



Northern Ireland
Assembly

Committee for Communities

OFFICIAL REPORT (Hansard)

Licensing and Registration of Clubs
(Amendment) Bill: Lacada Brewery Ltd

21 January 2021

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 Erol Bucukoglu	Lacada Brewery Ltd
Mr Laurie Davies	Lacada Brewery Ltd
Mr Rodger Doherty	Lacada Brewery Ltd

The Chairperson (Ms P Bradley): I welcome Rodger Doherty, Laurie Davies and Erol Bucukoglu. You are all very welcome to the meeting. Rodger, will you begin your briefing? Sorry, Rodger, we cannot hear you. Can you check whether you are on mute?

Mr Rodger Doherty (Lacada Brewery Ltd): I always like to start with some IT problems.

The Chairperson (Ms P Bradley): *[Laughter.]* We have constant IT problems in our Committee. We still cannot hear you, Rodger.

Mr Doherty: Will we start with Laurie?

The Chairperson (Ms P Bradley): Yes, that would be an idea.

Mr Laurie Davies (Lacada Brewery Ltd): Can you hear me?

The Chairperson (Ms P Bradley): I can hear you loud and clear.

Mr Davies: Great. My name is Laurie Davies, and I am the head brewer at Lacada Brewery. Lacada has been in existence since 2014. We have been at market since October 2015. It is good to be back here. I was here in 2016 providing evidence to the Committee for Communities on the same subject. It looks uncannily like the same room.

The Chairperson (Ms P Bradley): Yes.

Mr Davies: It is. Earlier that year, I had been at a meeting hosted by Loughry College that brought together cider producers, spirit distillers and microbreweries based in Northern Ireland in order to discuss the barriers to our trade that are posed by the lack of a producer's licence. The MLA who spoke at the meeting said that, until he was invited to speak, he had no idea that we had a brewing industry in Northern Ireland. We most certainly have a thriving home-grown industry here. When we were with you in 2016, we had Michele Shirlow from Food NI, Tim Page, who was the chairman of the Campaign for Real Ale (CAMRA) at the time, and Helen Troughton from the Armagh Cider Company. The Committee agreed to our recommendations for a producer's licence. It has been four years since then, and we desperately need government to aid our brewing industry to reach its market.

This morning, we want to talk to the Committee in order to work through three things. First, we want to explain what taprooms are, our experience of running them, why we need them and to clear up misconceptions about them. Secondly, we want to clear up some misconceptions about our products and our routes to market. Thirdly, we want to explain what the producer's licence means for us and what will happen if we do not achieve it fully. Each of us will cover those topics and will welcome questions, starting with me.

We in Lacada have been running a number of taprooms in our brewery for the past three years. That involves moving stock around, getting an area, creating space, setting up a bar with, usually, about four taps and serving our own beer. The beers are often one-offs; they are specials and can be trial beers that we may brew in a bigger way for general release. The craft beer market is very quick-moving, and it always wants to see a new beer. That gives us a great place to meet the customers.

The people who attend are always looking for new beers and are really keen to find out about the beer and the brewery. That is a central part of the taproom experience. The public get to talk and meet with the people who make the beer. That is the real value for them and us. We open a taproom usually from about 2.00 pm and close at 9.00 pm. There is no TV, no music, no food served on the premises, no happy hour, no buy four pints for the price of three, no spirits are served and no wine. It is as far removed from a public house environment as you can get. It is not a pub by any other name. It is more akin to a noisy library. At this point, I will point out that we have never received a single complaint about our taprooms from our residential neighbours. We have never received a complaint from public houses, hotels or off-licences. In fact, the opposite happens. Those in the hospitality trade report an increase in footfall because of people travelling to our taprooms. That is really important. Microbreweries here are spread across Northern Ireland, and people will go to brewery taprooms. Erol will talk about this a bit more, but, across the world, people travel to taprooms. The footfall is reflected in our taprooms, and, more significantly, the first year that we ran the annual Portrush beer festival in the town hall, the shop owners in the town said that it was the busiest day of the season, and that was in October.

When we run our taprooms, we do so in a responsible manner, and we inject trade into the hospitality sector. Those things are really important to us. Taprooms are important to us because they give us a route to market with our draft beer. The microbreweries in Northern Ireland are at a stalemate with getting their beers on tap in this part of the world. It is actually a scandal. As a microbrewer, if you go to Dublin or any large town in the Republic, you feel like weeping. There is local craft beer on tap all over the place, and, here, we are locked out of the draft trade. It is as pure and simple as that. It is not because our beers are too strong. As brewers, we rely on producing sensible-strength beers. Our staple, which is our bestseller, Lacada, is 4.5%. All the market beers in Northern Ireland are 4.5% beers.

We are locked out of the draught trade because the macro breweries have a lock on the bars. That can take the form of multi-discounts on kegs or of cellaring services, which is looking after the dispense systems and chillers. When we have put a tap in bars, we have experienced reps from the macros saying to owners, "Take the Lacada tap off or we will stop your discounts." That is the sort of thing that we are up against.

We microbrewers are going to market in bottles and cans because we cannot access the market through draught products to the extent that we would like. Having our own taprooms gives us access to the market and allows us to serve our beer with our cellar and knowledge, and it allows us to meet our customers.

Things have changed in the marketplace and have moved very quickly, even in the five years that we have been in operation. Erol is going to expand on that in a minute. My halfpennyworth is that what is in place is not working well. It is not fit for purpose. It is damaging your home-grown producers. We

cannot expand and grow, and we cannot employ more people unless we can serve our product ourselves with a full producer's licence, and we need your help.

Mr Erol Bucukoglu (Lacada Brewery Ltd): Thanks, Laurie. Hello Paula and all the Committee members. I am the chairman of Lacada's board of directors. I have been involved with Lacada for five years now in one way or another. I am proud not only of the business that we have developed but, more importantly, of the community that we have built. We are a cooperative business, and we have over 400 co-owners. There are more new members joining every couple of days. Our members come from across the community — near and far, male and female, young and old — but they are all keen to get involved in a small local enterprise.

That is a symptom of changing times and one that I consider to be a very positive change. There is a definite shift in the way that people want to spend their valuable time and hard-earned money. People want to seek out locally made produce rather than macro-produced products. They want to find something special rather than be told what to eat or drink by the big corporations.

Importantly, Northern Ireland has embraced that transition, with food and drink tourism being the fastest-growing sector, attracting more and more people to Northern Ireland. Normally, in the pre-COVID world, we hosted many tours all year round from the USA, Asia and Europe, and they were all keen to learn about Lacada and our story and to try our beer, which is something different, and that is the key. Unfortunately, when they come, they have a tour and a chat, and all that we can do is give them a mouthful of beer, which, I have to say, they find absolutely ridiculous. So, food and drink tourism is crucial to the Northern Ireland economy and to our long-term sustainability as a brewery.

Excuse me for going on just a little bit too long, but I want to share just a bit of personal insight, because I am one of those food and drink tourists. Whenever my wife and I choose to spend a long weekend somewhere, I will select the country, city or town based on the availability of taprooms. We have been to Reykjavik, Oslo, Santa Rosa, Boston, Manchester, Cork, Sligo and Madrid — a whole host of countries and cities. That list is growing all the time. When I am in those places, I spend money. I stay in hotels, buy goods, try local produce, visit the sights and, importantly, visit the local pubs. The beer tourist is a high-value tourist, and taprooms attract them. Why is that? It is because, instead of drinking six pints of lager or Guinness, you would maybe have a flight of five beers. A flight is five glasses, each about 200 millilitres and with a different style or type of beer. However, each will be an amazing flavour experience; something that you have never had before. Believe it or not, there are hundreds of different beer styles out there. It is not just lager and Guinness, which are the only things that you seem to find on tap in Northern Ireland. These beers are all carefully made by the local brewer, whom you will maybe get a chance to meet and talk to.

The beers are also often paired with locally produced artisan foods, and that creates a harmonised food and drink experience. This is not pint culture or pint guzzling; it is responsible drinking. It is about quality over quantity. As Laurie said, there are no TVs and there is no sport in taprooms. It is a different culture, and it is catering for people who seek different experiences.

To be honest, that is why craft beer does not work for a lot of today's pubs. Laurie mentioned some of the reasons why the pubs do not stock craft beers, and it just does not work for those organisations, which have built their business on shifting lager at £3.80 a pint. That is why it is so important for us to control our own destiny and to be able to sell our own produce. If we cannot, we cannot survive. That would be a great shame for us, the community and the wider tourist industry in Northern Ireland. Thank you.

The Chairperson (Ms P Bradley): Thank you, Erol. Rodger, you are back with us. Do you have anything that you want to add? We are not getting sound from you. These are the joys of doing remote meetings.

Members, we will press on, because we are tight for time anyway. I will ask a few questions. Laurie spoke about bars and restaurants and the problems of getting them to stock craft beers. We had a briefing from Hospitality Ulster last week. I do not know whether you had the opportunity to listen to that. The organisation said that many of its bars had taps offering craft brewery beer and that they also had bottles. It also said that it felt that taprooms would be a direct competitor to our pubs. One of the members said that he would no longer stock craft beers from small producers if taprooms become legal. What are your views on those points?

Mr Davies: We supply five independent bars, and they have our beer on tap.

The Chairperson (Ms P Bradley): How many is that out of, Laurie? How many independent bars do we have in Northern Ireland? Do you know?

Mr Davies: No, I do not, but it is a very small percentage of the total.

The Chairperson (Ms P Bradley): OK. What about those witnesses saying that taprooms would be a direct competitor to them?

Mr Davies: Did they provide any evidence of that, or is that just an opinion?

The Chairperson (Ms P Bradley): From what you and Erol were saying, a taproom is a very different experience to a pub. I suppose that that is one of the answers. Do you want to come in on that, Erol?

Mr Bucukoglu: I can say a couple of things. When a bar says that it stocks craft beer, the question is how it stocks it. We are talking about draught beer and being able to have beer poured into your glass from a tap. There are pubs that sell our beer in cans, but it will be in a fridge that is hidden away somewhere at the back of the bar. They are not really keen to sell it. It will be a case of them saying, "We'll stock a few cans just to tick a box in case somebody comes in looking for it". I do not see taprooms as being in competition with pubs. Taprooms are a very different product and serve a very different market that pubs today cannot serve. As I said, people come to an area to visit the taprooms and then go on to visit the pubs. You can look at the Portrush Beer Festival, which is a great example that Laurie mentioned. The craft beer brings people into the area of the town of Portrush, and, while they are there, they go to other nearby facilities. I do not see it as competition. I think that it enhances and helps to develop the business for pubs as well.

The Chairperson (Ms P Bradley): Rodger, are you with us again? Can we try you again? No; still no sound from Rodger. Rodger, I am sorry; I do not know what has happened this morning. I will press on and ask another question.

In your submission, you outlined three options for changes to the Bill to open up the market for small producers. One was to abolish the surrender principle; another was to create provision in the producer's licence to allow for the sale of alcohol for consumption on-site; and, finally, to have amendment to ensure that licensed premises sell beers on tap from multiple breweries. What route do you feel would be the most effective?

Mr Bucukoglu: Laurie, will you answer that or will I?

Mr Davies: I was hoping that Rodger would be able to answer that question.

The Chairperson (Ms P Bradley): I am afraid that we cannot hear Rodger, so one of you is going to have to answer it.

Mr Bucukoglu: It is critical that we sell our product on-site. We have to be in control of our own destiny, and the only way that we can do that is by selling our products on-site. It is really important that we can sell our own product and that that is the product that we make in collaboration with other breweries. Quite often, two, three or four breweries will get together and make a beer, and those beers will need to be included in what we can sell.

The Chairperson (Ms P Bradley): OK. So if there was only one route available, is the second option the one that you feel would be the most effective?

Mr Bucukoglu: Yes. We need to be able to sell on-site and as an off-licence as well. A lot of people who come on tours want to buy our product, and we have to point them to some other business somewhere else in the town that may or may not have stock. People want to buy gifts, and they want to get them from the brewery.

The Chairperson (Ms P Bradley): Thank you, Erol. I will open it up to questions from members.

Mr Newton: I thank the witnesses for meeting us this morning. I have just a couple of simple questions. Am I right that there are only five craft brewers in Northern Ireland?

Mr Bucukoglu: I think that there are 35.

Mr Newton: Are there only five members of your association, the Society of Independent Brewers?

Mr Bucukoglu: We are here as the Lacada Brewery.

The Chairperson (Ms P Bradley): They are the Lacada Brewery.

Mr Newton: You are representing only the Lacada Brewery. OK. Sorry, I am going too far ahead.

The Chairperson (Ms P Bradley): You are on the next briefing.

Mr Newton: My apologies for that. What support did you get from the Department for the Economy to establish the business? Are you recognised by Tourism NI as a tourist attraction?

Mr Bucukoglu: We are a tourist attraction. We work very closely with the tourist organisations in Northern Ireland.

Mr Newton: Do they promote your organisation in their tourism offer as a must-see venue?

Mr Davies: No, they cannot do that at the moment because we are not licensed to sell. We would like a full Northern Ireland brewery tour where you can get a full tourist experience, visit us and buy on the premises. We run independently. We get a lot of support from Food NI and Tourism NI, and they link us up with visitors, tourists and food writers. However, there is a world of opportunity there to make up a brewery tour of Northern Ireland. Does that answer your question, Robin?

Mr Newton: Did the Department for the Economy support the establishment of your business?

Mr Davies: Not directly, no.

Mr Newton: OK. Thank you.

The Chairperson (Ms P Bradley): I will just remind members on StarLeaf to press your "hand up" button if you want to ask a question. There we go. Mark has his hand up already. We will go with Andy and then Mark.

Mr Allen: Thanks, Chair. I have just one question at this point. In the past, other brewers highlighted to us the number of hours and days that they feel are needed to make their taprooms viable. I know that you outlined that to an extent. What do you feel would be the bare minimum, and what would you like to see as a maximum?

Mr Davies: The maximum would be to open whenever we wish, be that every afternoon. For us, the minimum would be every week.

Mr Allen: What sort of hours?

Mr Davies: As I say, when we do it, we operate from 2.00 pm until 9.00 pm. We have used an occasional licence a few times, but that is a cumbersome process to go through.

Mr Allen: So you would like to see a situation where you could open from 2.00 pm to 9.00 pm every day of the week, including weekends. Is there any type of model where, for example, the enhancement of those occasional licences could be a viable alternative?

Mr Davies: I do not think so, no. We would like to have it in our own hands. We have done it in a very responsible manner, as I highlighted, so we would like to have control over what we can do.

Mr Allen: I have just one more question, Chair.

Mr Bucukoglu: If I can just enhance what Laurie said, it is really important that we have control over what we can do and when we can sell. At the minute, we sell until 9.00 pm. A proper time to be open

till has to be around 11.00 pm. We have used the occasional licence process. It just does not work. It is OK if you just want to have an event the odd time, but it is not a process that is suitable for a business. It is not something that a business could invest on the back of.

Mr Allen: OK. I have one further question, Chair. I was on the previous Committee in 2016-17. Just to refresh us on this, will you detail again the process of setting up a brewery? How difficult is it? What is the registration process? Who do you have to register with? What safeguards are there etc?

Mr Davies: You have to register with HMRC and apply for a producer's licence. You have to have an interview with HMRC for that and for the Alcohol Wholesaler Registration Scheme licence. In a way, you are vetted. You have to have a business plan for them to see. You then have to keep records of everything that you produce and everything that you throw away. I am sure that you know how businesses like to do their VAT returns. We do VAT returns, obviously. Every month, we have to sit down and work out the beer duty. The brewery business is a bit unique like that. We have to work out and keep records of not just how much beer we sell but of how much alcohol goes over the premises, Andy. It is pretty rigorous.

I think that I know, perhaps, where your concern is. If you were thinking of setting up a business and being able to run a taproom by starting a brewery, you would start looking at that, and the expenses alone would put you right off. You need a lot of money to start up a brewery. You need to hit a lot of volume before you start to make money. The margins are not great. I know for a fact that, where we are in Portrush, someone with a pub licence looked at our premises before us and walked away because the margins were just not right. If someone is thinking about setting up a brewery, putting in a taproom and getting to serve that way, they would find that it is not viable. They would not do it. Does that answer your question about what it takes to set up a brewery?

Mr Allen: Absolutely. I just wanted a refresher on that. Obviously, we have information pertaining to that from the previous evidence sessions. We can look at that as well. Thank you very much.

Mr Davies: You are welcome.

The Chairperson (Ms P Bradley): Rodger, do you want to see whether we can hear you? *[Pause]*
No, we still cannot hear Rodger. Sorry about that. I have Mark, Sinéad and then Kelly.

Mr Durkan: You still cannot see me.

The Chairperson (Ms P Bradley): I know.

Mr Durkan: It is see no evil, hear no evil, between Rodger and me. Thank you, guys, for the presentation. I have to declare an interest again, Chair. It is becoming a recurring theme. Having heard from a number of brewers and brewers' representatives, it is fair to say that there is a great deal of sympathy amongst Committee members and a desire to do something to address this issue in order to maximise the potential of our local brewers. Not just your potential, but the potential that your industry has to bolster our tourism product and to help the local economy.

Recently, we heard from people who are opposed to some of the proposals from your industry. Laurie, in response to a question from Andy, you spoke about the money required to start a brewery. The issue of rates was raised by Hospitality Ulster and its members and representatives last week. Does your industry recognise that, if licences are granted for taprooms, you will be subject to a whole new area of regulation and rating? Undoubtedly, there will be an increased financial cost as well.

Mr Bucukoglu: Yes, Mark, we have looked at that and have factored that cost in. We are aware that there will be regulations pertaining to that and that rates will be different as well, but that is grand.

Mr Durkan: Not every business in your line will be in the same place, financially, and not everyone will want to do that. Some might be put off by the increased costs. They might not know whether it will be viable or worthwhile to go down that route.

To pick up on another point, other members had focused on taprooms, but, in your submission, you are clear that you would like to see the Bill amended to enable non-licensee event organisers to apply for a licence for major events. Can you give us a bit more detail? Do you envisage an annual cap on

the number of such licences or will you accept additional requirements for an organiser to obtain such a licence that an existing licensee might be subject to?

Mr Bucukoglu: Unfortunately, Rodger has the detail on that, and we cannot hear him.

Mr Durkan: OK. It is no biggie; I was just widening it out. The Chair touched on how aligned taprooms can actually benefit pubs. That is something that we have to look at for you to sell it to your opponents. There is evidence across these islands, and beyond, that coexistence is possible. It is about how you derive mutual benefit. Have you any more ideas about how that might be done?

Mr Davies: I would not use the word "opponents"; there is room for everybody. The issue that you are touching on is that there has been a status quo for a long time, and the craft beer has come along and the macros fear that they will lose market share. From our experience, and we hear it quite a lot from bar owners, what happens is where the macros are, you cannot put that on because it is taking away from our sales.

That does not happen in the bars when we have a taproom. A certain sector of the customers who come in to the bar will buy craft, but, overwhelmingly, they will buy the macro. Coexistence is happening, but it could happen to a much greater extent. We are not a threat; we are a challenge because of the product that we make, but there is plenty of room for coexistence.

Mr Durkan: You mentioned threat, and you said that you prefer to see yourself as a challenge, but we have to start looking at you as an opportunity as well. It is important that we do that. As we go through this process, that is something that I would very much like to thrash out with all parties involved.

Mr Davies: I agree. I said at the very beginning that there are some misconceptions and misunderstandings. That is why we have come along to help the Committee. I watched the depositions from Hospitality Ulster. We should be talking across the table to each other. There is plenty that we could do together.

Mr Bucukoglu: Beer is a very broad market. The macros would have you believe that literally everybody drinks lager, but that is absolutely not the case. There is a very broad, diverse market, and, as in any broad and diverse market, there are different products to meet different needs. There are pubs that will only ever sell macro because that is all that their customers want. At the other end, there are craft pubs or taprooms that will sell only to those types of customers, but there is a big overlap in that Venn diagram. There is a place for us all to work and coexist together.

The pubs that have started to stock proper craft beer will see different — probably higher-value — customers coming to their shops. It is a learning process that they will work through. I define "proper craft" as truly independent breweries such as Lacada. There are other pseudo-independent craft breweries that are actually heavily backed by the macro organisations. Some pubs may tell you or pretend that they are stocking craft beer, but they are not; they are just stocking a product that has been heavily backed by a macro producer. It is not the same; it is very different.

Mr Durkan: Erol, you spoke of a higher-value customer. Will you expand on that? How do you define that?

Mr Bucukoglu: There is a difference between buying one, two, three, four, five or six pints of £3.50 or £3.80 lager and buying something of higher cost. I talked earlier about a flight of beer, where you will have five different glasses, each of them maybe 200 ml, but the cost of those will be higher, so that customer will spend more when they are in a premises.

Mr Durkan: It goes back to the opportunity thing. Thank you, guys.

The Chairperson (Ms P Bradley): Rodger, I am sure that you are taking notes as you go along. If there is anything that you feel you want to add to the briefing afterwards, please put it in writing and send it to us. We do not want to lose your voice.

Ms Ennis: Mark made my point, but I will expand on it. I made the point last week when Hospitality Ulster was in that taprooms could complement traditional public houses. After the cut-off time of 9.00 pm, 10.00 pm or whatever it may be, that footfall could follow through to traditional bars. That point was contested by one of the witnesses who said that they probably would not allow entry to someone

coming from a taproom. They would have their door staff wired off if someone was coming from a taproom, and they would probably deny them entry because of the strength of the beers and the possible antisocial behaviour as a result of that. Will you respond to that point?

Moreover, a point that has come up time and again throughout these sessions is that while the point of taprooms is for you guys to promote your local produce, other types of beverages could slip in, such as wine, cider or other types of beer outside your own produce. How do we nail that and allay those fears?

Mr Davies: I will take the first question, and Erol will take the second. The easiest answer to the first one is our track record with the Portrush beer festival. I am not sure whether any Committee members have been to it. It is held in Portrush town hall. We pack that out with 150 people over a Friday and Saturday, and there has not been a single complaint from the police, public houses or hotels. I am sorry, but what you heard last week was plain wrong. I understand where it is coming from, but it is not what we have found.

As I said in my short presentation, with the taprooms that we run, we have never had a single complaint. We are very careful about that. We have a cut-off time, and that is that. We tell people to leave and not gather outside making noise. We police it and are very much aware of it. Erol, do you want to take the second question?

Mr Bucukoglu: One of the misconceptions is that it is all high-strength beer. That is not true. We make beers from 2%, 3% and 4% and whatever people want. When it moves to a higher ABV, the beer is served in much smaller servings. I do not know whether you drink beer. You may drink wine, but you would never think of filling a pint glass full of red wine. You just would not do it because it is a higher strength. So, some of our beers are served very much like wine. That is probably the closer correlation to what we are trying to do and sell than the current thought of what a pub is. It is very different.

As for other producers' products, our goal is to sell our products; that is what this is all about. We need a producer's licence to sell our products. We are not asking to sell other people's products. The only kind of overlap, as I have mentioned, is collaboration beers or products that we may work with other breweries to make, but our name will be on it, and we will have been involved in its manufacture. If you want to regulate it, maybe it should be clear that we are involved in the production of the drink that we sell.

Ms Ennis: Those responses are very useful. The Committee is probably sick of my telling this yarn, but there is a very good local brewery close to me — Mourne Mountains Brewery. I have visited it lots of times and have been to various taprooms. It is sad that we could have a really good food and drink tourism product around Carlingford Lough, but we have to be mindful that we have other traditional bars there, too.

You hit the nail on the head — I do not know whether it was Erol or Laurie — that conversation needs to be had with the traditional bars that there can be a working relationship, and we need to dispel some of the misconceptions that crop up time and again.

Mr Davies: May I add to that? Taprooms are not all in the inner city; neither are the brewers. We are a rural country, and the breweries are spread across the North. So, if people go to a taproom in the Mourne Mountains or a taproom to taste beer in Kilkeel or to Lacada in Portrush, they will be charged into the taproom and, generally, they will stay there. That is what we find with our taprooms. They come up on the train. They might come up from Ballymena and stay in the hotel. They are coming for an experience. They are not coming to get loaded for the night and go home, if that makes sense. The breweries are spread far and wide. I hope that that answers that a bit better.

Ms Ennis: Yes; that is perfect, Laurie. Thank you.

Ms Armstrong: Thank you very much, gentlemen, for your presentation. I want to go back to something that Andy mentioned earlier. There is concern that a home brewer or a pub could set up something in the corner. In the definition, what is the difference between a home brewer and a brewery? Is it volume or quantity?

Mr Davies: You have to register for a producer's licence with HMRC, and you have to give HMRC an annual volume forecast each year. The point is how viable a business is. To be viable as a brewery,

you need a significant amount of kit and a significant amount of volume. If you want to set up, it is impossible to go out with a 20-litre home-brewing kit. It is impossible on 100 litres. It is impossible on 200 litres. You need to start the brewery with, at the very minimum, a 400-litre brewery kit, and you will be working flat out. Your fingers will be worn to the bone, and there will not be enough days in the week for you to do what you want to do. Does that help you?

Ms Armstrong: As you can imagine, pubs do not want someone setting up a pub in the city centre through the back door by claiming to be a brewery and having a taproom. I am trying to satisfy myself that there has to be enough of a production involved at the brewery, so that it is not just a pub with something added on.

Mr Davies: The breweries could help you to set a volume on that. If you asked breweries in Northern Ireland, between us all, we could give you a figure and say, "This is what we regard as the average volume that is needed"; absolutely.

Ms Armstrong: OK. Clause 8 states:

"A local producer's licence shall not authorise—

(a) the sale of intoxicating liquor unless it is produced in the production premises".

Erol, I am keen to tease out this multi-brewery approach. How does that work? How will that fit into that part of the legislation?

Mr Bucukoglu: I had not thought of those particular words, but the collaborations happen in many different ways. We have done a couple of collaborations with the Beer Hub where we have gone down to their premises. We developed the recipe together, went through the brewing together and, more importantly, shared the costs of producing the beer and then took half of the product each. In COVID-19 times, we did a collaboration separately. We brewed our own beer on our own premises, but the recipe, the name, how the label looks and the alcohol by volume were all agreed together. There are different models, but we are definitely both involved in the production of the beer.

Ms Armstrong: OK. There are parts of the legislation that we can see moving forward. However, we are talking about it having to be "produced in the production premises" to qualify. What does "produced in the production premises" mean? Is it wholly or partly? I am a bit concerned about that.

I have another couple of questions. You have talked about your relationship with pubs and about why occasional licences would not necessarily work. You have also explained the impact on the future of your businesses if the current proposals go forward. You talked about selling your own produce only. I am keen to examine that, because one of the concerns that we have heard from pubs and from Hospitality Ulster is that, as you have explained to us, what you are offering, a taproom, is very different from a pub. Are you content with the fact that it states in the legislation that you can sell only intoxicating liquor produced in your premises and can make no other offer?

Mr Davies: That is right.

Ms Armstrong: Yes; you are happy enough with that. This licensing does not include soft drinks, but you are happy that if a group came along and some of them wanted your beers and some wanted a glass of wine or something, that would not be available.

Mr Davies: It happens in our taprooms. We have to explain patiently, "There is no wine here; you will have to go to a pub". Similarly, we are asked, "Have you got the rugby on this afternoon?". "No. As a taproom, we do not have an entertainment licence". We tell anyone who wants the rugby where the local bars are and where the best place is to watch the rugby and drink their pint of Guinness. They stay and have a couple of ours, and then they go off to watch the rugby. If somebody wants wine, they will have to leave to drink wine.

Ms Armstrong: OK. I want to check with you on rates, which has already been brought up. The businesses going from being just a producer to selling on-site will change their rates. I want you to have a think about your own business and the percentage of the current market that you have. If you are allowed to sell your own produce on-site, closed or open, what impact would that have on your business? What percentage growth in your production could you see happening if you were allowed to

do that? Will that make a big change to what were called "local brewers" and make you into something more, or do you still see it as being a small production? Could it double production, for instance?

Mr Davies: It can be six of one and half a dozen of the other. It would depend. You would have to sit down, write a business plan and work out what distinct area of the brewery you would operate as a taproom, the overheads on that, and then what you would get through the door, which is sometimes a finger in the air. We are obviously tied to seasonality, too. It is a difficult one to answer, Kellie.

Ms Armstrong: That change to the business purpose and the potentially substantial increase in rates means that your income and turnover would need to increase. You have already said that you supply to five bars, so I take it that it would not be so much of an issue for you to deal with. However, how much of a problem cause across the local brewery sector? As you say, seasonality has a part to play in this game.

Mr Bucukoglu: We would like to have that challenge, Kellie. As with any business, you have to work out if you are viable. The most important thing for us is to become a sustainable business. We want to be in Portrush for the next 100 years; we want to create something, a rock that people know exists. We want people to come to Portrush to taste our products. We want to employ lots of people in the local area. That is really important.

To be a sustainable business, we do not have to be massive. We never want to be a macro-supplier, but we have to get to a certain size. We know what that size is. The only way that we, as a business, can guarantee that we can get to that size is to be able to sell the product ourselves; to have our destiny in our own hands with a producer's licence. That is the most important thing. Some breweries will not be able to afford a taproom because their product is just not as good or their location is not viable in attracting people to their area. There will be loads of factors, but we know that, with where we are on the tourist track, we could be sustainable in the long term. Ultimately, that is what we want to be.

Ms Armstrong: Finally, do you guys sell outside Northern Ireland?

Mr Davies: Yes.

Ms Armstrong: Are there any issues with the supply chain and getting your produce sold outside Northern Ireland? I ask that because the ability to sell liquids to America after 9/11 became a little bit more difficult. I am thinking of the supply chain issues that we are currently seeing. I am hoping that the situation will settle down quickly, but if you are not allowed to sell your own produce here from a taproom or if you have to depend on bars selling it, what percentage of your business is the market outside of Northern Ireland?

Mr Davies: It is about 25%. It is extremely worrying at the moment.

Ms Armstrong: A tough time is coming for you. For sustainability, you really do need to be able to sell. Thank you very much. That was enlightening. It was good to speak to you.

Mr Easton: Thank you for your presentation. Excuse my ignorance. I thought that a taproom was a bar, so I have learnt something new today. Thank you for that.

I am not unsympathetic to what you are saying. To help with my education on the subject, can you tell me whether taprooms operate in England, Scotland and Wales? Are they allowed to operate in the way in which you would like them to operate here?

Mr Bucukoglu: There are probably nuances in taprooms Scotland and Wales compared with those in England, but I have been to several in England. They work really well and are definitely part of the tourist trail. There is an area in London where you can go from taproom to taproom and try different breweries' beers. It is a very popular pastime.

Mr Davies: I will try to paint a picture, Alex, but a taproom is very different from a bar. You are in the brewery. The fermentation vessels are there. The production process takes place there. The setting is quite spartan and sparse furniture-wise. I hope that that gives you a picture of what a taproom experience looks like.

Mr Easton: Thank you. If you were allowed to operate here in the way in which you would like, would you envisage taprooms springing up everywhere or just a small number?

Mr Davies: A number of the microbreweries would avail themselves of the opportunity that a number of us want. As for taprooms springing up everywhere, no. As I was trying to explain earlier, a taproom would not be a back door to opening a premises in which you can serve alcohol. That is not viable from a business perspective. You also have to attain a certain level of skill to make a very good craft beer, and that does not just happen overnight.

I will explain what craft brewers are like. We are extremely passionate, extremely creative and, yes, a little bit nerdy. If someone did go forward with what you suggest, the taproom as a business would fail very quickly. The marketplace would find it out.

Mr Easton: If you were allowed to operate, would you definitely be happy if opening hours were limited from 2.00 pm until 9.00 pm, as you said, and there were no entertainment licence? With all those restrictions, would you be content?

Mr Davies: I said 2.00 pm until 9.00 pm, while Erol said that we could have the option to go to 11.00 pm if we wished, but a taproom is not a pub. It is not what we want.

Mr Easton: I am not unsympathetic, so thank you very much for your presentation.

The Chairperson (Ms P Bradley): Andy, do you want to come back in?

Mr Allen: Yes, Chair. I have a quick question. You said that codes of practice are industry-led. Do you currently have a code of practice? I am thinking more about the likes of the stronger beers. Is there any theme across microbreweries as to how that should be operated?

Mr Davies: How what should be operated? I am not —.

Mr Allen: Is there a code of practice for microbreweries at the moment? Should there be harmonisation in how the different microbreweries operate? Is the strength of beers at the discretion of each microbrewery? Do you have a code at the moment to give an understanding of how all microbreweries are to operate?

Mr Bucukoglu: I do not think that there is a joint code. Laurie, perhaps you know of one. It is more that the way in which products are served is very similar in every taproom. If you look at higher ABV beers, they are more expensive. They are therefore served in smaller vessels, because it makes more sense to drink them in that way. Moreover, the craft beer drinker wants to try lots of different beers rather than have one type of beer all night.

Mr Allen: If taprooms were to be permitted under the legislation, would you be open to having a wider industry code for how taprooms should operate across the board?

Mr Bucukoglu: Yes. It would be responsible to limit the number of units in a vessel in each serving. That might be a good way in which to do it.

The Chairperson (Ms P Bradley): I have very fond memories of going to the Beer and Cider Festival in Belfast in, I think, 2017. While there, I was asked to be a judge for the cider competition. You are absolutely right. People there were drinking from very small glasses, because some of the beers are rather strong. It was all done in a very organised, dignified manner, although, in saying that, after testing 10 ciders, it got a bit hairy for me. I noticed, however, that people were going out not to get wasted but to do a tasting. They wanted to taste the beers and their flavours, so I absolutely get where you are coming from.

I say a very big thank-you to Laurie, Erol and Rodger. Rodger, I am so sorry that we could not hear your dulcet tones, but, as I said, if there is anything that you want to add to any of the answers that were given today, please send them through to us via email, and they will be forwarded to all members. Thank you very much for your briefing.

Mr Davies: Thank you.

Mr Bucukoglu: Thank you.