



Northern Ireland
Assembly

Committee for Communities

OFFICIAL REPORT (Hansard)

Licensing and Registration of Clubs
(Amendment) Bill: Northern Ireland Brewery
and Independent Pub Association

3 December 2020

NORTHERN IRELAND ASSEMBLY

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Members present for all or part of the proceedings:

Ms Paula Bradley (Chairperson)
Ms Kellie Armstrong (Deputy Chairperson)
Mr Andy Allen
Mr Mark Durkan
Mr Alex Easton
Ms Sinéad Ennis
Mr Robin Newton

Witnesses:

Mr Matthew Dick	Boundary Brewing Cooperative
Mr William Mayne	Bullhouse Brewing Company
Mr Pedro Donald	Sunflower Public House

The Chairperson (Ms P Bradley): I welcome William Mayne of Bullhouse Brewing Company; Pedro Donald, owner of the Sunflower Public House; and Matthew Dick of Boundary Brewing Company. William, we will start with you. Is that right?

Mr William Mayne (Bullhouse Brewing Company): Yes, that is fine.

The Chairperson (Ms P Bradley): William, you need to speak up a bit. We are finding it difficult to hear you.

Mr Mayne: Can you hear me now?

The Chairperson (Ms P Bradley): Yes.

Mr Mayne: Thank you very much for having us virtually. I really appreciate the chance to speak to you all today. I will make a quick introduction first. My name is William Mayne, and I am the owner of Bullhouse Brewing Company in south Belfast. As you can probably tell from our name, we started on a farm just outside Newtownards, and we are turning our original brewery into Northern Ireland's first dedicated wild beer facility. We started in 2016, and this was just a hobby business at the start. I left full-time employment at the end of 2017 to jump into the brewery head-on.

To be completely truthful, it has been a struggle. We have grown very slowly, and we have looked on in envy as breweries of a similar size in Great Britain have grown rapidly by comparison. The reason for that is that we cannot access our local market. We cannot sell directly to the public, and we cannot

sell draft beer to the vast majority of pubs, despite there being public demand for our products. We now employ three people, including me. At the end of 2019, we were seriously considering moving our whole business across the water because of the restrictions here, but that would mean uprooting three families. When Stormont finally got back up and running at the beginning of this year, we finally had some hope that things might change through the Bill.

Over the past year, all the local breweries got together to form the Northern Ireland Brewery and Independent Pub Association (NIBIPA). I am here today as a brewer and member of that association. We are completely voluntary, we are not paid lobbyists and we do not wear swanky suits. We cannot afford to wear swanky suits, unfortunately. We welcome the Bill, but we see it as a massive missed opportunity if breweries are not allowed to offer taprooms to sell our own beer as well as beer that is made with other breweries. The only way that we can operate taprooms is through borrowing occasional licences from friendly publicans. That means that we can, essentially, operate as a pub and sell spirits and wine. We are simply asking to be regulated and legislated for so that we can continue to operate taprooms without having to use occasional licences.

The Chairperson (Ms P Bradley): OK. Pedro, do you want to speak next.

Mr Pedro Donald (Sunflower Public House): Yes, thank you, and good morning. My name is Pedro Donald. I have been working in the pub industry in NI for nearly 37 years. I started part-time when I was at school, went up through management and now own two pubs in Belfast city centre. I have seen changes in licensing legislation over the years, and it is now time for another tweak and update of them. I fully support the small brewers, who were not a thing the last time that the legislation was looked at, so it is important that they are now included in the licensing system.

The Chairperson (Ms P Bradley): Thank you, Pedro. Matthew, have you anything that you want to add?

Mr Matthew Dick (Boundary Brewing Cooperative): I will just make a quick introduction. Guys, thank you so much for your time with all of this so far. I am becoming addicted to watching your sessions every Thursday. I have spoken to most of you individually, and seeing your support for our request has been class.

We are a small brewery in inner east Belfast on the lower Newtownards Road. We have been going for about six years, and, in those six years, we have grown to become one of the bigger breweries in Northern Ireland. We have beer from America to China — all over the world. We have had double-digit growth every year, but, unfortunately, the progress that we have made has been in spite of being in Northern Ireland and the laws that come with opening a brewery here. Our sustainability, profitability and growth have all been really severely limited because of the licensing laws, and, as a result, over 80% of our beer has always gone abroad. That means that there is lots of world-class beer from local producers that leaves these shores because we do not have a route to market.

The breweries contribute massively to taxation in proportion to their size. We employ disproportionately highly to our size. We are instructed to brew, package, store, wholesale, sell and ship alcohol around the world. We have proven track records of running one-off taprooms and much larger events, and all that we are asking is that the playing field be levelled a bit and restrictions be removed from samples and tours, especially in a post-Brexit world.

The Chairperson (Ms P Bradley): Thanks, Matthew. I will start with a few questions, and I will then open it up to members. Can you explain in detail to the Committee how a taproom operates and what the difference is between a taproom and a pub? In the written report that you sent us, you mentioned selling "collaborative products". Can you also explain that to me?

Mr Mayne: Taprooms, essentially, are where people come into the brewery and try the products there, but they are not limited to a sample. That is the way that they operate across the world. If a tourist visits a brewery and wants to have a few pints after that, they can do so, as can locals who want to know more about the brand and to engage with it. They can come to the brewery and drink the brewery's products, which are made in the brewery. Beer is a product that people can consume in a couple of pints. It is not like consuming a couple of pints of spirits or something of higher strength. We really just want to be able to sell our own products.

The difference between a pub and a brewery is that breweries are generally in industrial premises due to the nature of the manufacturing industry that we are in. We are not cosy environments. We do not

have nice open fires and nice warm chairs to sit in. We are on industrial sites, and it is all about learning about the beer, building a brand and building a connection to the brewery with tourists and locals alike. That is what I see as the difference between a pub and a brewery, and we think that they can work harmoniously together. They work across the world together. It is a proven model. We think that it is a model that should be followed.

The Chairperson (Ms P Bradley): What are "collaborative products"?

Mr Mayne: The brewing industry is a very open industry, and we are all quite close together. We will generally brew beers together to try out different recipes in each other's brewing equipment, so we would like to be able to sell the products that we make at other local breweries.

The Chairperson (Ms P Bradley): It is not to sell what other breweries make but just those that you collaborated on?

Mr Mayne: Yes.

The Chairperson (Ms P Bradley): Pedro, as the owner of two bars, do you see that as any threat from taprooms and the model that William and Matthew would like to see?

Mr Donald: No, absolutely none whatsoever. As William said, they are completely different animals. I do not know whether you have ever visited a brewery, but they do not even look like pubs. In a way, they will help me to sell the beer. I sell a lot of craft beer and as much local beer as I can. The guys at the breweries are doing all the promotion for me, because the people who visit the breweries first then come to the pub and ask, "Do you have Boundary, Bullhouse, Lacada beers?" or beers from all the other local breweries. So, in absolutely no way do taprooms compete with me; in fact, they might even help.

The Chairperson (Ms P Bradley): OK, thanks, Pedro. I just want to ask a final question. Your paper also mentions clause 18, which deals with occasional licence conditions, and states that you have issues with that. Will you explain that to the Committee?

Mr Mayne: We are not completely clear what clause 18 relates to. The only way that we can run taprooms is by using occasional licences. From speaking to people in the Department, we think that it might be trying to prevent us doing that. We see that clause as a potential regression, and we could end up in a worse position after the Bill is passed, which would not be good for anybody. That is what we are concerned about. We are not clear what the conditions might be, but if our taprooms are not legislated for in the Bill, we would like to be able to continue operating them using occasional licences.

The Chairperson (Ms P Bradley): One final question from me before we open it up. I do not want members to accuse me of stealing all the questions, which I most certainly have not; there are many more that people want to ask you. We heard in Committee the view against the code of practice being legislated for and that what is in place at the minute works very well. You also said that you are against the code being legislated for. What are your reasons for that?

Mr Mayne: We do not think that private companies should be able to write legislation, and it appears that that code of practice might end up becoming legislated for. Codes of practice should be for industries and should not be legislated for.

The Chairperson (Ms P Bradley): OK, William. Thank you. I will open it up to members. Mark Durkan is first.

Mr Durkan: Thank you, Chair. Thanks to the guys for coming in and for the presentation. You said that you did not steal all the questions, Chair; you just stole nearly all mine, so thanks for that.

I met a few of the guys previously and heard from brewers in my constituency. The case and the arguments that they are putting forward — they are not really even arguments, because I do not hear that many people, and certainly no one on the Committee, arguing against them — seem to make so much sense.

In terms of where you would like to go as an association, the off-sales end is cut and dried; there could not be any grey areas in that, and it is a no-brainer that is unlikely to cause any controversy. You

outlined the on-sales end, but do you have any ideas, as an association, of where you want to go with opening hours? Different members might have different ideas— I mean your members as well as ours — but how do you see that working in practice?

Mr Mayne: At the minute, we can operate with an occasional licence and open for the same hours as a pub. We said in our presentation and through a link on our website that we are happy with a closing time of 11.00 pm. If measures are overly restrictive, I do not think that anybody would apply for the licence, which would make it pointless. If it means that we can do a lot less than we can with an occasional licence, people will continue to use occasional licences. If we are going to regulate for breweries, we might as well make that something that is worthwhile applying for. We would be happy with 11.00 pm. Matthew mentioned the local pubs, and we are happy to link up with them to allow people to leave the taproom and then go to try the beer in a local pub afterwards.

Mr Durkan: William, you talked about your premises, as they are, not being cosy environments. As and when you are allowed to bring customers in to purchase and consume your products on-site, that might create a demand, or even a need, to make your premises more cosy and customer-friendly. How do you see that evolving? That would create more challenges, and, I suppose, more opposition, from the pub sector. I should have declared an interest: my family owns a pub, although it is an independent pub. I am entirely supportive of what the guys are trying to do. It is important that, in order to get this through, we try to find a line of least resistance that is not one that emasculates what the industry wants and needs to do. It is not for just that industry; Pedro's contribution was very telling. We have a duty to explore and encourage relationships between the independent brewers and the pub industry here in order to really maximise benefits for both.

Mr Mayne: You commented that taprooms are not cosy at the minute. I visited Matthew's taproom, and we have had our own taprooms. They are sold out. They are busy events, with one in, one out. There is a huge public demand for them, even though they are not cosy. If we could get by without having cosy environments and not having to invest in comfy seats, we would be happy to do that. I see your point, but the range of products that are on offer are limited so much to only your own beer that it will not bring all the people to it who want to visit a pub; you will get only people who are really into their beer. We produce very niche beers that do not appeal to everybody. Say that a group of six people want to head out for the night. Even if four of them love craft beer, there will always be one or two who do not want to drink the beers that are on offer and want to go somewhere else. It is such a niche sector that we are operating in. Some breweries might want to make their establishments a bit more comfortable if the legislation passes, but it will still be a very niche operation.

Mr Durkan: It is that scenario where the opportunity exists for pubs to have contracts for you to supply them with your product. I might manage to drag my wife along to a taproom, and I could have a couple of pints, but there would have to be the promise of a G and T somewhere at the end. You could direct me towards a pub nearby that stocked your stuff. There are great opportunities there that we cannot really afford to miss. I look forward to working with members and you, as industry representatives, as we go through the legislative process.

Ms Armstrong: Thank you, gentlemen, for your presentation. I declare an interest. I have been up to one of the breweries, although not while this has been going on; I think that it was just before we collapsed.

I want to tease out a wee bit more of what Mark was talking about. Obviously, we do not have a producer's licence here in Northern Ireland, but there are other places that have them. What from those other places would you love to see in Northern Ireland? Mark mentioned opening hours. Are you looking for a producer's licence to replicate what is proposed to happen with the late licences in the legislation? How does that compare with producer's licences in the rest of the UK and in the South? What are you looking for, or what are you trying to emulate?

Mr Dick: I will take that one. My signal keeps cutting out, so, if it dies, just shout at me. Thanks, Kellie. I will go backwards on your questions, if that is OK, and I will bring in some of what Mark was asking about regarding opening hours. It is important that opening hours are not too restrictive because, if they are, we are just not being incentivised to invest in the space or cosiness, to use the vernacular. Employment will be impacted, and the value for tourists, local and international, will be seriously impacted. They go hand in hand. We are asking for 11 pm, as we think that that is fair. In the Republic, producer's licences were introduced a couple of years ago. A lot of major changes took place at the very last moment to the Republic's legislation and, to date, only one brewery has taken the on-trade licence. The on-trade licence is, similarly, tied in to samples and tours as it is in the Bill.

That is the proof of the pudding: the Bill is, essentially, a waste of time, as we know that no one will take up the licence.

Licensing is very different in GB, as it has no surrender principle, and most of the licensing and details, such as opening hours, are dictated by councils. Breweries in GB are allowed to sell any and all alcohol, and so can sell spirits, wine and other people's beers. We are not asking for that. We are asking to be able to sell our own products, plus or minus the collaborations that we talked about earlier, and close at 11 pm. We are content with that.

Ms Armstrong: Will that be Monday to Sunday? What days are you thinking about?

Mr Dick: Monday to Sunday. Yes.

Ms Armstrong: You mentioned the surrender principle. I have heard people talk about the potential for you guys to buy a pub licence. The surrender principle is not something that we can control. The court fees for a licence are a few hundred pounds. However, the surrender principle is on the basis that only a certain number of licences is allowed, and a licence must be surrendered for someone else to take it up. There has been almost a bartering of licences in the market.

I am confused by how you can enter that system when you are tied to a premises because of your production. Are there examples of people who are tied to a premises? I do not understand how the surrender principle could or would work for brewers.

Mr Mayne: I will quickly go through my experience of trying to get a licence. We have just moved to Boucher Road in south Belfast. From my understanding, there were essentially three options available to get a licence under the surrender principle. Option 1 was to take over an existing pub and move our production there. That would not work as all our furniture and manufacturing equipment would have to be moved to the new premises, and that would not be feasible.

The second, and possibly the easiest, option was to buy a pub in the area. Unfortunately, however, that means being limited to buying an existing pub that is trading in your area, and those are few and far between in our vicinity. The price would depend on buying someone out, and if they are operating a successful business, why would they want to sell?

The third option is to move a licence. That entails buying a pub that has closed down somewhere else in Northern Ireland and moving the licence to our vicinity. The problem with that option, however, was that anyone who has a licence in our area can object to the licence moving into the vicinity. Under the current legislation, a 5A(1A) premises licence is a 5A(1A) premises licence; it does not matter whether you are selling craft beer or 24 packs of Harp for £10. There is no distinction in law between what you are selling. Therefore, supermarkets are free to object, as many are trading under a 5A(1A) liquor licence. Any other pub in the vicinity can object.

It is impossible for us to get a licence. The value of a licence has gone up during the pandemic because Government incentives and financial packages have meant that no one is selling a pub at the minute. It would cost us hundreds of thousands of pounds if we wanted to get a licence under the current system, and that is untenable for our business.

Ms Armstrong: OK. That is something that I was concerned about. If you want to sell a product, whether you are in Armagh, outside Newtownards, or in Fermanagh, it is tied to the locality. Could you imagine asking Bushmills to shift to Newry or somewhere else? It does not make sense.

I understand where you are coming from and what you have asked for with the producer's licence. You mentioned occasional licences, and I would like to tease that out. To be absolutely clear, that means that the proposals in the Bill would mean that you would not be able to use an occasional licence. Is that right?

Mr Mayne: We are not sure. It says that there would be conditions on occasional licences, but we are not sure what those would be.

Ms Armstrong: For instance, a condition that you could not bring in external providers would close you off.

Mr Mayne: *[Inaudible.]* The purpose of that clause is to prevent breweries from operating taprooms using occasional licences.

Ms Armstrong: Pedro, I am aware that you are with the Sunflower and you must be sick looking at political people, because it seems to be a place where a lot of politics is talked over a few jars. If the occasional licence was to be changed, what impact would that have for your business?

Mr Donald: We use occasional licences mostly for festivals. For anybody who does not understand the occasional licensing system, a publican has a licence, but other people can borrow it, for want of a better word, for a weekend event, for a festival or possibly for a concert or a taproom, as long as the alcohol side of it is supplementary to the event, concert or festival. We use them a lot, and festivals, in particular, rely on them.

Ms Armstrong: OK. So if restrictions were put onto that, we would have to know what the restrictions are to see how they would impact pubs —

Mr Donald: Very much so.

Ms Armstrong: — never mind breweries being able to use them. That has been very useful, folks. Thank you very much. I am sure that we will hear from you again.

The Chairperson (Ms P Bradley): Thank you, Kellie. I want to ask about the producer's licences. I know that the rest of the UK is very different from here, as councils have more say. Could you give us an idea, or a ballpark figure, of what independent brewers in mainland UK, the Republic of Ireland or anywhere else pay for a producer's licence?

Mr Mayne: It is just the court fees, so a few hundred pounds, which is the same as it is to open a pub. Due to the licensing system being deregulated in 2003, a premises licence is a premises licence and breweries operate under it. There is distinction in law because there is no surrender principle. To open a pub in England, you just pay the court fees of a few hundred pounds.

The Chairperson (Ms P Bradley): I understand that we need to have regulations and that they are there for a reason. However, in your experience with mainland UK or the Republic of Ireland, what do you have to prove? What is to stop anybody going for a producer's licence and paying a few hundred pounds? Do you have to show some proof of your company and how you perform or what you make?

Mr Mayne: I am not 100% sure about GB, but I think that you would have to get a personal licence first. You would have to do courses and then apply to the courts and the council, and they would approve it, based on your personal licence.

However, what we were planning with the producer's licence here is to link it in in a similar fashion to the conference centre licences where you would have to prove that you were a bona fide brewery, registered with HMRC and your council, as a food producer. That is to stop just anybody saying that they are an official brewery and opening up a taproom. Those are the checks and balances that we think are sufficient. It is the same as a conference centre where they have to get approval from the Tourist Board, or whatever its current name is, before they can apply for a licence. Having shown that we are bona fide breweries would alleviate that problem.

The Chairperson (Ms P Bradley): Grand. Thanks for answering that, William.

Mr Newton: I have two very simple questions. First, how many pubs are part of the Northern Ireland Brewery and Independent Pub Association?

Mr Mayne: Unfortunately, there is only a handful of pubs that sell our products because the majority of them are tied. I am not sure off the top of my head, but it is between six and 10 pubs. We are a completely voluntary organisation.

Mr Newton: My second question is for whoever wants to answer it. Thank you for coming along. What is the difference between what exists in Northern Ireland and what exists in similar businesses to yours in England, Scotland or Wales?

Mr Dick: Do you mean in relation to the taproom experience?

Mr Newton: Yes.

Mr Dick: Most of them are considerably bigger than an Irish brewery because of their different routes to market; they have more employees, and their spaces and physical production sizes are bigger. Apart from that, it varies quite widely. Some sell their products only on-site in their taprooms, or certainly sell the majority of their beer through their taprooms. Most have built their businesses around their taprooms, based on a model that would have relied on the taproom at the beginning. As they have grown and become more robust and sustainable, they have been able to grow their production and begun to push further afield in GB or even to export.

Ms Ennis: Thanks to the guys for coming in. I represent South Down, which has quite a few breweries, and they are excited about the forthcoming legislation. They have huge potential to add to the tourist product, in particular, that we are trying to grow in South Down.

I want to pick up a point that I think you made, William, just to get some clarity and broaden the discussion. You said that taprooms can aid people's connecting with the brand. Have there been any comparative studies? How do you know that taprooms help with that? How do you know that simply having a sampling at the end of a tour, for example, would adversely impact on connecting with the brand? We have to bear in mind that no sample size has been defined in legislation yet. We do not know whether a sample would be a small mouthful, a pint or five pints because you have five different beers. We need to bear in mind that we do not actually know what the sample size will be.

Mr Mayne: Thank you for the question. It is a good point. Because the brewing industry has kicked off across the world in the past 20 years, it is quite a new thing for people. It is probably best to look at case studies from jurisdictions that have updated their legislation. Georgia was the last US state—the fiftieth — to allow taprooms. All the neighbouring states allowed taprooms, and the breweries there were growing much faster. Even though breweries in Georgia were allowed to sell samples after a tour, people were going to the neighbouring states. Tourists were visiting breweries in the neighbouring states because they could go and sit there for the afternoon in a family-friendly, community-friendly pub, rather than having to do a tour every time.

The same applied to New South Wales, which did a pilot study. It had very restrictive legislation, dating back to the Second World War. New South Wales already had an established wine industry. It had a "cellar door", where people could get a sample of wine after they had concluded a tour of the winery. However, when breweries started popping up, they realised that that did not work for them because people want to sit and have a couple of pints and not be restricted. They also do not want to have to take a tour every time they go to a brewery.

People might be restricted by time or just not want to do a tour every single time. They introduced a pilot scheme in Marrickville, which is a suburb of Sydney, and breweries there have flourished since. It became state-wide law in 2018 after the pilot study had been successful. Those are places that already had samples after a tour as legislation, and they had to create new legislation to allow taprooms specifically. People want to connect with the brand, and being restricted to a certain amount of beer or having to do a tour every time puts people off going to the brewery in the first place.

Ms Ennis: That is useful. Thanks very much.

Mr Easton: Thanks for the presentation. Excuse my ignorance on this subject, but I was struck by the fact that 99% of beers are imported into Northern Ireland. That is shocking, and we need to do something about it. You mentioned some of the restrictions, and the expense associated with involving third parties. Could you explain what this third party is and how that restricts you, if that makes sense?

Mr Mayne: As we have tried to explain, if we want to run a taproom at the minute, we have to borrow an occasional licence off a pub. You have to be friendly with a publican in the first place to get the licence. There are 30 breweries in Northern Ireland; 15 are relatively big, and 15 are a lot smaller. It is impossible for breweries that are just starting out, without having connections in the industry, to approach a pub to borrow an occasional licence. The same happened when COVID-19 struck.

At the minute, we are prevented from selling directly to the public, so our whole route to market, apart from selling to off-sales, was shut when COVID-19 struck. However, a lot of people were shopping online, and some of the off-licences did not have online sales set up, so the only way for us to sell

online was to link up with an off-licence that we have a relationship with. Obviously, that off-licence charges a commission for the use of its licence. That is what we mean by the involvement of a third party. It is a logistical nightmare, because beer has to be dispatched from their premises, and there is an increased cost to producers. Breweries across the water in England can sell to a consumer in Northern Ireland and not have any of the additional charges that we have to face

The Chairperson (Ms P Bradley): No other member has indicated that they want to ask anything further. Alex raised a good point. In Northern Ireland, and certainly in the Assembly, we bang on about shopping local, buying local and supporting local and giving industry in Northern Ireland maximum support, yet we import 99% of our beer. That is pretty scandalous in itself, never mind anything else.

Your evidence session today certainly puts a stamp down. We questioned the Department before getting the Bill about how local breweries could possibly operate with a licence. The Department's advice was, "They could buy a licence", but we know that it is highly unlikely that you would ever have the money to begin with to buy one when you are competing against large multinational supermarkets that have much deeper pockets than you.

Thank you for that. I want to ask all three of you again: is there anything that we have not covered that you think you need to add to this briefing? This session is being recorded and will be part of our deliberations when we finish all our briefings. Is there anything else that you want to add at this stage?

Mr Dick: No.

The Chairperson (Ms P Bradley): You are all OK. That is good. Thank you very much for briefing us today. I am sure that we will speak to you in the future.