstrong: Basically, you are competing against each other for good standards. The voluntary code was set up by the hospitality sector, which is very different from the supermarket and retail sector. Should a suite of codes be set up, one by each sector, so that people who know their business can try to achieve the best possible standard within their sector?

Mr Connolly: I have not spoken to our members in Northern Ireland about that. If there was a retail code that allowed us to be in that virtuous circle and in a race to the top, you would not find us lacking. You are absolutely right to say that different aspects of the sale of alcohol have different considerations. A nightclub is very different from a restaurant, a restaurant is very different from a supermarket, and a supermarket is even different from a small convenience store. However, if it was a code for just retail, we would be happy to look at that, as long as it was proportionate and evidence-based.

Ms Armstrong: How would you feel about local producers competing with your supermarkets by selling their items from their own place?

The surrender principle is not in the Bill. Supermarkets, as you will have heard in previous discussions, get quite a hard time because they can afford to buy the expensive licences, which pushes up their price. Is it out of order to think that your members would like better prices for those licences? Can you think of anything to suggest regarding that surrender principle? I am not sure that we would get it into the Bill or whether anybody is thinking about putting it into the Bill, but it has come up during discussions.

Mr Connolly: The surrender principle is a source of great pain to retailers simply because there are very few licences about and those that are around sell for a couple of hundred times their face value. In certain cases, supermarkets have had to open without a licence. The surrender principle means that, because there are fewer licences, they go for several times their face value — some go for up to £1 million. People have been known to open a pub, restaurant or whatever it is that has a licence for one day a year to keep that licence going because they can then sell it on. A lot of people hold on to licences and look at them as an investment. Even the retailers who buy them look at them as an investment for the future. If there were a change in the surrender principle, you would need to make sure that there was some sort of compensation or a parachute clause in any change in legislation that would allow a few years for the licences to be sold on.

The surrender principle is a source of great pain, but you have to remember that, when retailers, especially large-scale supermarkets, buy a licence, they are buying a licence so that they can open a supermarket and create up to 300 or 400 jobs. Some openings have been put back six months or 18 months simply because of haggling over a licence or because there was not a licence to be had. We understand that, for the people who are holding on to the licences, it is an investment. For some, it is their pension; for some, it is their inheritance; and it is a nest egg for others. By the same token, it creates the narrative that supermarkets can afford the licences. The face value of the licence should be the face value of the licence. The fact that we are having to pay £500,000, £750,000 or £1 million for an alcohol licence is not just an anomaly; it is a bit perverse.

Ms Armstrong: What about the local producer's licence for selling? Does that cause competition difficulties?

Mr Connolly: It will, of course, cause competition. We mention that in our consultation response, but we will not die in a ditch over that. The fact that a lot of local brands got their start in local retailers and in GB retailers that are based here and then opened up to a wider market across the UK shows that there is a symbiosis and that we can do a lot of good for the Northern Ireland indigenous drinks industry. Of course, there will be competition but, as I said, we will not die in a ditch over it.

Ms Armstrong: Thanks, Aodhán. I will not take up any more of your time. That was really helpful.

The Chairperson (Ms P Bradley): Thanks, Kellie. I will bring in Mark and then Sinéad. Aodhán, I believe that you are under a bit of time pressure and have another meeting to go to. We should get through everyone before that.

Mr Connolly: The other one starts at 11.30 am.

The Chairperson (Ms P Bradley): No problem.

Mr Durkan: Maidin mhaith, Aodhán. Good morning, Aodhán. I will not keep you late, because most questions that I had written down have largely been covered. I did not think that we would get to the surrender principle before it came to my turn, but Kellie gazumped me at the last minute.

Kellie asked about the local producer's licence. I had not thought of that, because you do not really think of small local companies rivalling the commercial giants that you represent, Aodhán. Might there be a case where, if a local producer is extremely successful and competing in some way with a supermarket chain, the supermarket or retailer would look at buying out or buying up that company?

Mr Connolly: It is not our business. We are retailers. Retailers have high volume and a very low profit margin. We do not usually buy up other companies. The only thing that that sort of competition creates is a wonderful opportunity for the Northern Ireland consumer. It is all in the ebb and flow of business.

First, we are no strangers to competition; secondly, it is not our business to buy up breweries. We would not do it.

Mr Durkan: OK. Kellie also spoke about a perception, and perception is extremely important. There is a perception out there — I am looking for you to tell me how accurate or otherwise it is — that supermarkets, as opposed to independent or smaller off-licences, given the purchasing power of big companies, can afford to, and do, use alcohol almost as a loss-leader to get people through the door by making it cheaper than elsewhere. Obviously, that causes huge frustration to the licensed industry. The perception dates back a number of years. How accurate is it?

Mr Connolly: You are absolutely right: the perception dates back a number of years. I think that you and I had this conversation the last time that this came up, and my answer is the same: I am not aware of any retailer that uses alcohol as a loss-leader. It is simply not what they do. If you look at comparative prices, you will see that we are, of course, cheaper than the on-trade. That is simply because we do not have the same overheads, and it is a different business model. Smaller off-licences are competing with us on a one-to-one level. The loss-leading story is a myth and a misperception that has long gone; it was maybe 10 or 15 years ago.

Mr Durkan: We cannot outlaw competition; nor should we. I was interested in how, on seeing evidence that, if implemented as intended, the minimum unit pricing can work, you have reflected on that. From our perspective, it demonstrates that the industry that you represent is open to changing its mind on the basis on evidence. That will be important going forward.

As I said, I intended to ask about the surrender principle. It is obvious that, as you have represented, retail wants that to be done away with to drive down the cost of licences. However, even today's evidence from you and the Q & A demonstrate that we are in for a painstaking process as we go through the Bill. There is an awful lot to consider, and it is vital that we get it right. Thank you for your contribution today.

Mr Connolly: Thank you.

Ms Ennis: Thanks very much, Aodhán, for your time today. It is much appreciated. I take your point about the effectiveness of advertising. We will, of course, have to consider the evidence of whether that has been effective in Scotland. The Committee will have to explore that in a bit more detail. It is important that we learn from other places that have tried to implement that type of legislation ahead of us.

We have to admit that there is a wealth of evidence to support the claim that the advertising of alcohol is likely to contribute to higher levels of drinking and drink-related problems. You did not imply that that was not the case, but we have to be very cognisant, from a public health point of view, that there is sufficient evidence to show that the advertising of alcohol can contribute to and exacerbate the drink-related problems that people are experiencing. It is not that we want to stop people who can drink responsibly from doing so, but from a public health point of view, we must be mindful of our responsibility to people who are struggling with an alcohol problem.

The legislation states that it will restrict the advertising of drink promotions in supermarkets to the area in which the intoxicating liquor is displayed. It is not the case that there is an outright ban on promoting the likes of local producers, which is very important. Very often, that is the only time that they can build up a relationship with their local supermarket, for example, and sell their wares. Of course, nobody wants to put a halt to that. I am making the point that, if you go to the supermarket with the intention to buy alcohol, once you are in the area of the supermarket where alcohol is displayed, the supermarket can advertise that the new range from, say, Mourne Mountains Brewery is on offer. That would be permitted. I want to get your take on that, Aodhán. Could the people whom you represent live with that or do you want us to consider it more fully?

Mr Connolly: On your first point about evidence, again, we are happy with anything as long as it is a proportionate and evidence-based response. On advertising, you are absolutely right about where the legislation says that it should be done. However, I am also aware — it is one of the reasons that I have flagged it to you — that, over the next few weeks and months, you will hear a lot more evidence on that, and there will be people who want to push that advertising ban as far as possible. Take, for example, the Co-op, Henderson Retail or the Musgrave Group, members of ours with small convenience models. Basically, if the one part of the shop where that advertising is allowed is at the back, it would be very difficult for them to show that they sell alcohol or what sort of promotions they

have on. If you then allow it for the convenience model but not for the bigger guys, you have an imbalance of competition. Then, you get into challenges on the legality of that under competition law and the way in which it works.

For us, advertising should be done in a responsible manner. You have to remember that there will not be big posters outside shops saying "10 shots at 90p each". Coming up to Christmas, you might want to see offers on a bottle of Saint-Émilion or whatever your tippie is. You mentioned the Mourne Mountains Brewery, which was a good plug. That is the sort of advertising that we are talking about. Even if you look at how advertising has changed and at what the Portman Group's code and the Advertising Standards Authority have done over the past few years, you will see that there is a definite move away from the bargain basement, "Look at this" to "This is what we have on offer — is this not wonderful quality?".

That is where we are. We want to see that proportionate, evidence-based response that also factors in what the actual competition and economic impacts will be of anything that is decided.

Ms Ennis: Thank you. I just wanted to get your take on that to see whether it was a compromise, something that we need to scrutinise further or something that would cause problems for the people whom you represent. That is fair enough. Thanks very much, Aodhán.

The Chairperson (Ms P Bradley): Thanks, Sinéad.

Aodhán, members have no further questions. Thank you for briefing us today. As I said, you are the first one to brief us, and you have already raised many issues that we need to explore further and challenge, especially with regard to cash and carry, which is a big issue. Certainly, as a Belfast MLA, I know that the dogs in the street know where you can buy whatever you need at somebody's garage. That happens regularly. You have opened up more questions than answers for us, which is good. Thank you, Aodhán. Good to talk to you.

Mr Connolly: Thank you for your time, Chair and members.