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Licensing and Registration of Clubs
(Amendment) Bill: CAMRA

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tend to choose cask beer spend about 30% more in pubs than ordinary drinkers. Those are people who are [*Inaudible*] drinkers as well, so they are not just drinking cask and craft. They are coming to the pub and choosing things to match their mood. Like vegetarians in a social group, they tend to set the venues that people go to. Beer fans want to see the brands that they want to see in a pub, and they will be the ones who lead their party to those pubs. So, if a pub has great independent brands, they will get better business and business from people who are not going to drink beer but are accompanying beer drinkers and will drink other things in that pub.

We feel that, for many years, smaller independent brewers and cider makers have been at a huge disadvantage compared with competitors elsewhere in the islands and Europe and further afield. Barry mentioned the fact that it is easier for him to get Northern Ireland craft beer brands in London than it is for drinkers in Northern Ireland. Conversely, it seems slightly strange that drinkers in Northern Ireland find it easier to order beers online from outside of the nation than to get brands that are brewed down the road from them.

Those great independent local businesses, which bring so much into their communities and their local economies and which offer employment, training and apprenticeship opportunities, especially to young people, need to be able to grow their business. They need to have fair access to the markets. We think that a new category of producers' licence needs to be fit for purpose and needs to match that. It should not be overly onerous or restrictive in order to allow that growth in the responsible community way that has been discussed by a number of people already so far.

The Chairperson (Ms P Bradley): Thanks, Tom. I am sure that you have been listening in this morning to the various witness sessions that we have had. I want to ask you about the surrender principle. You highlighted in your submission to us that it needs to be examined with a view to reform, albeit it is not in the Bill. Do you feel that it should have been in the Bill? Do you want to see the surrender principle abolished or do you want to see extra licences being made available?

Mr Stainer: We understand that the surrender principle is a tricky issue and that many people in the industry will have the licences and will view the value associated with that licence as part of the goodwill built up in the business. It is part of the value of their business. However, as you have heard from other people, it pushes up the entry cost to new operators massively. The price of licences are into the hundreds of thousands in some cases.

What we are also seeing, which is a worry, is that, when the licences are surrendered, they are often not going to another local community pub. They are going to other off-licences or supermarkets that have the deep pockets to acquire them. We are seeing a drop-off in rural pubs particularly. Rural pubs are incredibly important to the communities that they serve. We know that pubs are a force for good. We know that they serve communities and give people an opportunity to consume alcohol in a responsible way, plus there are other benefits that people get from meeting and talking to people, such as combating loneliness and things like that.

There is also some confusion about the way that the surrender principle does not necessarily apply to other types of licence. We think that there is some flexibility there in the way that you could create new licences without necessarily having to take licences away from people who feel that they have built up value in them. As you say, it is not something that you are looking at, at the moment, but it needs to be addressed, because it seems to put an artificial constraint on the innovation and development that we have heard about from businesses that are not necessarily identical to pubs; they are offering something different. They are offering a different experience and different benefits and values to the communities that they are in.

The Chairperson (Ms P Bradley): Thanks for that. We have heard in previous witness sessions about the price of licences under the surrender principle. It would knock any small independent brewer or distiller out of the market when it comes to paying for that, because our supermarkets have much deeper pockets. I assume that you would like to see a new licence being created specifically for the likes of you and the people whom you represent.

Mr Stainer: We do not represent people who operate pubs and breweries. We represent the consumers who use them. Our feeling is that, if you are able to reform the licence system and to create different types of licences, as we have discussed, maybe including brewery taprooms, that adds to the diversity and choice that drinkers have. It adds to the great variety in the beer market, and that is beneficial to consumers and licensees alike.

The Chairperson (Ms P Bradley): On the issue of pubs being tied in, can the Bill do anything for independent brewers so that they can have taps in pubs? Can we put something specific in the Bill to allow that to happen in a framework?

Mr Stainer: As I said, we think that competition is good. We think that independent brands having access to the market is good, not just for them but for the whole market and for drinkers. We are arguing for a level playing field and giving brewers the ability to access that market. We are talking about the details of the type of licence and amendments to that, but it is important that the competition issue in Northern Ireland is looked at. You have already heard evidence from people with some quite troubling language about the way competition operates in this market. People may be frozen out of the market, and there may be some sharp practice by macro-operators to maintain their stranglehold in the market. As you have heard from people who are operating, small local brewers and cider makers cannot sell their product on tap in the vast majority of local pubs. They are also restricted from selling through other avenues such as markets, special events and online. It is well worth looking at the competition and whether it is healthy or not to see whether these great, small independents are being unfairly disadvantaged.

The Chairperson (Ms P Bradley): Yes. You used the phrase "level playing field", which has come up time and time again. It is not only a level playing field for brewers and distillers; it is a level playing field for consumers, as well, that needs to be addressed.

I am going to open up questions to members. Kellie wants to ask a few questions.

Ms Armstrong: Thank you very much, Tom. You are giving us a different perspective from that of some of the other people whom we have spoken with. As you said, emotive language has been used about competition. I was a bit annoyed when I heard others say that they would deny access to their bar for anyone who had gone to a taproom. From CAMRA's point of view, have you ever come across that anywhere else in the UK?

Mr Stainer: You do come across it. Thankfully, it is becoming less of an issue elsewhere in the UK. Certainly, we have heard examples of sharp practice. For example, you can get soft loans, where the big brewers with deep pockets will give a very cheap loan to a business, but, in return, only their brands can be stocked. There is an approach where they supply dispensing or cellar equipment, but it is dependent on only their brands being used in the pumps. They can also hold people to ransom by saying, "If you dare to support a local independent brewer and put their beer on the bar, we might think twice about supplying the volume brands". The volume brands are a key part of a lot of pub businesses. The macro lagers are very popular, and pubs need to balance that out. Several people have mentioned that in the evidence sessions. We are not saying that pubs should be serving only local independent brands; it is about giving a diversity of choice. If someone wants a macro lager, they should get it, but, if someone wants to experience something brewed down the road, they should also have that choice and not be shoehorned.

You are right that it is not unique to Northern Ireland. It is something that other areas have looked at and struggled with. You do not have the same issue with the tied house system that exists in the wider UK. However, there is a quasi-tie with soft loans or supply agreements that people have with large producers.

Ms Armstrong: From a consumer's point of view, to be refused access at a door because you may have been to a taproom is somewhat concerning.

You have spoken about the surrender principle with the Chair. We could set limits in the legislation on the cost of a licence. There is already a cost for an official licence through the courts. The surrender principle means that there is a negotiated private sale, and that barter is pushing prices up. I do not think that this legislation can deal with that, because the current rules on the cost of a licence are quite affordable. Those private sales happen because of the reduced numbers here. When you talk about getting a licence for independent brewers, that is the only way around that. If they have to be tied to a production area of the brewery, then that is it.

I take it that you have no problems with any of the other content, such as the change to children being able to be on premises and the late licensing laws. Is there anything else that CAMRA has had a look at in our legislation considerations and has concerns about or is everything fair enough?

Mr Stainer: We are supportive of this step forward. Our general concern about the legislation would be about adding too many onerous restrictions and front-loading the start of the process. As Bruce articulated well, there are measures in place already and lots of hoops that we have to jump through to get a licence in the first place. We need to trust the processes already in place rather than putting in a lot of additional restrictions to deal with a tiny minority of problems, when, in fact, the majority of operators are hugely responsible. Their name is above the door. Unlike a pub, say, when a taproom is ancillary to the brewery business, it is very much in their interest to preserve their reputation as a brewery. They do not want to be running irresponsible taprooms or to be seen to be causing problems. It is about trusting operators to do the right thing and trusting in the processes that already exist to control and to enforce, if necessary, if there are complaints and problems.

As we heard from previous witnesses, there are very few complaints. There are measures in place if someone is in a residential area or there are noise issues to make sure, on a case-by-case basis, that that licence is suitable for that area rather than having blanket restrictions that, we would suggest, restrict everyone unfairly.

Ms Armstrong: Bruce spoke about the local council and the same laws applying to the bar but the same people who manage the bar licences are managing those taproom licences. As far as customers are concerned, is there anything there that causes concern? For instance, I am worried about the 30-day consultation period. Maybe I picked him up wrongly, but Bruce seemed to indicate that, if there was one objection, it would go to the panel. You could have a local bar object to anybody else having a licence and force it to a panel.

Mr Stainer: You are right. We agree that you need some consultation on these things, but sometimes the consultation period does lend itself to people objecting for reasons that may not be strictly legitimate. You would hope that that is picked up in the licensing process. You also get examples of people who have bought a house next to a pub, and when the pub applies for an extended licence, they complain about the noise from a pub that they knew was there when they moved in.

You are always going to have those issues, but, broadly, the consultation periods work. They are important to ensure that those hoops are jumped through by operators to make sure that they are doing so responsibly and lessening their impact. Operators do not want pubs to be a problem, because humans do not want pubs to be a problem. The vast majority of pubs operate incredibly successfully in their communities thanks to existing legislation and provide great services in a responsible way.

Ms Armstrong: If changes were made to the proposals to enable taprooms to open, what percentage of the market could we see those craft beers and other drinks increase to? At the moment, I cannot imagine it being a substantial percentage of the market in Northern Ireland, but, from your experience elsewhere, how has that enabled that local product to grow and what percentage could it meet in Northern Ireland?

Mr Stainer: It is really tricky to put a figure on things, especially, and I am going to use the cliché, under these very strange circumstances. The trend that we are seeing is a slight decline in the beer market. That is why it is really important to encourage the craft beer market. The one thing that has revitalised interest in beer has been craft beer. It has really ignited an interest in people. To use that other cliché, it is the rising tide, whereby the more interest you have in interesting beers, the more people return from wine, gin and all the other things to the beer market. Even if they are drinking the macro brands, they are just seeing another interesting thing that they can try.

As you have heard, there are 30 or 35 breweries in Northern Ireland that might take advantage of this. I do not think that there will be a huge percentage increase, but, if you incrementally saw a few more pubs putting local brands on their bar, you will start to see the reversal of a decline in beer sales to an increase. A really important point that has already been made by several people is that this money is inside the economy; it is not being taken out by the big companies. It is money that is being earned in the local economies and reinvested in local economies. If you see an increase in that, however small, it will be beneficial.

Ms Armstrong: Yes, absolutely. Locally, Echlinville Distillery is not too far from me, and the boost to the local economy has been extraordinary. They make whiskys and gins, and it is remarkable. Thank you very much for that, Tom. It was very useful.

Mr Newton: I thank Mr Stainer for coming along today. I welcome the evidence that he has presented to us. As Kellie Armstrong said, it is from a different perspective.

The emphasis to allow taprooms has been that the manufacturer of the beer should be allowed to sell their products on site. Do you envisage a change in the legislation to allow the brewery to bring in other beers for sale in the taproom?

Mr Stainer: At the moment, our general hope is that we can just allow producers to sell their own products in their taprooms. A word that has been used quite a lot is "control"; for them to have control over how they sell their products in their taprooms. As Bruce said, there are possibilities when you have collaboration breweries or maybe they have joined forces with another brewer to produce a special beer that they might want to sell that as well. That is not moving massively away from the intention of the legislation. We are also hearing from brewers in Northern Ireland that they are happy to sell their own produce and do not see a need to sell other things. As you have heard, they are not looking to recreate the pub experience; this is very different. It is a showcase of their products, and it is in their interest to showcase their products rather than to dilute that with lots of other products. There are a few exceptions, such as if they have been involved in a collaboration brew somewhere, in which case, both brewers will probably make it available in their shops. We will not be pushing to open this up massively to allow them to sell whatever they like in the taprooms.

Mr Newton: OK, thank you.

The Chairperson (Ms P Bradley): No other member has indicated that they want to ask a question. Thank you, Tom, for coming and briefing us today.

Mr Stainer: Thank you.

The Chairperson (Ms P Bradley): Thanks, Tom. Bye-bye.