



Northern Ireland
Assembly

Committee for Communities

OFFICIAL REPORT (Hansard)

Licensing and Registration of Clubs (Amendment) Bill:
Approachable Group; Horatio Group;
and Hospitality Ulster

14 January 2021

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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 Phil Patterson	Approachable Group
Mr Stephen Magorrian	Horatio Group
Mr Colin Neill	Hospitality Ulster

The Chairperson (Ms P Bradley): I welcome to our meeting Colin Neill, chief executive of Hospitality Ulster; Stephen Magorrian, managing director of the Horatio Group; and Phil Patterson, managing director of the Approachable Group. You are all welcome.

We do not seem to have you on video, Colin. Are you there?

Mr Colin Neill (Hospitality Ulster): Yes, I am here. I have turned the sound on. Can you hear me?

The Chairperson (Ms P Bradley): I can hear you all right. We just cannot see your lovely face, I am afraid [*Laughter.*] If you want to go ahead, you can give us your briefing, Colin.

Mr Neill: I will go ahead, Chair. You can pull up a picture of me, if you like. Thank you very much, Chair and members, for allowing us to give evidence on the Bill. This is a really important Bill for our industry. It has been for years, and it has been made even more important by the current COVID situation. Chair, I know that you got a written apology from Michael Bell from the Northern Ireland Food and Drink Association (NIFDA), but he rang me and asked me to give you a verbal apology. COVID issues and Brexit have pulled him away, so he will not be giving verbal evidence, but he wanted to give his apologies and say that he is aligned with our position on the Bill.

For those who do not know us, Hospitality Ulster is a membership organisation representing pubs, bars, restaurants, hotels, major visitor attractions and the airports, and our focus is food and beverage. According to current Department figures, there are 1,236 pubs, 145 hotels and 555 licensed restaurants in the Province, although I think that the number of hotels is slightly off. Unlike in Great Britain and the Republic of Ireland, the Northern Ireland market in our sector is small. When you take it

that 25% of the population in Ireland do not drink, which is one of the highest levels in Europe, you see the reduction in the marketplace. The on-trade — our pubs, restaurants and hotels etc — sells only about 23% of all the alcohol sold in the Province, with something like 70% consumed at home. At the last count, six Ministers have had modernising this legislation pass over their desk. The Bill has been so long in the making that I have forgotten the number of times that I have presented to Committee on it.

We have covered issues on the clauses in the written evidence. We would also highlight some other elements, like the opportunity to facilitate the development and sustainability of our community pubs under the "Pub is the Hub" model, which is used widely across GB and allows a pub to be the farmers' produce shop in the village, a lending library or an internet hotspot when there is trouble with broadband in the area. An issue that the Bill does not address is that, on Sunday nights, we close at midnight, so we cannot have a late licence into Monday mornings. With the growing tourism market and particularly west of the Bann, Sunday night is a big night. We are keen that those issues all be aligned accordingly. There is a complicated issue with the article 44 and 45 applications, which we will, hopefully, get into later. There is an issue of aligning them and allowing them to apply on the premises. There is also the issue of updating our entertainment rules. As you will be aware, either entertainment or substantial food is required for a late licence, and a DJ is not technically classed as live entertainment under the current rules.

The urgency of the Bill cannot be stressed enough. Pre COVID, we supported 65,000 jobs, had a £2 billion turnover, accounted for two thirds of tourism spend and bought one third of all the agri-food produced in Northern Ireland. COVID has impacted on our industry more than most. It is 298 days since the Prime Minister brought in the first lockdown. In that period, our food-led premises have been open for only 119 days, and that has been with severe restrictions. Our traditional non-food pubs — I detest the term "wet pub" — have been open for only 23 days and, indeed, in the Derry City and Strabane council area, even fewer. It does not take a genius to work out the difficulty that we are in. From research, we estimate that about 30% of restaurants, 18% of hotels and 11% of pubs are at risk of never reopening. It is, therefore, vital that we move the Bill as fast as we can — I respect the due process that is needed — and ensure that the Bill does nothing to harm the industry.

Thank you, Chair, for allowing that introduction. My two colleagues and I are happy to take questions from the Committee.

The Chairperson (Ms P Bradley): Thank you, Colin. It is a bit like déjà vu. You nearly became a member of the old Social Development Committee at one stage as you were in front of us so many times discussing the matter, so I know that you are well and truly over your brief. You have been looking at this for a long time.

You commented on the time that it will take for the Committee to scrutinise the Bill. I am sure that you understand why we needed to put the extension in place. You know that the scope of this Bill is much wider than that of the Bill back in 2016. I, as the Committee lead, give you the assurance that the Committee will do its due diligence on this in the swiftest way possible. We do not want to hold things up any longer than is necessary. Colin, please accept that as the view of the Committee.

You mentioned article 44, which is in clauses 1 and 2, and article 45. Colin, could you go into a bit more detail on those? Are you in general agreement with the proposals in clauses 1 and 2 to extend opening hours? Is that what you are saying in your paper? Could you talk a bit more about clause 4, which amends article 45 for smaller premises that do not offer food or entertainment?

Mr Neill: OK, Chair. Members will see that, when we start talking about articles and stuff, this becomes complex legislation. That is why our evidence paper is so long; we tried to explain it.

I will set the scene. Currently, for premises to have a late liquor licence, they have to apply to court, as per article 44, to grant them the ability to sell until 1.00 am on designated nights; the normal liquor licence is until 11.00 pm. Under that, the sale of alcohol must be ancillary, so there must be live entertainment taking place or people having a substantial meal. It is intended to increase that to allow for 104 nights a year when the time will go to 2.00 am. We are fully supportive of that and, indeed, have been asking for it for some time.

Article 45, again, applies to someone who does not have an article 44 licence — that is usually a small premises — and can go to the police and request one of up to 20 nights a year when they can have a late licence to 1.00 am. The proposal is to increase that to 85. We have again asked for that to be increased to two a week — weekend nights — because our small bars are really struggling. The

legislation requiring them to put on entertainment means that they have to spend money to pay someone to sit on a guitar or whatever to play music to maybe half a dozen people. I come from a rural background, and, during the summer, the local village pub has people coming in from cutting silage and hay and so forth. At 11.00 pm they come in out of the field for a couple of pints to catch up with the community or, indeed, to address loneliness and stuff. We are putting up a barrier that stops small premises doing that. We urge the Committee to go further than granting 85 nights. The 85 is based on registered clubs. The last time that liquor licensing was looked at, the number was raised from 20 to 85. However, I suggest that registered clubs are different. Pubs are a commercial operation and should not be treated the same. They should be treated as a commercial operation rather than just having the 85.

Chair, I will take the opportunity to say something that I maybe indicated in the introduction. There is an anomaly in the legislation; I term it as an anomaly. In certain areas, such as Fermanagh, the last time that licences were renewed, the police were very strict in saying to the holders, "If you apply for an article 44 late licence for every night, we will object to your licence, and, indeed, if you can get one for every night, we will visit you every night to make sure that you are compliant". That has left a sizeable area where there are generally late licences for a Thursday, Friday or Saturday. If a premises gets a birthday party or if a tourist coach comes in on a Monday night, it cannot go late. Indeed, when the police were challenged on that, they said, "Oh no, it is OK. They can have their article 45s for that", but the law does not allow you to have both. We ask that the law be amended to allow you to apply for the article 45 nights if you have an article 44, due to the restrictions that are being enforced

The Chairperson (Ms P Bradley): OK, Colin, thank you for that. You mentioned our more rural pubs. I come from and represent an urban area, and sometimes pubs and clubs are seen to be very different.

You talked about our more rural areas, so I just want you to expand a wee bit on your Pub is the Hub idea. I can see the merit in that, but I can also see the criticism that there will be about normalising alcohol consumption, especially when it comes to children maybe having to come in to use the Wi-Fi and things like that. I also commend the pub industry. I know that one of our pubs in the Newtownabbey area of north Belfast is going out of its way every day to phone their regulars because they know that the only social interaction that they have is sitting half the night over one pint in the pub, so they are extremely worried. I also put it on record that I know that there are many landlords who are going over and above during COVID times just to ensure that their regulars' mental health is protected and that they have that social interaction. I just wanted to comment on that.

What are your ideas on the Pub is the Hub, and what criticisms of it do you foresee?

Mr Neill: The Pub is the Hub model already works across GB. Its patron is Prince Charles, and it is about recognising that our pubs are much more than places where you go for alcohol; indeed, I argue that there are very few pubs nowadays where you go for alcohol. You go for social interaction and relaxation, and you go to have a pint while chatting with your mates, watching sport or having a meal or whatever.

A large number of our pubs are community-based. A lot of people see Belfast and think that it is our pub industry, and, whilst that is a really good part of our industry, it is not the majority of it. The majority of it is the town-centre or rural pubs that are almost like the family hub. They are the social family for many people who live on their own, elderly people and retired people, and the pub is where they meet and socialise. The pubs are also key parts of the community. They have huge charity events, and, as you highlighted, I know dozens of pubs that are running all sorts of schemes to look after their regulars. Even in normal conditions, if an older regular has not turned up for a few days, they give them a bell to see how they are, whether they are ill or if they need anything. The model that we have in our liquor licence legislation restricts the development of that. We have seen it in England, where community and rural pubs are able to provide additional services to their village and community. That could be the farmers' produce, and there are examples of a lending library, as I said, and Wi-Fi hotspots. The Bill tries to address the fact that many underage people go into premises at the moment for family and sporting events.

There are many pubs where the church uses the spare room to meet in because it does not want to heat a big church hall or where women come together — sorry, that sounds very sexist — people come together for knitting or reading clubs, for example. It is important that the flexibility is there to expand that, and our legislation prohibits it. If you remember the days of the spirit grocer, which Ireland was famous for, you will know that that was the hub where you often found that the publican

had the local grocery store and was also the undertaker. We still have a few who are undertakers, but they do not operate from the pub any more, I am pleased to say.

This is about taking a sensible, responsible approach. It is not about exposing children to people singing and dancing, shoulder to shoulder. That is not the environment that this will apply in. This model is not something that you would see in a busy city centre pub; it is about supporting local communities and ensuring that, first, their pub is there to serve the community because it will allow them to diversify a bit, but, secondly, it is really about providing that cohesion for the local community.

The Chairperson (Ms P Bradley): Thank you, Colin. I am glad that you corrected yourself, because I know a few men who can read as well [*Laughter.*] Can I ask you about the elephant in the room, which is taprooms? In your submission, you mentioned that allowing small producers to create taprooms would mean that they would directly compete with pubs. The Committee has heard evidence that is contrary to that. Could you go into more detail on your views on taprooms and tell us whether members of your industry are helping or can help the independent brewers?

Mr Neill: I am happy to, Chair. My two colleagues will be able to expand on my comments because they both stock craft beers. It is fair to say that, long before anybody else had this on the agenda, we have, for years, been championing and lobbying for our craft brewers, distillers and cideries — it is important not to miss them — to have a licence category. We recognise their value, and they are an important part of our offers through our bars and of our tourism offer. That is why we have always lobbied for them to get a licence category that allows them, as part of a chargeable visitor experience, to give you a free sample and to sell you something that has been manufactured on the premises to take away. They can also use that licence to go to recognised food and beverage events and sell online. The only difference that we have with the craft brewers is the taproom, because what we do there is create a pub by another name. It creates an unfair advantage, because pubs are rated on their turnover. Pubs will pay, on average two and a half times the business rates of a shop. I question some of the evidence that I have seen so far about the value of a licence. It costs £750,000 to buy a licence? Show me where. There would be people lining up to sell them. There is a cost to a licence — it is about £70,000 — but that drops down out and around the Province. There are umpteen opportunities to rent pubs; indeed, about 40% of Belfast pubs are rented.

What are the barriers to opening a pub? If you are going to buy a pub, it is like buying anything and doing it up. The licence is only a fraction of that cost. Taproom owners and craft brewers have used occasional licences, and we have supported that. We have seen how they operate. I have heard people talk about barriers, and they mention the tied house. Again, that is factually incorrect. About 50% of our industry have agreements with suppliers to buy product. The old tied agreement is long gone. Stephen Magorrian can give you a much better insight into that. The situation now is that people do volume deals. Most pubs can have craft beer because it is their choice. We do not have huge chains here; I think that the largest chain has about five pubs. They can choose whom they buy from.

Our market is different; we are a lager market — the craft beer market is generally an ale market — and we are a draught market. Craft beer in Northern Ireland is generally bottled. That is a different market, and, yes, there is a lower market share in Northern Ireland than there is in GB. I should not pick on them, but there is, shall we say, a very large outlet in the Cathedral Quarter that does not have any volume agreements with anyone. He chooses not to stock craft beer, purely because he feels that it does not shift in the volume that is needed to be commercial.

The Chairperson (Ms P Bradley): OK, thanks, Colin. Phil or Stephen, do you want to come in on that?

Mr Stephen Magorrian (Horatio Group): I would like to come in on the tied trade side of things, which has changed a lot. Earlier in my career, back in the late 80s and early 90s, I set up the contracts department in Guinness. In those days, we went out to tied pubs, and the idea was that we would lend the pub money at a preferential interest rate in return for them buying everything from us. It sounds bad, but the reason we did that was that, in those days, there was no way that pubs could get money from anywhere else. The banks were not lending, and, if they were, the interest rate was excessive and into double figures. The breweries filled the gap to allow the industry to continue to develop.

Times have changed, and those days have gone. The banks are much more accepting of pubs now, and we are in a different environment. If you have a tie now, they are very limited. The biggest suppliers, of which there are two in Northern Ireland, really only tie you to draught beer. There is no tie that I am aware of on bottled beers. The reason for that is that they do not have a big enough range of

bottled beers to satisfy the needs of publicans. The only thing that they are talking to us about, if they are looking for a tie, is draught beer. One of the big suppliers, even if they tie you in that way, has to allow you to have draught taps. There are exceptions to the tie. They are not allowed to tie you 100%, so you can put in draught beer from a local supplier if you want. The other big supplier works with a local craft brewer who will sell you kegs of beer directly. For example, I would be seen to have a tie, but I have at least three local craft beers on draught on my counter.

Why do I not stock a lot of bottled craft beers? There are various reasons for that. The first is that I do not have the cooling space for them. Secondly, they tend to be too strong, so I cannot sell them. Thirdly, they are far too expensive, so, if I decide to sell some bottled beers, I have to sell them, in some cases, dearer than I sell a pint of beer. Commercially, that does not make sense. It is not the tie that is stopping the entry of craft beers into the pub industry, because we are all allowed to stock them; it just does not make commercial sense, in many cases, to do so.

The Chairperson (Ms P Bradley): Thank you, Stephen, for that, Phil, have you anything that you want to add to that or are you happy enough?

Mr Phil Patterson (Approachable Group): Yes. Good morning, Chair, and good morning, members. Thank you for the opportunity. By complete coincidence, I just signed for a delivery of local craft beers this morning, including beers from Boundary, Alphabet, Kinnegar, Lacada and Bullhouse. They are all breweries close by to us and on the island of Ireland. We see working with craft breweries as a collaborative approach. It really is a shop window for us to showcase local artisans. That it is an important part of our mix.

My proposition is slightly different from some others. I am in Ballyhackamore, which is just outside the city. There is an appetite for craft beer. However, the taproom facility goes against what I believe in in a public house in that we should work together rather than taking footfall from a pub that operates seven days a week and has to survive the quiet Mondays, Tuesdays and Wednesdays. Taprooms generally trade at the busy times on a Friday and Saturday night. The journey for the consumer is restricted if taprooms are allowed to run past a certain time. Craft breweries definitely have their place but not to the detriment of pubs.

The Chairperson (Ms P Bradley): Thank you, Phil, for that. I will open it up for members to ask further questions. I have Alex first and then Kellie. Can members on StarLeaf put their hand-up button on if they wish to contribute?

Mr Easton: Thank you for your presentation, and well done on your impressive briefing paper. I have a couple of quick, easy questions. You want to see Sunday opening extended from 12.00 am to 1.00 am. Would that put us in line with the rest of the UK? My second question is about the increase in opening hours from 1.00 am to 2.00 am. Can you describe what benefits you would get from that extra hour of opening?

Mr Neill: I will come in first and then my colleagues will come in to support. The Sunday issue is really a Monday morning issue. It is ironic that it is a Sunday rule, but we are open to midnight on a Sunday. My understanding is that GB now has no restrictions through that and that the Republic of Ireland is the same. As tourism develops, Sunday night is an important night for people who are here on holiday. Moreover, particularly west of the Bann, it has always been traditionally a big night, and it is unfair that it restricts that element.

None of our proposals is about revolution or deregulation. Indeed, they are all very modest. If you were to total it up, you would see that it probably works out at an extra two and a quarter hours a week for each premises, which is next to nothing. However, it would make a huge difference to footfall.

We are now seeing consumers come out later. They dine later. If you want to go from a restaurant to a bar for some entertainment, or just to carry on your night, the fact that there is only an hour or something left after you finish your meal means that you do not bother. A modest increase would make a huge difference to the industry, and, as I said, we have approached this in a sensible, reasoned way. Indeed, we have said that we respect the fact that businesses would have to apply for an extension to 2.00 am. If a premises was in a built-up, residential area, residents could object. This is not an attempt to say that we will have our way and not regard anyone else.

Ms Armstrong: Guys, thank you very much. Hello, Colin. As ever, it is nice to see you. I have a few questions about your paper. Like Alex, I thank you very much for the detail that you have provided. It is extremely useful.

I live in a rural area, and I want to ask you about the extension to the licence. I ask this as a Committee member who is scrutinising the legislation to help me to formulate decisions. In my rural area, there are hotels and pubs in residential areas of villages and towns. Do you have any concern about the extended licence with regard to noise complaints and people leaving those places slightly later? Does anything about that cause you concern? How do you want us to think about that?

Mr Neill: Again, I am happy to get my colleagues to come in, too, Kellie. Thank you. I apologise: the paper probably seemed awfully long. However, it covers such a complicated area that I did want to give you that. As you might understand, we are steeped in this stuff. That is why the proposal — we have talked to the Department and everybody — is not about granting everyone an automatic licence to 2.00 am. It is about saying that the facility is there, but you would have to apply for it. You would have to apply to the courts, and there is a process by which to object. You would have to go to your council, and there is a process by which to object. Remember: councils have total control over the entertainment licence, and you cannot do this unless you provide live entertainment or a substantial meal. When you get to that time of the morning, it will be the live entertainment piece. There are extensive controls in place.

I do not see every pub in the Province wanting to do it. In Belfast, some might want it during the week, rather than just at weekends, because they have a student market. They are generally based in commercial areas. Others in the city might want it on Fridays and Saturdays. That is good because it gives you variable opening and closing times. There is always a big issue with getting taxis. When you go out round the Province, you will probably find that more rural bars will use it at weekends, which is that more commercial time anyway, so would not impact on residents in the evenings.

As I say, the safeguards that we are asking for would be in place. It would go to the courts, which would deal with a licence extension, and then the council would have controls to ensure that it was not granted anywhere where it would cause issues for residents.

Ms Armstrong: Therefore, you do not see any issues coming back to bite with regard to planning regulations or anything like that or that it could become an issue in the future?

Mr Neill: I do not think so. I think that the mechanisms in place are robust. Councils have not been afraid to remove entertainment licences. Indeed, as an industry body, we have objected to the entertainment licences of our own members. That does not always make us the most popular trade body in the world, but we believe that we have to be responsible.

Ms Armstrong: That leads me to another question. You said that you do not support the alignment of entertainment and liquor licences. Can you flesh that out a wee bit for us so that we understand why you are against it?

Mr Neill: To give you clarity on that, we do not support it unless the extensions are given — if we do not get the one-hour drinking-up time and the additional time to 2.00 am — because it would mean that our offer would be curtailed at 1.30 am, which would be fatal. Currently, we can sell until 1.00 am. That is the latest that anyone can sell alcohol, and it must be drunk up by 1.30 am. Therefore, it would mean that it would be 1.30 am where, currently, some have an entertainment licence until 2.00 am. It would be a retrograde step. We are supportive of gaining the additional time, the additional two nights a week, and the additional drinking-up time.

I will clarify our position on the drinking-up period. The current drinking-up period is 30 minutes. It is not about the sale of alcohol; it is for you to finish it. If you have just bought a pint at 12.55 am, you will pour it down your neck within 35 minutes. It often means that we are left having to confront customers because, as the legislation stands, if you are in licensed premises after 1.30 am and there are open vessels on the table, we could be prosecuted for allowing you to drink after hours. Therefore, our only solution is to push everybody onto the street, which is not great for us, the customer or the impact on the communities that we live in; whereas the hour, we believe, would allow the consumption of whatever you have left at a reasonable speed, and also a better window for taxis to come and go. Some people will go at 1.15 am and others will still be there at 2.00 am. It allows a bit of flexibility.

Ms Armstrong: One of the issues that we thought about before is the working time directive. I know that, with Brexit, we are not so tied to European law. Are there any concerns in your sector about that? If the licence is extended, will somebody who comes into work at, say, 6.00 pm effectively have to work much longer, given that more time is being added to their hours? Are there any concerns about shift patterns for your staff or staff across the industry?

Mr Neill: In that case, I will default to the two people who run premises, and they can tell you how they *[Inaudible.]*.

Ms Armstrong: Will this impact your business? Will it have any negative impact on things that we need to be aware of for staff? I know that, at the moment, the maximum working week is 48 hours. Will this cause any issues for you?

Mr Magorrian: I will go first. For me, the 2.00 am extension will benefit those premises that focus mainly on entertainment. At present, it does not work for nightclubs, so, for them, I can see a growth in the business, and that has an added advantage. For my type of business — I have a pub in the centre of Belfast, one in Ballyhackamore and a semi-rural one in Downpatrick — the benefit of the 2.00 am extension has been summed up in everything that Colin just said. It allows me to phase people leaving the premises, particularly in the likes of Downpatrick where it is difficult to get a taxi. It would give me more time to get people home, and it would give them more time to drink up. I do not see it as bringing me a lot of additional business; I just think that it will stagger the leaving period.

As for staff, we have already set our hours in such a way that people can only work the 48 hours. They can do that in various ways. Sometimes, they will do a normal eight-hour working day. Some staff want to work only four days a week, so they might work four 10-hour shifts. It is about adjusting the shift patterns. Some people might go home at 11.00 pm once the restaurant side of the business closes; others might come in at 9.00 pm to help with the final bit of the restaurant and finish the closing up. I do not see there being a difficulty at all. In fact, I think that the staff would welcome it for the reasons that Colin talked about — not having to confront customers. The most annoying part of the day is having to tell someone, "Look, sorry, you can't finish that drink". You will see on Tripadvisor people talking about angry doormen, but the doormen are only doing their job in trying to explain the situation. Those are the sorts of issues that we have. For me, that is the benefit of the 2.00 am extension.

If I may, I will diversify a little bit. Colin talked about the pub as a hub. I can see that being of benefit to rural pubs, because it would give them an opportunity to put on a little bit of entertainment at the weekends, and that would, hopefully, stop their customers going to Belfast. I am not quite sure where you live rurally, Ms Armstrong, but I know that lot of young people from Downpatrick go to Belfast because of the late opening hours, and that is one of the reasons why we cannot get taxis to get our customers home. That has happened to a lot of rural pubs. Having that extra hour would give them the commercial viability to say, "Stay with us. We're putting entertainment on".

The other thing about the pub as a hub, which Colin also talked about, is that the commercial model for many of our rural pubs does not work at the minute. You will see that they are not open on Monday nights or during the day. Eventually, if we do not reimagine the hospitality industry, particularly in rural areas, those rural pubs will go. That is how it started in GB. In a lot of villages and hamlets, the pub was the centre, but many had to close because, commercially, they could not survive. They therefore had to find other ways to make pubs viable. That is why I think that the pub as a hub is a good idea. We should look at that — and look at it quickly — because, if we do not, those pubs will be gone, and they will be something else.

Ms Armstrong: I live down the Ards peninsula; I was probably in your pub when I was much younger, Stephen. I agree with you: banks have pulled out of rural areas, and post offices have gone into garages because there are not other options. Locally, I have the Saltwater Brig pub, which has thriving food sales and a really good local market. It is a hub: it has a warm, family atmosphere. It now has a wee shop. It reacted to COVID-19 and has been amazing. If there were a post office in there so that the rural community could get money out and do different things, it would make such a change: you are absolutely right.

I want to ask you guys — I have only a couple more questions, Chair — about the proposals for youth in sports clubs. I am concerned that we are limiting youth in sports clubs to the summer period. Coming from a rural area and an area steeped in its sport, in GAA, a lot of the award ceremonies for young people take place in the winter months. Would you have concerns, and I am not going to speak

for the Committee, if the legislation was changed to allow youth in sports clubs outside the summer months, whether for a set number of days or evenings to allow that to happen?

Mr Magorrian: A question earlier was whether we have concerns about children in pubs. One fact that Colin gave you was that only 23% of the alcohol sold in Northern Ireland is sold in pubs and restaurants; in other words, most is sold as takeaway for the home. When I was a child — I am much older than you, Kellie — and visited with my parents, they used to be asked, "Would you like milk and sugar?"; when I visit, I am asked, "Do you want red or white?". Children see alcohol every day; they know it is there. The message that we are sending them is, "You can see alcohol in your home, but you can't go into premises where there are controls in place". I do not get that; I do not understand. Attitudes have changed. We have those facilities, particularly in rural areas. Why not use them in the winter and give the kids a place to go, as long as proper controls are put in place to make sure that they are not abusing alcohol, because they are seeing it anyway.

Ms Armstrong: Absolutely. My final issue, as you can imagine, is taprooms. I have two questions. The legislation does not define a sample size. Have you guys any thoughts on what that would be? If somebody buys a visitor experience in a brewery and are offered a sample, there is no definition of that sample size. What do you think it should be?

How would you feel if a taproom had a licence to sell just its own produce for consumption on the premises as opposed to working like pubs, where you can choose your preference? What are your thoughts on that?

Mr Neill: The sample size that we have suggested in our paper is already used for supermarkets. We thought that that was a starting point. If it is a distillers, it may be a measure, for example. That is reasonable. When it is "Fill my glass again", it is no longer a sample. We have always believed that that should be the case.

Codes are mentioned in the legislation, and I would be keen to take questions on them. The responsible retail code lays down the sample size for supermarkets. Indeed, that code was developed and agreed along with the representatives of the supermarkets, although some may not say that. They had a huge input. It is about being sensible, as we go through the legislation, in saying what would be a reasonable sample.

When it comes to taproom consumption, our view is that we would be creating a pub by another name. Whilst they are in industrial areas now, it would be easy to set one up in towns and city centres. Pubs have incredibly high rates and controls placed on them. Craft brewers would then be competing against the people they are trying to sell their product to. It is a bit like my saying, "Kellie, I'll sell you this nice big yellow bottle of whatever's in it, but you know what? I am down the street selling it, and I have full margin on it where you haven't". It could be counterproductive in that outlets may decide, "I'm not going to sell that, because he's selling it and I'm having to directly compete".

There is a place for occasional taprooms, and they have operated under occasional licence, partnering with pubs. That is the approach. We are the industry that will buy most of their product, so partnering with us to do taprooms in a controlled manner is a much better approach. We have seen taprooms operate at beer festivals, albeit under the occasional licence system.

The occasional licence allows for that. It allows them to go to court and make sure that the right controls are in place and that measures are in place for children. We are not criticising, but, under the occasional licence, we have seen businesses selling other products. My better half does not drink beer and, at beer nights in taprooms, we have been told, "We're doing wine", or whatever. That is grand in the context of a limited number of nights, but we feel that that pressure would creep into a taproom here. We have a different pub model here. I accept that there are taprooms in GB, but it is a totally different marketplace. We have a very small market. We are Milton Keynes, where 25% of the people do not drink, so, only so much can be sold. I will bring in some of the other guys on the taprooms, if that is OK.

Mr Patterson: As a consumer, as well as a publican, a sample-size measure of a craft beer is not going to quench my thirst to get to know the product. I agree with Colin that it should be a sensible size of no more than half a pint for somebody to enjoy. When drinking wine, you take three sips before you get to taste the body of the wine. A sensible approach should be taken.

There is an opportunity for taprooms. We heard what Stephen said: rural pubs are struggling. We know where we are in the short term with COVID-19. Taprooms could take a different view and partner with pubs. They could bring their product to the pubs and, perhaps, work in partnership for the longer term. If they want to operate a permanent taproom, they could do that in collaboration with their local pub.

Mr Magorrian: I am not hung up on the size of the sample. If it is a half a pint or a pint of beer, that is fine; it should be a measure that the person is used to. Like Phil, I am a supporter of artisan beers; I stock them in all my premises. However, I also pay £250,000 a year in rates. I am happy for a supplier to give away a sample, and I am happy for him to sell his produce during the hours that he is open and producing it, but I do not want to see the loophole being used to open another pub in competition with us.

Ms Armstrong: Thank you very much. I know that I have taken up a lot of your time, Colin, Phil and Stephen. That was useful. I appreciate your paper. The earlier we get a paper to read, the better. I will pass you back to the Chair.

The Chairperson (Ms P Bradley): Only one more member wants to ask a question. That is Mark Durkan.

Mr Durkan: Thanks, Chair, and thanks to the fellas for the presentation. I do not have many questions, as there are not many questions left. I will start where Kellie finished: craft beers and local breweries. We have heard from them a couple of times. They have been lobbying extensively and have argued their case cogently. I have put to them — this will be on record — the importance of working in partnership and complementing rather than competing with pubs. Is there any scenario in which you would be supportive of or could live with the opening of taprooms, even on a limited basis?

Mr Neill: I will lead on that, and my colleagues will come in. That already exists under the occasional licence. Occasional licence is a simple process, and we have seen successful taprooms run under such a licence. That is in partnership. I go back to my point: if you make a product and sell it to me to retail and then you open on the busy nights on which I get an opportunity to pay my overheads and sell the product at a far better profit than I can make, because you got it at cost or at a reduced price, it damages the ecosystem in which suppliers supply the product to the retail world, which sells it on for consumption on trade. If it is not going to be a big volume area for the taprooms, because their main thing is to sell to the trade, the current occasional licence system allows that volume to be done without any hassle at all.

Mr Magorrian: Take Denvir's in Downpatrick as an example, Mark. In Denvir's, I have three draft beers from a brewery in Castlewellan on my counter. If the brewer in Castlewellan decides that he is going to open a taproom, have entertainment and bring people in to drink and whatever else, I will take the taps off my counter. He has become my opposition, so why should I support him? At the minute, we have a brilliant relationship. I love his beers. They are great. It is good for tourism in the Downpatrick area and gives the staff something to talk about. It is interesting, and it works. If he decides, however, that he wants to come over to my side of the business and opens a pub a few miles down the road, I will not stock his craft beer, given that I have to pay £31,000-odd in rates for my premises.

Mr Durkan: OK.

Mr Patterson: There is another view on that. There is the opportunity for breweries to signpost our hospitality consumers to the pub to continue their journey after their visitor experience. For me, that is a great way of working in partnership. We can expand on that and use the occasional licence for collaborative festivals on bank holidays and bigger occasions. Working together with the craft breweries, we can signpost the industry. The Irish pub is famous across the world, and we do not want to dilute that.

Mr Durkan: OK. Sorry, Chair. It was remiss of me not to declare an interest at the start of the meeting: my family has licensed premises.

That was an interesting answer — or three answers. It is good to get another perspective. There has been a strong and good lobby from the local industry. At the Committee, however, I cautioned that it would not be that straightforward, and it sounds, sadly, as though that is the case.

A stat sheet was presented, Colin, of pubs that are at risk of closure. Stephen mentioned rural pubs in particular, and 102 pubs have closed in the past five years. Has any geographic analysis been done of how many of those pubs were in rural areas? How many were in small towns or villages that may now have been left without a pub? Of the pubs at risk, are any in that category? Other Committee members have spoken about the social importance of a pub as a community hub. We really cannot afford to lose pubs from those areas. It is not in the legislation now, but is there any scope for rural-proofing legislation to protect such pubs? Can we look at the age profile of licensees? Are a lot of licensees older? Pubs are perhaps not very profitable in some areas and may open for only a few evenings a week. With the surrender principle, the temptation will always be there to sell the licence; in fact, selling the licence might be the only option left to those licensees if no one will take the pub on, as it is not a particularly viable or profitable business. If the licence is sold to Tesco or Spar, it will put in an off-licence, and the pub will be lost.

Mr Neill: Again, I will take this, and my colleagues can then come in.

We have seen a large reduction in our pub trade. That is a given. Belfast is a different entity because of the level of tourism in the area. That is where we see our main tourism growth, so there has not been the same overall reduction there. We have tended to see a reduction in the number of pubs, such as where a town previously had seven pubs but now has four. There are very few villages that have lost their pubs altogether, but we are on the brink. The most important thing that we can do is create an environment in which pubs can be commercially sustainable. Trying to prop them up falsely does not work. They will not last no matter what we do. It is models such as Pub is the Hub that allow them to go back almost to being the spirit grocer by selling farmers' produce, such as milk. Increasing the number of pubs would increase their demise quicker, because, as I have said, we have a small market, with a limited number of people who drink. The more venues that you put in place, the further you spread out those people. Bringing more licences into the equation would therefore cause further demise. You would see those licences go to the busy areas such as Belfast. If it is not commercially viable to have a pub in my village, I am not going to open a pub in that village. It does not matter how many more licences there are.

This is about finding out how we make the existing pubs sustainable. We need to realise, before we lose them, the incredible social value of our pubs, particularly in urban and rural areas. What they provide is not all about drink; indeed, lots of older people will sit in a pub all day long nursing a pint. That pint is at room temperature by the time they finish it, because it has sat so long. You probably know that, Mark, from your family's experience. They are also a unique tourism offering that —.

Mr Durkan: I would not know that from my own experience, to be honest, Colin [*Laughter.*]

Mr Neill: The current system has served us well. I will probably get told off by some of my colleagues in England if they hear this, but, if you look at Newcastle upon Tyne, we have bars [*Inaudible.*] We have all these programmes on TV, where CCTV footage shows thousands of people coming on to the streets at the one time. If you go to the corner kebab shop at 4.00 am, you can get a beer with your kebab. We have managed to keep alcohol as it should be: treated as a commodity and sold responsibly, under licence, by responsible licensees on the on-trade. It is important that we do everything we can to protect that.

We are talking a lot about pubs, but there is also the restaurant trade and the hotel trade for which the legislation needs amended. It is important, however, that we do nothing to damage what is here and do everything that we can to help it grow and be sustainable. If we have time, Chair, I will hand over to my two colleagues.

Mr Magorrian: My thoughts are that our legislation for pubs, rural pubs in particular, restricts the owner from doing things with his premises. The thinking should be not to restrict what he can do with his premises but to ensure that he treats the alcohol element of his business in the correct way. For rural pubs to survive, rural publicans need to think differently. They need to think about the tourism market. People are out there looking for a real pub experience. They need to think about the artists who are around them: the Irish dancers; the musicians; and the people who bake soda bread. How do we introduce those elements into the pub and create reasons for people to come to it? They need to work with the sports club and the local artisan producer. The artisan producer will bring people to the area. It is a collaborative thing. If we want the rural pub to survive, we will have to think about it differently, but we need to take the shackles off and allow the person who owns that pub to become creative and find a way in which his business can survive.

If we keep pubs as they are now, where we say, "No, you can only sell alcohol, and you can only do so during these hours" and so on, they will disappear, because they are not interesting any more. The alcohol that they sell is much more expensive than what you can buy in the supermarket. We have encouraged supermarkets to sell alcohol below cost price for some reason. A completely new way of thinking is required. That has to come from the top, from you and from Ministers, but it also has to come from the publicans.

I suggest that you have a look, at some stage, at a pub in Stoneyford in Kilkenny. Stoneyford has 350 people living in it. It is called Malzard-O'Gradys pub. This year, amid COVID, the owner had over 80 tourist coaches booked to visit him. All that he is doing is putting on experiences. That is where we have to go. The rural pub has to think differently, but we have got to give them the space that we can in legislation so that they can do that.

Mr Durkan: Thank you, Stephen. That is it, Chair. The only other point that I was going to make was the fact that the legislation proposes to extend the hours of opening, but it is not making pubs do that: it affords flexibility. Post COVID, hopefully, you might find a lot of bars operating reduced hours anyway.

The Chairperson (Ms P Bradley): Thank you, Stephen. It is a shame that we are in these times, because, in normal times, we do Committee visits, and this would have been a great Bill for Committee visits. Sadly, we are unable to do them, but thanks for pointing that out to us.

Ms Ennis: Thanks for the presentation and for the document that was sent through beforehand. All the issues have been more or less covered, so I will not labour the point. I do not want to hark back to the taproom issue, but I want to make sure that we have covered all the issues and concerns that we have. Since the introduction of the legislation, one of my concerns about taprooms has been that you would create de facto pubs that operate on more favourable terms than our traditional bars do at the minute.

As other members have mentioned, we have heard compelling evidence from craft brewers, and one of the proposals is that, if there were to be taprooms, they would operate under more restrictive hours. They would have to close by, say, 11.00 pm. Going forward, do you guys see any scenario in which you and taprooms could coexist? Based on the evidence that you have given so far, I probably know the answer to that question already. If, however, they were to close by, say, 11.00 pm and were signposting people to the likes of your bars that stock craft beers, could you see a way in which you could coexist, or is it just, as Stephen said, that he would have to remove the taps from his bar because the taproom would just be competition?

Mr Neill: I will come in first, and then I will let my colleagues come in. If taprooms were to close by 11.00 pm, that would be most of the evening gone. Before then is when people come along to us to drink, so they would be directly competing with us. I am aware that some taprooms shut at 6.00 pm, but it comes back to the situation in which there is an acceptable partnership model there at the moment that works for the brewer. Doing what you suggest would be to create another pub by another name. As a result of COVID, we are bringing an industry out of the biggest crisis that it has seen in a generation, or more: pubs stayed open even during the wars. People are hanging on by their fingernails, and introducing legislation that would undermine our industry even more would mean that we would lose more jobs than brewers would ever create.

Mr Magorrian: Can I give you a very practical response? Craft beers tend to be stronger than standard beers. If the taprooms were open to 11.00 pm and their customers were then coming to our bar, I would brief the doormen not to let them in. They would already have had too much to drink, and I would not want them. If they are therefore going to the tap bar, they are going to the tap bar. There is no way that they could come to our bar, because they would already have drunk too much, which would change the dynamic.

Mr Patterson: I reiterate what Stephen has said. Sometimes we have to mop up other people's problems when they do not serve alcohol responsibly. The restaurant industry survives on alcohol consumption along with its food, and people sometimes overindulge. In licensed premises such as pubs, we believe that we are experts in looking after people's well-being and safety and in providing a controlled environment with, as Stephen said, door staff to make sure that people are safe coming into and leaving the premises. For me, 11.00 pm is an absolute non-starter.

Ms Ennis: *[Inaudible.]*

The Chairperson (Ms P Bradley): We cannot hear you, Sinéad.

Ms Ennis: Sorry, Chair. That is useful, because we have had a very strong lobby from the craft brewers. Although we are supportive of them, we need to hear what the impact would be from all sides. Your contribution is very useful for us going forward with our deliberations.

The Chairperson (Ms P Bradley): I have more one question to ask before I let you go, which is about the code of practice. In our witness sessions on the Bill, we have heard from people who are not in favour of changing it for a Department-approved code of practice. What is your opinion, Colin? What would you say to those people?

Mr Neill: I will outline what the existing industry code says, just for context. It is not part of a new scheme that would have to be applied if that recognised code came into place. The current code was developed some years ago across the industry, and everyone was involved: the suppliers; the pubs; the restaurants; the supermarkets; and all the trade bodies. The existing code was heavily amended to suit the supermarkets. They then decided that they did not want to take part. Some of the conversation was that they would do so only if it were made compulsory. The existing code was developed by the industry in consultation with the then Department for Social Development, which has been replaced by the Department for Communities. The code is cross-industry, but, once it was developed and agreed, the industry had no say in its application. It is overseen by an independent complaints panel chaired by ex-Assistant Chief Constable Duncan McCausland. Anyone who knows Duncan McCausland will know that he is in nobody's pocket, I can tell you that.

Yes, I have seen comments about the secretariat. We provide the secretariat. To insure it, it needs to be tied to a legal entity. If you made a decision against a large supermarket, you might find your decision being disputed in court. The system works really cleanly. All that we do as the secretariat is act as a mailbox. We have no input whatsoever into it. The only input that we have is that we advise our members on how to comply with the code.

The current code has a process by which, if a complaint comes in, the independent panel reviews it. If it thinks that it qualifies under the responsible retailing code, the panel talks to the complainant and to the subject of the complaint. After a lengthy process, the panel will decide whether there has been a breach. If it does that at present, it puts out a press release and writes to the police. From what I know — you can see for yourself, because the panel produces reports — the Department for Social Development/Department for Communities has probably been one of the biggest bodies that register complaints with the panel, which has been engaging and is seen as reasonable.

The secretariat is there to keep costs down. It is not a legal entity or a statutory body, nor does it get any money from government. To create a code and then to have all sorts of structures in place, such as a chief executive and a building, would send costs through the roof. This is really about trying to ensure that everyone plays not just by the law but by the spirit of the law. It is about accepting that, as licensees, we see that we have a moral responsibility to ensure that alcohol is marketed responsibly.

The industry can react much quicker if you bring in promotions legislation. There is primary legislation on promotions already in place. It was brought in with the support of the then Minister, Nelson McCausland. We were able to demonstrate the ability to react much quicker; indeed, after the critical incident at the Hardwell concert in Belfast, when all the ambulances were there, I was summoned to a meeting with Minister Poots at which all the statutory bodies from the Department were in the room. We were asked, "What can we do to solve this?". The responsible retailing code is the only thing that was able to change overnight to address it. The rest of it got bogged down, with people saying "Oh, it's too difficult to do legislation for this, that and the other".

Voluntary codes have an important place. Whatever code is accepted — the current code would have to go through a process — should be on a statutory footing. That would mean that licensees would have to be aware of it and operate under it. When they went to renew their licence in circumstances in which the independent panel had upheld complaints against them, that would be a material consideration in their application. That would be very effective. I am surprised that the supermarket representatives see the Hospitality Ulster secretariat as a threat. We have no say in it. We are a mailbox and a legal entity so that the insurance can be wrapped around the independent panel. Indeed, the supermarkets were offered a place on the panel as an adviser, but they declined and took the approach that they would take part when it was a legal requirement to do so.

The Chairperson (Ms P Bradley): Thank you, Colin, for that. It was good to get that full explanation from you. I do not think that we received a full explanation from even those who said that they were against it.

We have no further questions for you. I thank all three of you for presenting to the Committee today. As I said, I give you our word that we want to scrutinise the legislation to the best of our ability, but we also want to see the legislation through the House as soon as possible. Thank you very much.

Mr Neill: I thank you and the Committee for giving us the time.